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Update on Safeguard Mechanism revisions

BlueScope welcomes the Federal Government's revisions to its Safeguard Mechanism (SGM) legislation, which provides clarity around carbon policy. BlueScope CEO and Managing Director Mark Vassella said, "Engagement with the Government has been constructive. We can now focus on completing the feasibility study for the \$1 billion No.6 Blast Furnace reline project and the ongoing decarbonisation of our steelmaking operations at the Port Kembla Steelworks."

At its 1H FY2023 Financial Results release in February 2023, BlueScope noted that if the legislation was enacted in its then proposed form, the SGM may have a material impact on the business and the feasibility study of the reline. "Now, subject to the final form of the legislative rules and the Government's additional support for industry, BlueScope's previous concerns in respect of potential adverse impacts from the SGM have been materially alleviated." Mr Vassella said.

"The Government has recognised the challenges facing hard to abate sectors, in particular the unique and urgent challenge of the No.6 Blast Furnace reline and upgrade project. They also acknowledge the essential contribution BlueScope makes to Australia's sovereign capability, the national and regional economies of Australia and the importance of the steel products we manufacture for key sectors of the economy including renewable energy, building and construction and defence.

"We also welcome the Government's plan to conduct a review of an Australian Carbon Border Adjustment Mechanism (CBAM), as it will be a critical measure in ensuring that Australian domestic manufacturing is not competitively disadvantaged and that greenhouse gas emissions are not transferred offshore." Mr Vassella said.

"I would like to thank Climate Change and Energy Minister Chris Bowen and Industry & Science Minister Ed Husic, their staff and departments, and local Members, Assistant Treasurer Stephen Jones and Member for Cunningham, Alison Byrnes, for the constructive way they have worked with us.

"BlueScope remains fully committed to the ongoing decarbonisation of our operations, in line with our 2030 emissions intensity targets, and our net zero goal by 2050 for the entire BlueScope business. Notwithstanding our commitment, achieving these targets and our decarbonisation plan will be challenging, requiring several key enablers¹, and sustained collaboration with governments, suppliers and partners." Mr Vassella said.

More information on BlueScope's decarbonisation approach and progress is available in its FY2022 Sustainability Reporting Suite and Climate Action Reports, available at www.bluescope.com/sustainable-steel/reports/.

¹ Enablers include the commerciality of emerging and breakthrough technologies, the availability of affordable and reliable renewable energy and hydrogen, the availability of quality raw materials and appropriate policy settings.

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