

# Modern Slavery Statement 2020/21





# Our Purpose

We create and inspire smart solutions in steel, to strengthen our communities for the future.

# Our Bond

Our Customers  
are our partners

Our People  
are our strength

Our Shareholders  
are our foundations

Our Local Communities  
are our homes

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# A message from Mark Vassella



Managing Director & CEO

**BlueScope's second annual Modern Slavery Statement demonstrates our commitment to living Our Purpose, strengthening our communities for the future through sustainable sourcing practices that promote long-term environmental, social, and economic value for all who help bring our products and services to market.**

At all our sites across 18 countries, we are proud to be an important member of the communities that are home to our employees and our suppliers. We actively seek to partner with suppliers who share the core values expressed in Our Bond and the behaviours and principles in our Supplier Code of Conduct.

In seeking to strengthen our supply chains, our approach is to foster responsible business practices and uphold human rights through supplier engagement, risk assessment and improvement. Despite the disruptions posed by the COVID-19 pandemic, our procurement teams have continued to engage with and assess our suppliers.

Our 14,000 employees have an important role to play in supporting the integrity of our operating practices and our relationships with third parties. During the year we relaunched our Guide to Business Conduct. Renamed *How We Work*, this important document now features our expectations on human rights and forced labour, as well as the fundamental principles of behaviour expected of all BlueScope employees, our agents, suppliers and other third parties we deal with to act ethically in all that we do.

Recognising the increased focus on our social responsibility to our people, workplaces, and communities, we have established a new function, Social Impact and Inclusion. This will further guide us in increasing our social value and help prevent

or mitigate any adverse effects on human rights that are linked to business operations, our products or services, or by business relationships.

The function is complemented by a Social Compliance Steering Committee that provides support, guidance and governance to identify and manage social risk. This committee will facilitate due diligence, and drive strong collaboration between business units, group level functions and external stakeholders.

As reported in the last year's statement, the ResponsibleSteel™ Standard was launched during the 2020 financial year, defining the performance expectations that support the responsible sourcing and production of steel. We committed to seek certification under this standard for our major steelmaking site at Port Kembla, Australia. BlueScope is proud to report that the stage 1 audit for ResponsibleSteel™ site certification was conducted in April 2021. This detailed investigation into responsible sourcing went very well, highlighting our prioritisation, supplier engagement and assessment processes.

Whilst we are proud of the achievements highlighted in this Modern Slavery Statement, we recognise we are on a journey. Our work to identify and manage our modern slavery risks will adapt as we learn from our experiences.

I thank all BlueScope people, our suppliers, partners, and communities for their contribution in FY2021.

A handwritten signature in black ink that reads "M Vassella". The signature is written in a cursive, slightly stylized font.

**Mark Vassella**  
Managing Director & CEO

# Our structure, business, and supply chain

**BlueScope is a diversified steel maker and building products business, producing a range of value-added products, principally focussed on building and construction markets.**

As a leader in coating and painting for building and construction, we directly employ approximately 14,000 people across manufacturing, processing, distribution and sales channels globally. These range from small product storage sites to our core steel making facilities in Australia, New Zealand and North America.

## Australian Steel Products

- » 6,268 employees produce and market a range of value-added coated and painted flat steel products for Australian building and construction customers, together with a broader offering of commodity flat steel products – hot rolled coil and plate.
- » Key brands include next generation ZINCALUME® steel, COLORBOND® steel, both with Activate® technology, and TRUCORE® steel.
- » Operates pipe and tube manufacturing, and a network of roll-forming and distribution sites throughout Australia, acting as a major steel product supplier to the building and construction, manufacturing, transport, agriculture and mining industries.
- » Main manufacturing facilities at Port Kembla (NSW) and Western Port (Victoria). Products sold mainly to Australian domestic markets, with some volume exported.

## New Zealand & Pacific Islands

- » 1516 employees across three businesses: New Zealand Steel, Pacific Steel and BlueScope Pacific Islands.
- » New Zealand's only steel producer producing slab, billet, hot rolled coil and value-added coated and painted products for both domestic and export markets across the Pacific region.

- » Operations include manufacture and distribution of LYSAGHT® range of products in Fiji, Vanuatu and New Caledonia.
- » Pacific Steel, supplied with billet from New Zealand Steel, is the sole producer of long steel products such as rod, bar, reinforcing coil and wire in New Zealand.
- » Waikato North Head mine supplies iron-sand for internal feed to New Zealand Steel.

## North Star BlueScope Steel

- » Single-site electric arc furnace producer of hot rolled coil in Delta, Ohio, United States.
- » Strategically located near its customers and in one of the largest scrap markets in North America.
- » 487 employees produce over two million tonnes of hot rolled coil annually from scrap steel, pig iron and alloys.
- » Consistently ranked number one in overall customer satisfaction in North America (Jacobson Survey).
- » BlueScope acquired full ownership in October 2015, having already owned 50 per cent of the business as a founding investor.

## Building Products Asia and North America

- » With 3,743 employees, this business is a technology leader in metal coated and painted steel building products, principally focussed on the Asia Pacific region, with a wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of products.

- » The greater part of this business is made up of the NS BlueScope Coated Products joint venture with Nippon Steel Corporation. This joint venture is described in more detail below, but has an extensive footprint in Indonesia, Thailand, Malaysia, Vietnam, Singapore, Brunei, Myanmar and in the United States, at Steelscape (metal coating and painting) and ASC Profiles (building panels).
- » This business also includes BlueScope's 100%-owned engineered building solutions business and metal coating, painting and Lysaght operations in China, as well as BlueScope's 50:50 joint venture with Tata Steel in India and Sri Lanka (**Tata BlueScope Steel**).
- » Primarily serving the residential and non-residential building and construction industries across Asia, and the non-residential construction industries in North America.
- » Products designed to meet needs specific to the region, including Clean COLORBOND® steel designed for tropical climates, PrimaMaju® steel, TRUZINC® galvanised steel, Z-NAL®, BlueScope Zacs® SPECTRASCAPE® and DURASHINE®, and Viewkote® and SuperDyma® for home appliance market.

### **Buildings North America**

- » Leader in engineered building solutions in the low-rise non-residential market in North America, with 2,212 employees.
- » Leading brands include Butler® and Varco Pruden®.
- » Value proposition based on speed of construction, low total cost of ownership and delivery capability.
- » Includes BlueScope Properties Group which develops industrial properties, predominantly warehouses and distribution centres.

### **Joint ventures**

BlueScope has interests in a number of joint ventures (JVs). The most substantial are in partnership across ASEAN and the west coast of North America with Nippon Steel Corporation (NSC) and in India with Tata Steel. Both are 50/50 joint ventures with BlueScope controlling and therefore consolidating the joint venture with NSC (NS BlueScope Coated Products), and jointly controlling and therefore equity accounting the joint venture with Tata Steel (Tata BlueScope Steel). As Tata BlueScope Steel is not controlled by BlueScope it is not covered by this statement unless otherwise stated.

### **NS BlueScope Coated Products**

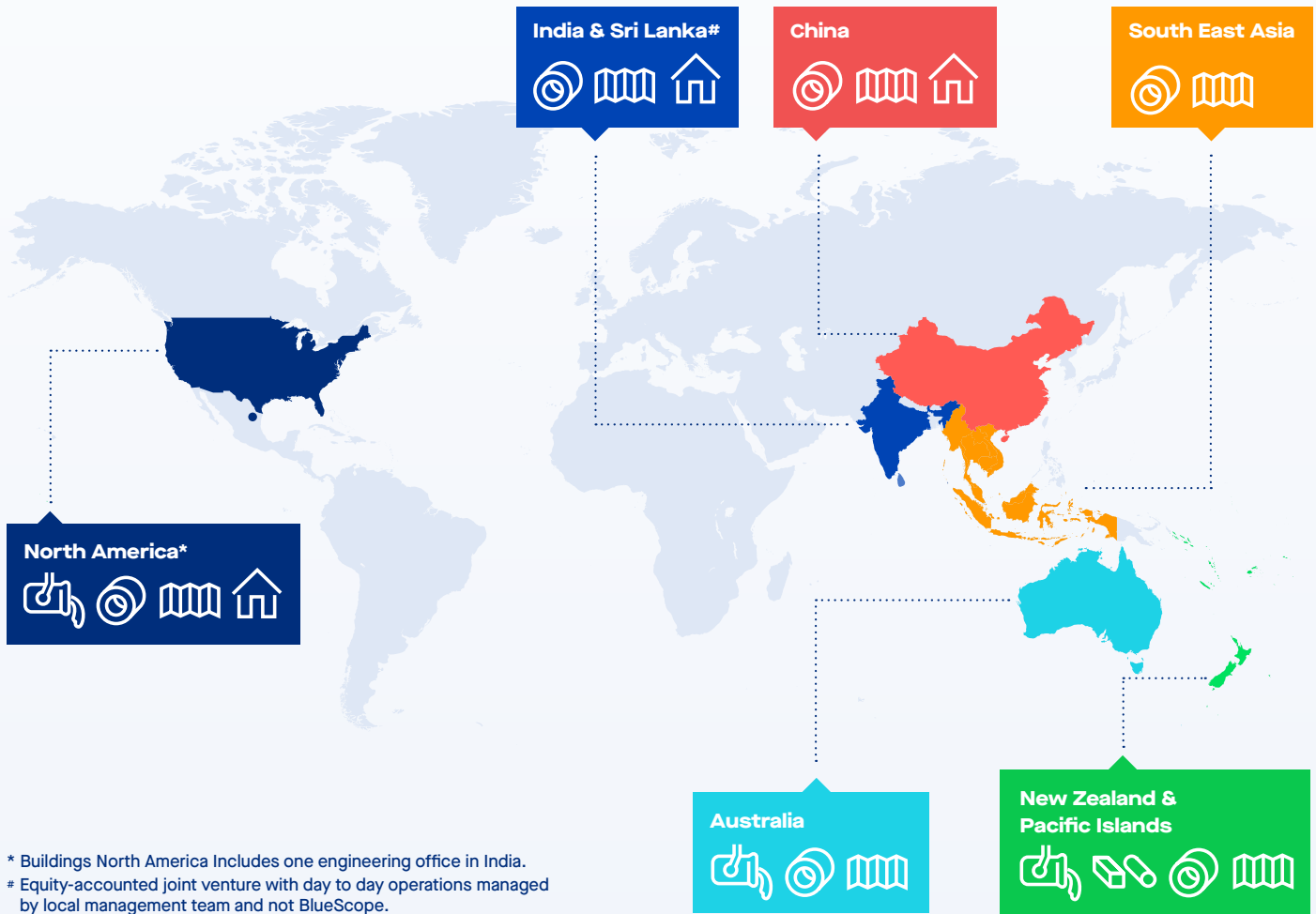
- » BlueScope and major partner Nippon Steel Corporation (NSC) own an equal share of the Building Products Asia and North America business.
- » BlueScope holds the right to appoint the Chief Executive Officer, with NSC retaining the right to appoint the JV Chairman and Chief Financial Officer.
- » JV functions according to BlueScope's operating, safety, environmental, financial, accounting and governance policies.
- » BlueScope controls and therefore consolidates the JV businesses in its group financial accounts.

### **Tata BlueScope Steel**






- » Equal JV between BlueScope and Tata Steel.
- » Operations in India include a metal coating and painting line and LYSAGHT® roll-forming operations, with a LYSAGHT® roll-forming facility in Sri Lanka.
- » BlueScope actively contributes to operating, safety, environmental, financial, accounting and governance policies and practices through representation on the Tata BlueScope Steel Board.
- » These businesses are jointly controlled and therefore equity accounted in BlueScope's group financial accounts.

# Our global operations

Scale of our organisation (as of 30 June 2021)

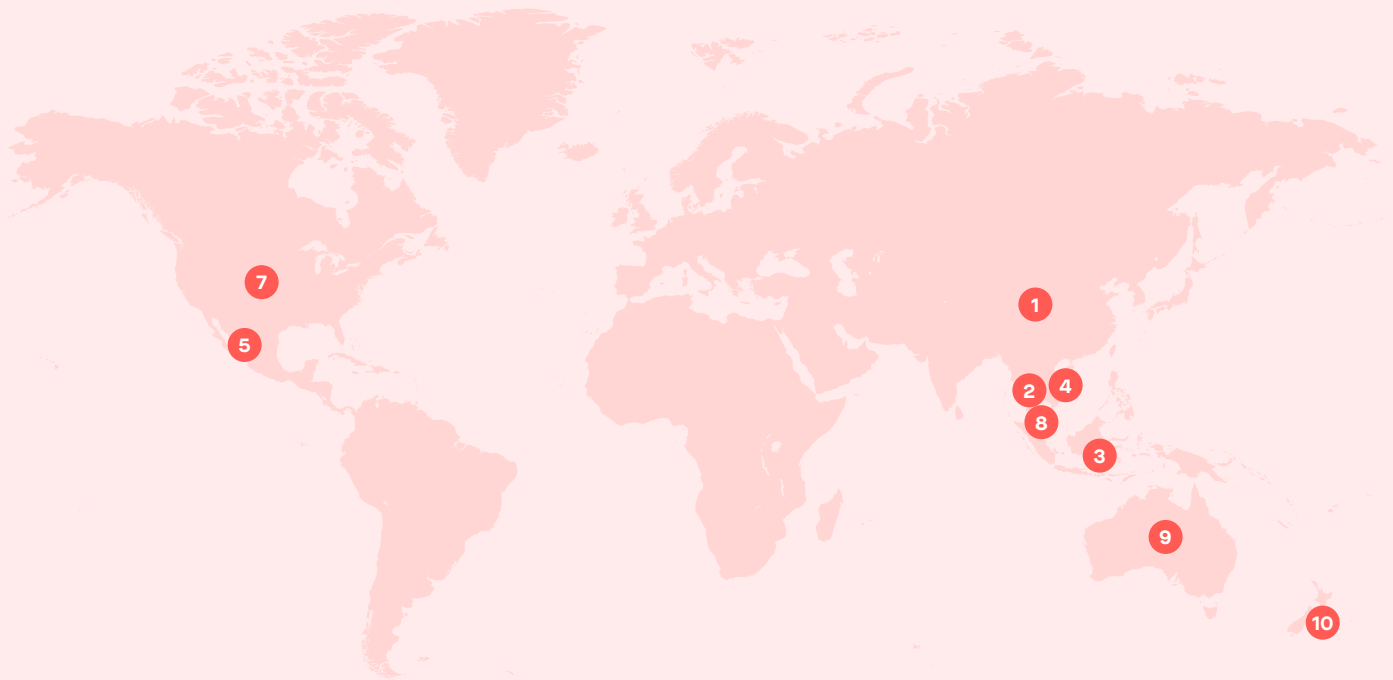


## KEY

UPSTREAM	MIDSTREAM	DOWNSTREAM
 <p>Steelmaking (flat products)</p>	 <p>Metal coating and painting</p>	 <p>Steel building materials and components</p>
	 <p>Long products (rebar, wire)</p>	 <p>Steel buildings and systems</p>

# Our supply chain

At BlueScope we seek to do business with suppliers that share similar values, ethics, and sustainable business practices with us. We also support domestic supply chains in the countries where we have operations, in fact for most of our operations over 85 per cent of our suppliers are domestic. Our suppliers are predominantly located in the following countries.



## Country risk category (overall sustainability risk<sup>1</sup>)

HIGH		MEDIUM		LOW	
1 CHINA 15.2%	4 VIETNAM 3.6%	7 UNITED STATES 23.1%	9 AUSTRALIA 21.6%		
2 THAILAND 11.2%	5 MEXICO 0.7%	8 MALAYSIA 5.2%	10 NEW ZEALAND 7.9%		
3 INDONESIA 4.8%	6 OTHER 6.7%				

% Suppliers    ● countries with operational footprint

Note: This data is for all wholly owned and managed JV business (excludes Tata BlueScope JV) and is derived from suppliers that make up 90% of our spend by business unit.

1 Country risk categories are based on the risk analytics provided by our supply chain sustainability partner, ELEVATE.







**Our suppliers are our partners, being predominantly local to our operations they work with us to meet our customers' needs and are critical to maintaining our continuous operations and product quality.**

They are also partners in managing the social, environmental, and ethical risks inherent in our global supply chains. We actively seek to engage suppliers who share the core values expressed in Our Bond and who take a similar approach to looking after their employees' wellbeing.

We place a high value on security, quality, and consistency of supply from our supply chain partners, and consequently often form long term relationships with these partners. Our sourcing approach depends on the goods or services required, monetary value, supply market dynamics and criticality of supply. This includes direct negotiations, tenders, and request for proposal processes.

Our sourcing evaluation processes include undertaking due-diligence and evaluating whether proposed suppliers are aligned with our business values, quality and commercial outcomes. Supply contracts are entered into under BlueScope's standard terms and conditions or negotiated contract terms depending on the type of good or service and relationship with the supplier. These terms include reference to our Supplier Code of Conduct and Statement on Human Rights as well as other business conduct clauses.



**Our supply chain can be classified into the following categories:**

### **Steelmaking sites (typically)**

- » Raw steelmaking ingredients, such as: iron ore, coal, recycled (scrap) steel and pig iron, fluxes and alloys
- » Industrial gasses, energy and water
- » Refractory materials and operating consumables

### **Metal-coating and painting sites**

- » Steel feed coil
- » Production materials, such as: coating metals (aluminium and zinc), treatment chemicals and coatings (paints and resins)
- » Operating consumables and packaging materials
- » Industrial gasses, energy and water

### **Smaller manufacturing sites (including steel building materials and components, steel building systems, processing and distribution sites)**

- » Bulk steel products and other trading goods
- » Processing and packaging consumables
- » Materials handling equipment

### **Other significant categories that are common to many of our sites and corporate functions**

- » Equipment and other capital goods
- » Industrial and maintenance services
- » Logistics equipment and services, including sea, rail and road transport
- » Consumables such as hardware items, packaging, uniforms, stationery and merchandising
- » Consultants and labour hire agencies
- » Information and communications technology
- » Property services (facilities management, utilities, cleaning, catering, waste management and security)

# Policies and governance

## Our foundation

BlueScope is committed to identifying and mitigating human rights risks, including modern slavery impacts, providing access to effective grievance mechanisms and continuously implementing improvements to strengthen our response to modern slavery risks.

We aim to act fairly, ethically and with integrity, helping to create lasting benefits for our customers, suppliers, people, shareholders and community. We expect this of our people and business partners, including our

third party and agent representatives, suppliers and contractors.

We know that addressing modern slavery risks requires clear guidance and action. The following policy framework assists our people and business partners working with us to make ethical, well-judged decisions consistent with our values and expectations of business conduct:

Policy	Purpose
<b>Our Bond</b>	A statement of commitment to our customers, people, shareholders and communities. Our word is Our Bond
<b>Code of Conduct</b>	Sets out what we expect from all employees as we live Our Purpose and Our Bond
<b>Speak Up Policy</b>	Reinforces our culture to encourage employees and others working with us to feel confident to speak up when something is not right, and to protect those who do
<b>Inclusion &amp; Diversity Policy</b>	Describes the principles and governance model to drive an inclusive workplace culture
<b>Statement on Human Rights</b>	Articulates our human rights commitments to our people, our workplaces, our communities and our business partners
<b>Supplier Code of Conduct</b>	Outlines BlueScope's minimum standards for suppliers and their supply chain
<b>Responsible Sourcing Standard</b>	Provides the expectation that all suppliers have sustainable sourcing practices that create, protect and grow long-term environment, social and economic value



### CASE STUDY

## SPEAK UP CAMPAIGN

### Unwavering commitment to building a culture of care, trust and doing the right thing.

In the last reporting period, we rolled out the We Care campaign across the ASEAN region to (a) communicate simply and effectively the key elements of Speak Up – when and how to speak up, and (b) present the idea of speaking up in a way that resonates in the ASEAN cultures where NS BlueScope operates. The We Care campaign presented the idea of speaking up as a way of showing care for each other, our communities and our businesses – we care to speak up when something isn't right. The campaign communication toolkit enabled managers to deliver the 'We Care' messages to their teams.

**WE CARE'S 4 REPORTING PILLARS**  
We should report anything we see that is

- Fraudulent & Dishonest** (Icon: hand holding a coin)
- Unequal & Discriminatory** (Icon: two people of different heights)
- Unethical & Improper** (Icon: hand holding a person)
- Unhealthy & Damaging** (Icon: person with a broken gear)





**CASE STUDY**

**HOW WE WORK, CODE OF CONDUCT REFRESH**

BlueScope leaders across our global business have had an important role in discussing *How We Work* with their teams and in leading training programs.

Across the ASEAN region, managers have led communication initiatives to engage with their teams on the refreshed Code of Conduct. These conversations have helped ensure that our people understand the purpose of the document and its key themes, and where to find it for future reference. In early 2021, *How We Work* was the key focus of a Townhall Session which brought together over

100 NS BlueScope leaders. At that session, BlueScope’s Country President for Thailand spoke about the importance of *How We Work* as a critical feature of the culture of NS BlueScope. BlueScope’s Presidents of Coated Products North America, Malaysia and Vietnam also told personal stories with key themes connecting to a specific topic in *How We Work*. Session participants then discussed the commitment for the broader leadership group to continue to promote *How We Work* and a culture of doing what is right.

**Our governance**

Our commitment to sustainable governance is led from the top, with clear accountabilities for oversight and implementation of our sustainability commitments.

The Executive Leadership Team (ELT) instills and monitors adherence to our values, in the interests of shareholders, employees, customers, suppliers and the communities in which we operate. Our direction, strategies and financial objectives are all set by the Board, ensuring that the necessary resources are in place to meet those objectives and that performance is regularly assessed and monitored.

At BlueScope we have adopted a collaborative approach to learn from each other in identifying and managing our modern slavery risks. We share our experiences, seek feedback, and regularly consult with our employees, management teams, our Board, and suppliers on our efforts.

Discussions from a Business Unit level up to Board committees enable us to build on our knowledge and leverage each other’s experiences to ensure that we are all aware of what actions need to be taken.

In FY2021 we created a new role of Head of Social Impact and Inclusion and established the Social Compliance Steering Committee. These additions to our governance structure are intended to ensure an increased focus on the proactive management of BlueScope’s social impact, and on identifying and preventing or mitigating any adverse impacts linked to our business operations, products, or services.

This role works closely with our functional and business lead teams to create an integrated human rights framework and due diligence process to identify and remedy social risks across our global operations and lead to the continuous improvement of social compliance across BlueScope.



# Managing and mitigating the risk of modern slavery

## Key milestones in our journey include:





During the 2021 financial year we continued to undertake a number of key activities to identify and manage modern slavery risks in our own operations and within our supply chain.



## Risk management framework

BlueScope is committed to an integrated approach to managing key risks. We aim to have a proactive risk culture, ensuring a balanced approach to managing uncertainty in the delivery of strategic and commercial outcomes.

Our integrated framework of risk management, policies, procedures, and controls means that decisions are made as close as possible to the source of risk. Our leaders are empowered to own and manage risks directly, with the support of second line centres of excellence and third line independent assurance for the oversight of senior management and the Board. Each business unit's performance against the Group Risk Appetite fundamental principles is monitored quarterly, and consolidated metrics reported to the Risk and Sustainability Committee (RSC) of the Board.

Our Risk Appetite statements set out the fundamental principles that govern the way we will execute our strategy and the acceptable level of risk. Understanding risk, and our appetite for types of risk, is a key consideration in our decision making.

## Our own operations

During FY2020 we undertook a pilot program, conducting social compliance assessments at two of our large manufacturing sites that operate in high-risk locations. The assessment was carried out by ELEVATE (a leading global sustainability advisory and assessment provider that conducts over 18,000 assessments and audits per year across 100 countries). The learnings from these assessments as well as other internal audit and review processes were factors leading to the creation of the new role of Head of Social Impact and Inclusion and establishment of the Social Compliance Steering Committee.

 [Read more on Our Policies and Governance section on page 80.](#)

The creation of this additional role and the establishment of the Committee in FY2021 aims to increase our focus on creating positive social impact and preventing or mitigating adverse human rights impacts linked to our business operations, products, and services, or by business relationships. In addition, they will champion BlueScope's Statement on Human Rights and build our due diligence and remediation processes for social compliance and human rights risk. This includes country-specific human rights and providing ESG risk information to country leadership and business unit lead teams, along with establishing a consistent view on what social compliance obligations mean for BlueScope.

The Social Compliance Steering Committee provides support, guidance, and governance for identifying and managing social risk.

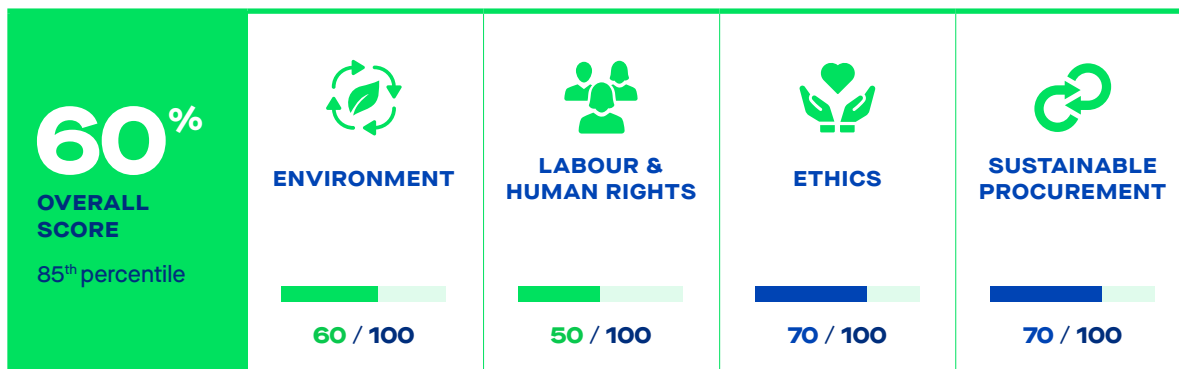
Our intent is to leverage the work already commenced in the Supply Chain Sustainability program, including country risk analysis and third-party site assessments for an independent perspective and to identify improvement opportunities for our operations.

During FY2021 BlueScope completed an EcoVadis sustainability assessment. Along with the FY2020 ELEVATE social compliance assessments, this sustainability assessment is another form of independent assessment, which further assists by identifying areas for improvement within our business. This is the same assessment process that we use for much of our supply chain assessment work, it also gives us some insight into the EcoVadis assessment process and a tangible benchmark for EcoVadis scores for our suppliers.

BlueScope achieved an EcoVadis rating of 60/100, which is in the 85th percentile for entities rated by EcoVadis globally. The graphic below shows our assessment results overall and for each of the assessment themes. We will use this assessment to guide our ongoing improvement efforts, including through the Social Compliance Steering Committee.

## SUSTAINABILITY PERFORMANCE

 Moderate  Advanced





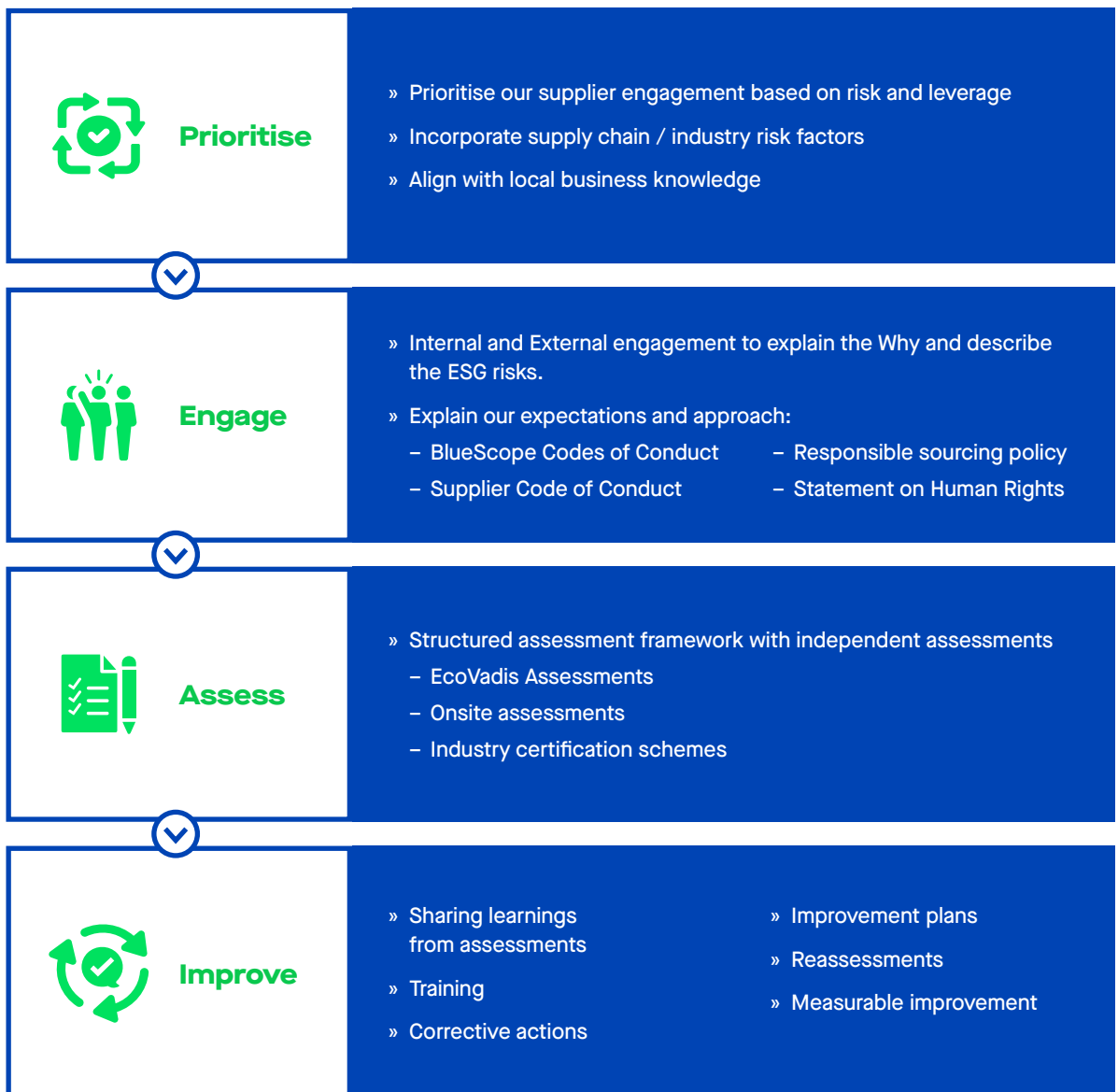
## Our supply chain – Engagement and assessment on sustainability risks

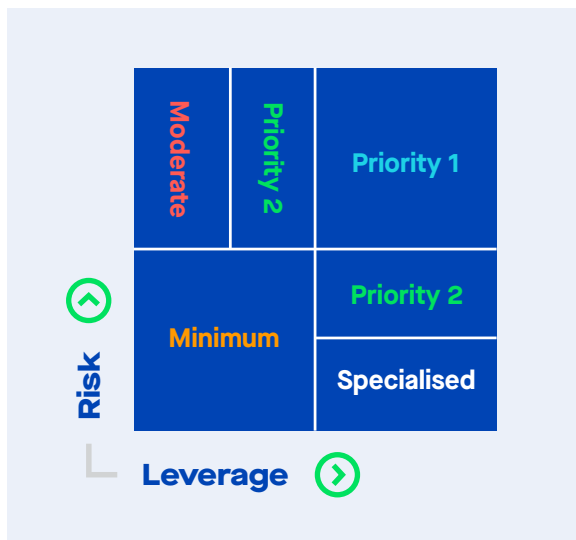
We approach supply chain sustainability through an established process. Our risk management approach begins with understanding the key ESG related risks in each of our major sourcing locations. We do this using risk analytics provided by our supply chain sustainability partner, ELEVATE.

We **prioritise** our engagement with suppliers based on the risks associated with their operating context and business activities and the leverage that exists in our relationship with them. Our **engagement** involves communicating both our expectations and why we believe these are an important aspect of our relationship. Our **due diligence assessment** processes seek to identify the supplier’s understanding of risks and processes to manage these, and to identify **improvement** opportunities to close any gaps.

### STRENGTHENING OUR SUPPLY CHAIN

BlueScope's approach is to foster responsible business practices and uphold human rights through supplier engagement, risk assessment and improvement.





With more than 1000 suppliers in the segmentation model (over 90 per cent of our supply chain by value), we prioritise our engagement and due diligence efforts on Priority 1, Priority 2 and some Specialised suppliers, as well as new suppliers that are expected to fit into one of these categories. In FY2021 we refreshed our supplier segmentation model with updated spend and country risk data and included a broader range of suppliers (increasing coverage from 80 per cent of business unit spend to over 90 per cent of spend).

We **engage** with suppliers to share our core values, explore relevant ESG risks and communicate the expectations outlined in our Supplier Code of Conduct. We generally engage with suppliers by face-to-face meetings, phone conversations or training to ensure the intent of our Supplier Code of Conduct and the assessment process is understood.

We use a structured supplier segmentation process as the basis for **prioritising** suppliers for engagement and assessment. We use the primary production country of each supplier for allocation of a risk score, reflecting the contextual risk for that country of operation. The analysis incorporates risks in: Labour, Health and Safety, Environment, Business Ethics and Management Systems. ELEVATE conducts over 18,000 supply chain audits per year for their clients, across many industries and supply chains. To determine an overall country risk score ELEVATE uses a weighted aggregation of data from many public indices in each of these risk areas as well as many data points from their supply chain audit database.

We also consider the amount of leverage we have with each of our suppliers based on monetary spend and spend trend over the last three years as well as the duration of our business relationship.

The combination of risk and leverage is used to segment suppliers, which provides us with an initial prioritisation matrix. Through collaborative engagement with our local procurement and management teams we ensure that local knowledge of the suppliers and the nature of their business activity is also considered. This results in some additional suppliers being added to the segmentation model or individual supplier risk ratings being elevated. We typically focus on suppliers where there is a high labour component or inherently higher risk to people, such as industrial and maintenance services, labour hire, mined raw materials, logistics and chemical suppliers.

We **assess** our suppliers' risk awareness and the processes that they have in place to manage ESG risks. Priority 1 and 2 suppliers are required to complete an independent questionnaire-based risk assessment process (usually an EcoVadis assessment) which includes providing evidence to support their answers. Following this, some suppliers are required to participate in a third-party on-site assessment.

Since the launch of our assessment framework in late FY2019, 230 suppliers have been assessed (including all suppliers initially identified as Priority 1 and Priority 2 at the beginning of the program) against a target of 220 assessments. While we started our assessment program using an internal Self-Assessment Questionnaire process, through FY2021 we have migrated most of these initial assessments over to the EcoVadis process. This provides a standardised and independent assessment process, with quantitative evaluation across many dimensions of sustainability. It also provides guidance on strengths and improvement areas for the supplier. This will be expanded as suppliers require reassessment and as new suppliers are identified for assessment.

We have started increasing the number of third-party onsite supplier assessments conducted. Suppliers are selected for this process either based on risks identified in the initial assessment process or as a verification audit. This activity has been significantly impacted by COVID-19 movement restrictions in many countries and supplier site visit restrictions, however during FY2021 we were able to complete seven onsite assessments. This component of the program will continue to expand, with the target of completing onsite assessments for 15 per cent of Priority 1 and Priority 2 suppliers over the next two years.



We aim to **improve** ESG risk awareness and management in our supply chain by working with suppliers on identified issues. Through the assessment processes, we are seeing the highest risk in small-medium sized domestic businesses, in high-risk operating regions. Key issues arising are predominantly related to Social and Labour (for example hiring practices, hours of work, wages and benefits) and Health and Safety (mostly related to emergency preparedness). We are addressing these with suppliers through education and agreed corrective action plans. Over 20 per cent of our assessed suppliers have completed or are undertaking corrective actions following these engagement and assessment processes.

Supplier assessments may also result in revised supplier conditions or escalation of significant issues within BlueScope and the supplier business. We recognise there are potential human and broader community impacts that may result from termination of these business relationships and, as such, our first aim is to ensure that any such issues are addressed and remedied by the supplier and practices put in place to avoid recurrence. If we then believe that the supplier has both the commitment and capability to avoid recurrence, we will usually continue to work with them until and unless there is any repetition. Ongoing non-compliance with our principles and expectations may lead BlueScope to terminate the business relationship.

While our supply chain sustainability program is centrally led, it is very much executed by our local (in-country) supply chain and procurement teams, who have detailed knowledge of their suppliers. The supplier segmentation process is managed centrally and includes several consultation stages with local procurement teams to fine tune the prioritisation of suppliers. Supplier engagement, assessment and improvement activities all occur at the local procurement team level, with central oversight. There is also consultation following the independent assessment process to review the outcome of the assessment and any required next steps, which can include corrective action plans and/or onsite assessments.

## Supplier monitoring

Our Responsible Sourcing Standard and Supplier Code of Conduct are key components of our sourcing practices and supply terms. Our standard supply terms address modern slavery and business conduct risks, and we require all our suppliers to monitor compliance with the Supplier Code of Conduct. Annually, or as required by our customers, we also seek declarations of compliance with certain national and international regulations and voluntary frameworks including REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals), SVHC (Substances of Very High Concern), Conflict Minerals, ROHS (Restriction of Hazardous Substances), Proposition 65 and the Living Building Challenge Red List.

Local procurement teams have responsibility for supplier engagement and assessment processes and for partnering with suppliers to improve collective performance. Our teams make use of a due diligence database and alert tools to help them monitor the conduct of suppliers and to support our supplier assessment work. As most of our suppliers are local to the communities and countries where we operate, our conduct documents and assessment tools have been translated into local languages.

Major new supply arrangements are overseen by a steering committee comprising the Chief Financial Officer and Chief Legal Officer together with representatives from relevant businesses.

Our procurement teams undertake regular refresher training on requirements of our Code of Conduct, our sourcing and supplier evaluation processes and jurisdiction-specific competition and consumer law. Allegations of misconduct or breaches of our performance standards can be reported through our independent 'Speak Up' hotline, for investigation by our Ethics and Compliance function.



CASE STUDY

## RESPONSIBLESTEEL™ – PORT KEMBLA STEELWORKS CERTIFICATION PROCESS

ResponsibleSteel™ is the steel industry's first global multi-stakeholder standard and certification organisation, and its mission is to maximise steel's contribution to a sustainable society. In late 2019 ResponsibleSteel™ launched the Site Certification Standard (V1.0) for steel production sites.

BlueScope has committed to seeking certification under this standard for our major steelmaking site at Port Kembla, Australia. The Site Certification Standard contains specific requirements for responsible sourcing, with a focus on tier 1 suppliers of key steelmaking raw materials. To support this, the raw materials procurement team at Port Kembla has ramped up its focus on engagement and assessment processes for raw material suppliers and is now conducting assessments on all key raw material

suppliers regardless of their segmentation. We have also added some data fields to our assessment tracking process to identify these suppliers and capture specific information for them, as required by the ResponsibleSteel™ standard.

The stage 1 audit for ResponsibleSteel™ site certification was conducted in April 2021. The detailed investigation of responsible sourcing went very well, showcasing our prioritisation, supplier engagement and assessment processes. The auditor spent time understanding our assessment tracking process and investigating some of the completed assessments.

### Maritime industry

In FY2021 BlueScope chartered around 120 vessels carrying both finished products and raw materials worldwide, with most activity centred on ports across Australia and New Zealand, working in partnership with reputable vessel owners and operators.

Each vessel charter is governed by BlueScope's inhouse Charter Party Agreement. During FY2021, we undertook a comprehensive review of this Charter Party Agreement which resulted in several key new clauses introduced to cover anti-bribery and corruption, sanctions, modern slavery and our Supplier Code of Conduct.

To support our vessel selection process, we also engage the services of RightShip, a third party maritime due diligence organisation, providing expertise in global safety, sustainability and social responsibility practices.

### Joint venture with Tata BlueScope Steel

In this reporting period we have continued our discussions with the Tata BlueScope Steel procurement team about supply chain processes covering supplier assessments based on the Supply Chain Sustainability Policy, questionnaire-based assessment of suppliers and a plan for site visits to non-conforming suppliers to assess the risks.

### Other activities addressing modern slavery risks

Our employees have participated in various external forums to raise awareness and share information with researchers, civil society organisations and other companies. Some examples include:

- » Monash University research project – Remedy through resilience: research on leveraging anti-slavery strategies to strengthen supply chains;
- » World Steel Association – Sustainability Reporting Expert Group. BlueScope presentation detailed our process for Prioritise, Engage, Assess, Improve;
- » Keynote speaker for an EcoVadis ESG risk management training session for Asia Pacific project managers;
- » Business Fight Club – a small group of business representatives brought together by Be Slavery Free Business Fight Club is a safe space for Australian business practitioners to talk about modern slavery issues – what it is, how to identify it, what to do when you do find indicators, understanding remediation;
- » Webinar series on the elimination of child labour – by Be Slavery Free and Embode;
- » Webinar series on Business and Human Rights – by UNGCNA.







# The effectiveness of our actions

## Our progress in identifying and managing our modern slavery risks is constantly evolving as we learn from our experiences and adapt.

Measuring the effectiveness of an organisation's actions at identifying and managing modern slavery risks is inherently complex. We are developing a holistic approach for our operations to measure how we assess and manage modern slavery-related issues.

We understand that raising awareness is key in addressing the risk of modern slavery. We recognise the need to continue building capacity among our employees to identify risks of modern slavery and the actions required to respond effectively.

BlueScope regularly reviews the effectiveness of our modern slavery risk management program by:

- » Assessing our policies, code and frameworks (refer *Policies and Governance* section).
- » Ensuring our Speak Up reporting hotline helps identify any systemic issues, enabling us to evolve our preventative measures as well as remediation through addressing complaints.
- » Conducting our internal audit program.
- » Managing our supply chain risks through engagement, due diligence assessment and improvements process.

We are considering how we can better define measures of effectiveness as part of our ongoing commitment to the program.

We have built a robust baseline approach to manage modern slavery risks in our supply chain, however, our engagement with some suppliers is challenging, particularly with many medium sized domestic suppliers. An education milestone and a mindset shift in these suppliers is difficult to measure but can be monumental in mitigating modern slavery risks.

While it will not guarantee the elimination of modern slavery risks (or practices), we believe that education about these risks and improving the risk management capacity in our supply chains is key. Our **Engage, Assess, and Improve** methodology is an important

element of delivering this capacity, and we are working to use data from these processes as one measure of our effectiveness. Some examples of this are:

- » During the year we made significant changes to our assessment framework, now predominantly using independent assessments and processes that provide measurable outcomes. In future years we will be able to report on these metrics and hope to be able to meaningfully use that information as a measure of impact (see case study "*Measuring improvement in ESG Risk assessments*").
- » Over the last year we have also seen a shift in our capability to make use of the assessment process to identify knowledge, process and performance gaps, and to use this information to drive improvement plans with our suppliers. Our use of formal corrective action plans has doubled over the last year, now sitting at 20 per cent of assessed suppliers.
- » Although significantly affected by COVID-19 restrictions, during FY2021 we have increased independent onsite assessments. We will continue to expand this part of our assessment framework over the next few years. These assessments provide valuable information about the implementation and effectiveness of modern slavery risk management in our supply chain, and in the future will provide insights into the "on the ground" effectiveness of our engagement.

We also realise that risk assessments and audits are not the only way to gather information and identify and mitigate supply chain risk. Indeed, there are circumstances where other mechanisms may be either complementary or more effective. We are eager to learn from good practice in this area from other organisations and industries, and to incorporate additional mechanisms into our approach to due diligence, mitigation and remedy. We will continue to review our actions and strengthen our processes to better protect the people we work with and the lives we touch.

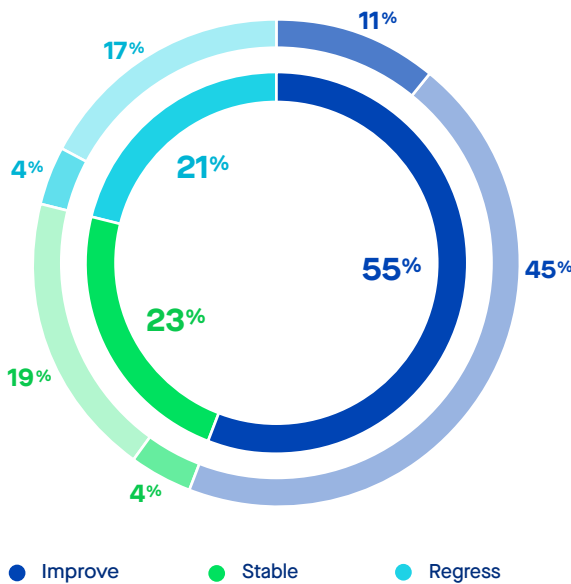


**CASE STUDY**

**MEASURING IMPROVEMENT IN ESG RISK ASSESSMENTS**

Through FY2021 we have migrated most of our supplier ESG assessments over to the EcoVadis process. This provides a standardised and independent assessment process, with quantitative evaluation across a range of sustainability dimensions. Many of the suppliers (57 per cent) that we have connected with on the EcoVadis platform have been assessed more than once, so it is possible to observe the progress of their assessment score over time.

**EVOLUTION OF REEVALUATED SUPPLIERS**



**Assessment score ranges**

- 0-44
- 0-44
- 0-44
- 45-100
- 45-100
- 45-100

The average overall score for all our EcoVadis assessed suppliers is 48.8 (the EcoVadis platform average is 43.5).

**82** SCORED SUPPLIERS

**57%** OF THESE SUPPLIERS HAVE BEEN REEVALUATED

**+3.0 points** THE AVERAGE CHANGE IN SCORE, ON REEVALUATION

**21%** OF THE RE-EVALUATED SUPPLIERS REPORTED A LOWER SCORE

**4%** OF RE-EVALUATED SUPPLIERS, WITH A MEDIUM OR HIGH-RISK SCORE, REPORTED A LOWER SCORE

# Consultation process

**As outlined under our business, structure and supply chain section, BlueScope is an integrated Group.**

This Statement has been prepared in consultation with our key teams that collaborate to deliver on our human rights commitments, including identifying modern slavery risk, assessment and management processes for our own operations and supply chain. This includes the Head of Social Impact & Inclusion, Social Compliance steering committee, Head of Sustainability, Head of Procurement and global Procurement teams, Head of Risk, Human Resources, Legal and Ethics & Compliance teams.

This Statement presents material sustainability information in line with generally accepted disclosure frameworks and BlueScope's corporate approach for reasonable and responsible disclosure.

The Statement was also reviewed and approved by BlueScope's Executive Leadership Team and the Board Risk & Sustainability Committee.





# Our continuous journey

**The Social Compliance Steering Committee, in consultation with internal and external stakeholders will continue to oversee a robust due diligence process which meets risk assessment requirements. We understand that this is an iterative process that allows for learning and insights to be incorporated into a sustainable governance model.**

We continue to build maturity across supply chain processes. Depending on the outcome of the risk assessment and priority areas identified, own-site assessments via an independent third party may be required.

In FY2022 we will focus on:

- » Building our capability and understanding of modern slavery risks in our operations through targeted risk assessment.
- » Continuing proactive supply chain 'prioritise, engage, assess, and improve' processes to increase our ability to manage human rights, including modern slavery and other core labour rights issues.
- » Ensuring the wider business, including site-based teams, has access to information and reference materials about how to identify and address modern slavery risks.
- » Improving our ability for modern slavery related information to influence decision-making across our organisation.



<b>FY2022 ACTIVITIES</b>					
	» Human Rights Risk assessment	» Update Statement on Human Rights	» Strengthen due diligence process	» Ongoing review of risk areas and learnings	» Establish Social Risk Network within business units
		» Continue with Human Rights awareness training			

We are confident these steps will help inform our continued multi-faceted approach to preventing and addressing modern slavery, at our own operations and across our supply chains. But we know there is more to do – and we will continue to seek progress on this global issue through meaningful and effective action, at our business and in partnership with others.

# Raising concerns

**If you have any questions about this statement, or any concerns about any form of modern slavery within BlueScope’s supply chains or organisation, please contact the BlueScope’s business ethics line.**

BlueScope’s business ethics line is an externally managed service available 24 hours a day, 7 days a week. Reports to the Speak Up Line may be made anonymously. BlueScope treats all concerns raised seriously and in strict confidence.



**You can make a report via web:**  
[bluescopesteelconducthotline.com](https://bluescopesteelconducthotline.com)

**Or via email:**  
[bluescopesteel@deloitte.digital.com](mailto:bluescopesteel@deloitte.digital)

BlueScope encourages our employees and other stakeholders to speak up if they become aware of or reasonably suspect that something is not right at BlueScope. BlueScope is committed to the protection of all people who speak up and does not tolerate retaliation or adverse action related to a report under our Speak Up policy. Please see our BlueScope website, under Governance section for more information (see [here](#)).



# Appendix 1 – Mandatory criteria reference table

The table below identifies where information relating to each of the mandatory reporting criteria under the *Australian Modern Slavery Act 2018* can be found.

<i>Australian Modern Slavery Act 2018</i> reporting criteria	BlueScope 2021 Modern Slavery Statement response by page
(a) Identify the reporting entity and (b) describe the structure, operations and supply chains of the reporting entity	Pages 02-09
(c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	Pages 10-16
(d) Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	Pages 10-16
(e) Describe how the reporting entity assesses the effectiveness of such actions	Pages 18-19
(f) Describe the process of consultation with any entities that the reporting entity owns or controls. In the case of a reporting entity covered by a statement under section 14 – the entity giving the statement	Pages 20-21
(g) Include any other information that the reporting entity, or the entity giving the statement, considers relevant	n/a





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