

HEALTH AND SAFETY. OUR PEOPLE

OUR FUNDAMENTAL BELIEF IS THAT ALL INJURIES CAN BE PREVENTED.

In the 2004/05 financial year, we achieved further reductions in our two key safety indicators: Lost Time Injury Frequency Rate (LTIFR) and Medically Treated Injury Frequency Rate (MTIFR).

A Lost Time Injury (LTI) occurs when an employee is absent from work due to injury for at least one full shift. LTIFR is the number of lost time injuries per million hours worked.

Many companies use LTIFR to measure and compare their safety performance with other companies and industries. Using a rate of injury, rather than the number of injuries, allows comparison between companies of different sizes. In 2004/05, we improved our record low injury performance, achieving an LTIFR of less than one lost time injury per million hours worked. This compares exceptionally well to an international steel industry average of just under 10.

Tragically, an otherwise improved safety performance was overshadowed by a fatality at our New Zealand Steel operation just after the close of the 2004/05 financial year.

Zero harm is the only acceptable goal for us and we are doing everything possible to achieve this.

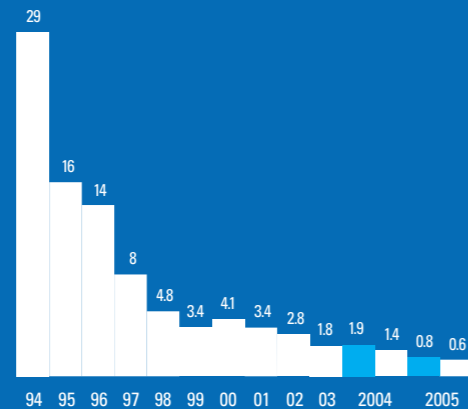
MTIFR is the number of injuries that require medical treatment, per million hours worked. In the majority of BlueScope Steel's facilities, the MTIFR also continues to decrease to record-best levels.

The graphs on this page show the effect of incorporating the Butler performance data from July 2003. The Butler business has now embraced our safety journey.

BlueScope Steel's substantial safety performance improvement has been partly the result of our self-auditing process, which involves employees in hazard identification and risk management processes.

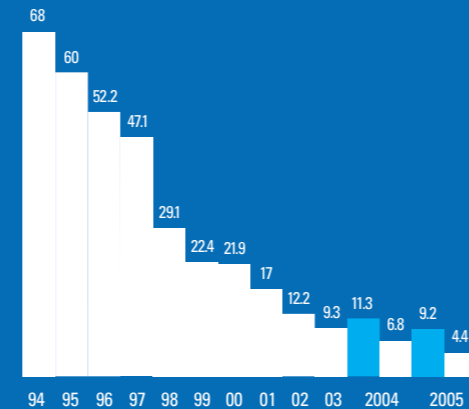
In 2004/05, 78 per cent of our people conducted monthly safety audits and the majority of teams have every person involved in audits on a monthly basis.

Another proactive strategy sees our people involved in more 'near miss' reporting than ever before. In the past year, more than 23,390 near misses were reported, all with valuable lessons learnt and appropriate actions progressed.



LOST TIME INJURY FREQUENCY RATE
Includes contractors from 1996

■ Includes Butler performance data from July 2003
■ Excludes Butler performance



MEDICALLY TREATED INJURY FREQUENCY RATE
Includes contractors from 2004

■ Includes Butler performance data from July 2003
■ Excludes Butler performance

OUR PRODUCTS AND SERVICES

BlueScope Steel's products bring inspiration, strength and colour to communities across Australia and the globe.

Products such as COLORBOND® steel are household names and benchmarks for quality. They provide architects and designers with the colour range and design flexibility to create landmark buildings, such as Melbourne's

Federation Square. And they feature in the complete home package – from roofing, to fencing, rainwater tanks, and even the humble garden shed.

BlueScope Steel's products are also vital components in many everyday items, including food and beverage containers, white goods and cars.

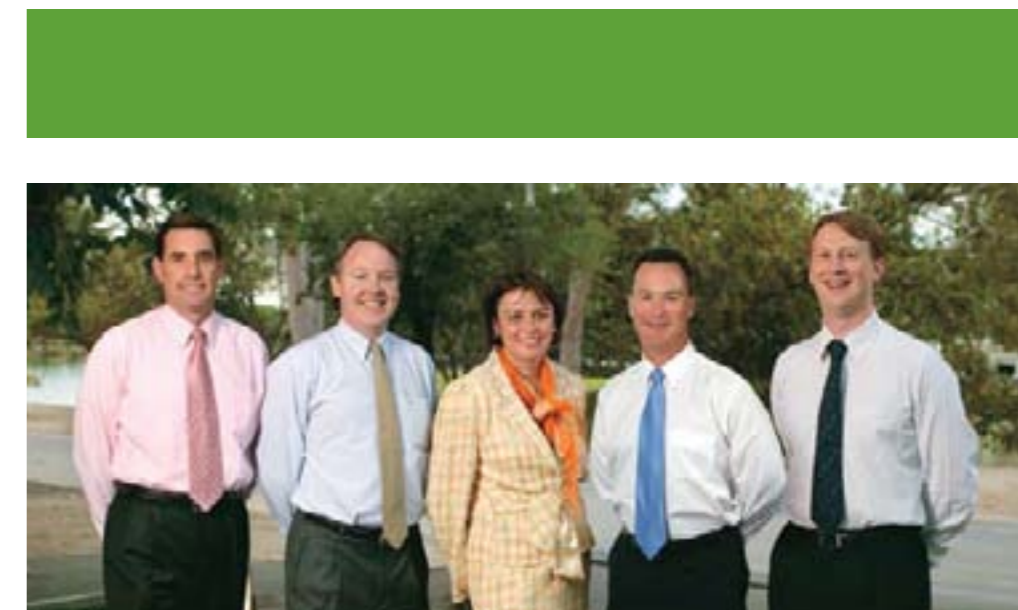


VICTORIA COMMUNITY, SAFETY AND ENVIRONMENT REPORT 2005



BLUESCOPE STEEL LIMITED

FOR MORE INFORMATION ABOUT BLUESCOPE STEEL'S PRODUCTS AND SERVICES WWW.BLUESCOPESTEEL.COM.AU



OUR BOND

WE AND OUR CUSTOMERS PROUDLY BRING INSPIRATION, STRENGTH AND COLOUR TO COMMUNITIES WITH BLUESCOPE STEEL

OUR CUSTOMERS ARE OUR PARTNERS

Our success depends on our customers and suppliers choosing us. Our strength lies in working closely with them to create value and trust, together with superior products, service and ideas.

OUR PEOPLE ARE OUR STRENGTH

Our success comes from our people. We work in a safe and satisfying environment. We choose to treat each other with trust and respect and maintain a healthy balance between work and family life. Our experience, teamwork and ability to deliver steel inspired solutions are our most valued and rewarded strengths.

OUR SHAREHOLDERS ARE OUR FOUNDATIONS

Our success is made possible by the shareholders and lenders who choose to invest in us. In return, we commit to continuing profitability and growth in value, which together make us all stronger.

OUR COMMUNITIES ARE OUR HOMES

Our success relies on communities supporting our business and products. In turn, we care for the environment, create wealth, respect local values and encourage involvement. Our strength is in choosing to do what is right.

HIGHLIGHTS

99% OF EMPLOYEES ARE SHAREHOLDERS

78% OF EMPLOYEES INVOLVED IN MONTHLY SAFETY AUDITS

BEST EVER LOST TIME INJURY FREQUENCY RATE OF 0.8 (DOWN 20%)

IMPROVED ENVIRONMENTAL PERFORMANCE

OVER \$2 MILLION SPENT ON COMMUNITY PROGRAMS

WE WOULD LIKE TO ACKNOWLEDGE THE EFFORTS OF OUR EMPLOYEES AND THE CONTINUED SUPPORT OF OUR CUSTOMERS AND COMMUNITIES.

Dear employees and neighbours,

At BlueScope Steel, we value the support of our communities for our business and our products.

We work hard to care for our employees and the environment, create wealth, value our relationships with customers, and respect the communities in which we do business. These activities are part of Our Bond, our Company charter, which expresses the principles and values that guide our business decisions at BlueScope Steel.

Guided by Our Bond, our community programs are aimed at improving and enriching the lives of our fellow citizens by focusing on support for young people and assisting with educational programs and the development of community facilities. We also invest in programs to improve the environment of the communities where we operate.

Many of our community programs are outlined in this report. We hope you will take a few moments to read about these activities.

We would like to acknowledge the efforts of our employees and the continued support of our customers and communities in this past financial year.

We are now midway through our \$2 billion growth program, involving over 20 major projects in eight countries, which also has a focus on safety and environmental performance.

We have made further progress in improving the environmental performance of our

operations, some examples of which are included in this report.

In safety, we achieved a record low lost time injury frequency rate of less than one injury per million hours worked. Tragically, our otherwise improved safety performance was overshadowed by a fatality just after the close of the financial year. This tragedy continues to remind us we will not let up on our goal of Zero Harm at BlueScope Steel – we know it is achievable.

The Community, Safety and Environment report tells our story as a responsible business. This year, we have adopted many of the sustainability indicators developed by the International Iron and Steel Institute (IISI). The indicators provide a systematic method for measuring and reporting how the industry is performing regarding sustainable development. They were created as an outcome of the IISI's Policy Statement on Sustainable Development in which Member Companies from the steel industry, including BlueScope Steel, committed to integrating economic, environmental and social considerations into their decision-making.

While we have told our story in these pages, we would also like to hear from you. If you would like to provide us with feedback, you can send an e-mail to question@bluescopesteel.com

BlueScope Steel is now an international company with operations in 17 countries. But we will never forget that our communities are our homes.

Sincerely

Kirby Adams
Managing Director & CEO

Greg Waters
President Western Port

Kathryn Fagg
President Australian Building and Logistics Solutions

Brian Kruger
President Australian Manufacturing Markets

Lee de Vryer
President Service Centres

COMMUNITY. OUR HOMES

WE AIM TO POSITIVELY CONTRIBUTE TO PEOPLE'S LIVES, AND TO BUILD A SENSE OF COMMUNITY.

BlueScope Steel takes pride in being a good corporate citizen and in supporting the communities in which we operate. We enter into collaborative, sustainable partnerships with community groups, based on building the trust and mutual respect we have for the wide range of cultures represented in our workforce and our communities globally.

In 2004/05 we spent more than \$2 million on community programs around the world. We also provided in kind support in the form of products and materials and employees' time, energy, skills and experience.

Our community activities are guided by Community Relations Management Plans which underpin our efforts to deliver on our promises and identify opportunities for improvement. We also consult actively with communities and employees. In Victoria, BlueScope Steel supports a range of

community partnerships, targeted mainly towards young people, education, the environment, emergency services, and arts and culture.

Our significant community partnerships over the past year focused on an innovative marine education program, participation in the Schools Environment Week program and our commitment to the Western Port Land for Wildlife sanctuary.

The Company continues to support the Fit To Drive young driver education initiative which was established on the Mornington Peninsula to educate young people about road safety issues. The program has now expanded to include 65 schools across Victoria.

Our Bond says, "our communities are our homes" and we continue to strive to be a valued member of the communities in which we live and work.



WONDERS OF WESTERN PORT

An innovative marine education partnership between BlueScope Steel and the Dolphin Research Institute has awakened students in the Hastings region to the wonders of their own coastal backyard and the global significance of Western Port.

The "Wonders of Western Port" initiative was implemented during the second half of the year, and gave around 800 Year 5 and Year 6 students from 11 local schools the opportunity to learn about the precious species inhabiting their local marine environment. BlueScope Steel's support allowed all students to participate free of charge.

The program takes children on a journey to meet the incredible living marine treasures that share their home. It complements other BlueScope Steel environment and community initiatives, including our involvement with the Mornington Peninsula Schools Environment Week.

The program incorporates the outcomes of Australia's longest ongoing marine environmental study which has been undertaken around the Western Port site. The program also covers the significance of globally recognised wetlands, Marine National Parks, the UN Biosphere and issues such as sea grass loss and port development.

The Dolphin Research Institute, based in Hastings, provides crucial marine research, education and balanced conservation services to the community on a not-for-profit basis. Although dolphins are its primary concern, the organisation is active in many aspects of marine conservation in Port Phillip Bay and Western Port.

ENVIRONMENT. RESPECT



We strive for continuous improvement in our environmental performance at all our sites and seek to meet and exceed community expectations. Our aim is to continually reduce the impact of our activities on the environment, to ensure any impact is neither serious nor long lasting, and through this, be supported by the communities in which we operate.

Many of our sites operate under licences that require us to report non-compliances. BlueScope Steel has taken one step further. We are in the process of implementing a system that will enable us to regularly assess our compliance to all legislative requirements including all sites that do not operate under licences.

We have developed a customised compliance system to enable our environmental responsibilities to be appropriately managed. This provides a systematic means for line management to both understand and demonstrate compliance with their specific statutory obligations on a monthly basis. The environmental compliance system has been successfully implemented at a number of our operations, including Port Kembla, Springhill and Western Port. It is anticipated that by the end of 2005/06, the compliance system will have been implemented at 85 per cent of our operations around the world.

As our business expands throughout Asia, equipment, processes and education programs are put in place at our new facilities to minimise their impact on local communities and ensure responsible environmental management.

At BlueScope Steel, we take our environmental responsibilities very seriously.

We care for the environment and place great importance on the way we manage the effect of our operations and products on our communities.

We are committed to the efficient use of resources, reducing and preventing pollution and product stewardship, focusing on all aspects of the product lifecycle.

BlueScope Steel's sites are spread throughout Australia, New Zealand, Thailand, Malaysia, Indonesia, Vietnam, the Asia Pacific region, North America and China, and operate under many different regulatory environments, licence requirements and legal jurisdictions.

FIT TO DRIVE EXPANDS ACROSS VICTORIA

The Fit to Drive young driver education program has expanded to 65 Victorian schools in the past 18 months, and another 30 schools will join the program in 2006. The program aims to reduce teenage road fatalities, and has been endorsed by the Transport Accident Commission, Vic Roads and Victoria Police.

BlueScope Steel has supported the Fit to Drive program since it was established in 2001 after the loss of seven young drivers in car accidents on the Mornington Peninsula.

Following the success of this program, other Victorian municipalities have replicated the program. The example provided by BlueScope Steel has also inspired other organisations

to provide financial support for the program in other areas of the State.

This year more than 30,000 Year 10, 11 and 12 students in 65 secondary colleges across metropolitan and country Victoria have participated in the three-year program and learnt about road safety, the dangers of alcohol and speed, and the need for at least 120 hours of driving experience in all road conditions before they tackle the road.

BlueScope Steel is also a major sponsor of the Arthurs Seat Challenge, an annual 6.7km run/walk, which helps raise community awareness and funding for the Fit to Drive program on the Mornington Peninsula.

LONG TERM ENVIRONMENTAL COMMITMENT IN VICTORIA

BlueScope Steel continues its long term commitment to educational and environmental initiatives.

We have been involved with the Mornington Peninsula Schools Environment Week since 1995. This year, more than 3,500 students from 31 local primary schools attended the five-day event at Mount Martha. The themes were water conservation and recycling.

BlueScope Steel and Silcar employees and contractors supervised a stand, providing hands-on activities and demonstrating Western Port's recycling and water wise concepts to students and their families.

The students saw how rainwater collected from a steel roof into a steel rainwater tank can be reused on the garden at home. Students also made pencil containers from recycled steel cans to show one of the many ways to recycle steel products.

BlueScope Steel also contributes to environmental conservation on the Mornington Peninsula through the 183 hectare Land for

Wildlife sanctuary, which forms part of our Western Port site.

Established in 2001, the Land for Wildlife sanctuary houses a diverse range of flora, with a wide range of indigenous plants, trees and native orchids; and fauna, including endangered species of bats, frogs, and birds.

School students and government agencies have helped sustain the flora and fauna in the Land for Wildlife area by establishing bird hides, installing fencing to keep out feral animals, undertaking erosion management initiatives and general management of the area.

Many community activities have been held at the sanctuary. School students have visited the area to participate in tree planting and bird watching activities and to understand and appreciate the natural resources on their doorstep.

BlueScope Steel's continued support of these long term commitments increases environmental awareness amongst the young people in our community and supports the preservation of the valuable local environment.



INTERNATIONAL TSUNAMI EFFORT

BlueScope Steel's businesses across the globe responded compassionately following the devastating earthquake and tsunami in South Asia. Our people acted quickly giving cash, food, clothing, essential supplies, steel buildings and building materials to help the victims of the disaster.

Donations to the Red Cross Quake and Tsunami Appeal from BlueScope Steel and our employees totalled almost A\$1.3 million. Our Company made an initial donation of A\$200,000 and then matched employee contributions of over A\$500,000.

Many of the worst affected countries, such as Indonesia, Malaysia and Thailand, are countries in which we have operations. Thankfully none of our employees were injured. However, some of our employees suffered great losses amongst extended families – and our deepest sympathies were extended to them.

In addition to the Appeal, employees in the region assisted embassies and others in relief work, and Asian businesses donated steel buildings and building materials. In Australia, our Company worked with architects, designers and aid agencies to prepare designs for emergency aid buildings, and BlueScope Water manufactured and shipped over 100 rainwater tanks from Australia to Banda Aceh, Indonesia. The tanks provide clean water for up to 100 families.

STOP FOR SAFETY

Following a fatality at New Zealand Steel's Hollow Sections Mill, we took immediate action.

In August 2005, every employee and on-site contractor across BlueScope Steel's global operations stopped work for the Company's Stop for Safety program. The four-hour safety session underlined our belief that employee engagement is essential if we are to achieve our goal of Zero Harm. Every employee was reminded that Zero Harm means staying safe all the time, 100 per cent, with no exceptions.

A number of new safety measures were immediately mandated across the Company. Our employees generated some excellent ideas for further improvements, which we are now implementing.

The aim of these measures is to ensure that anyone who enters one of our sites – employee, contractor, supplier, customer or member of the public – leaves that site in the same condition as they arrived.



VICTORIAN SELF-INSURANCE LICENCE RENEWAL

Dedication to health and safety practices and demonstrated care by BlueScope Steel employees resulted in the renewal of the Company's Victorian Self-Insurance Licence.

Responsibility for workers compensation self-insurance for BlueScope Steel employees in Victoria was first achieved in 2002, after the Company was publicly listed.

Holding a licence to self-insure employees requires BlueScope Steel to demonstrate sufficient finances for actuarial liabilities; show competent management of workers compensation claims; meet the regulatory body's requirements as guided by legislation; and demonstrate a safety system in place which meets criteria determined by the Victorian WorkCover Authority.

The licence has been renewed for four years with no conditions. This is a significant achievement for the teams at the participating sites - Western Port, BlueScope Lysaght Lyndhurst and the Braeside Service Centre.

A rigorous audit and inspection process was conducted to demonstrate BlueScope Steel's capacity as a self-insurer.

The participating sites were audited against SafetyMAP 4, based on Australian Standard 4801. At Western Port, the audit was conducted for 82 elements of SafetyMAP 4 while the BlueScope Lysaght and Braeside Service Centre operations were audited against 11 selected criteria.



BLUESCOPE WATER PARTNERSHIP AIDS ROYAL BOTANIC GARDENS IN CRANBOURNE

BlueScope Water entered into a partnership with the Royal Botanic Gardens Melbourne for the provision of water conservation education equipment, which will be used by the Education Service staff at Royal Botanic Gardens Cranbourne and the rapidly developing Australian Garden site.

The Australian Garden is being created to display the best of Australia's remarkable native flora in an artistic landscape. The Garden is located within the 363-hectare Royal Botanic Gardens (RBG) Cranbourne in the City of Casey, about a 45-minute drive from central Melbourne. RBG Cranbourne is a division of the Royal Botanic Gardens dedicated to advancing knowledge, enjoyment and conservation of Australian plants and ecosystems.

RBG Cranbourne is home to some of the most significant remnant bushland and wetlands in the Melbourne region, and is recognised as

a site of state significance for flora and fauna conservation. Opened to the public in 1989, RBG Cranbourne plays a vital role as a recreational and conservation resource for the region and for the nearby Mornington Peninsula and West Gippsland areas.

At the Australian Garden, to be opened in May 2006, visitors will immerse themselves in Australian flora, landscape, art and architecture. They will learn about the environmental issues that affect our daily lives and the essential role that plants play in all life on earth. Students will be offered conservation and environmental education learning opportunities in a world-class outdoor classroom setting.

Support of the Australian Garden reflects BlueScope Water's commitment to the environment and sustainable practices. Our sponsorship assists in the research, development and design of water education programs

including a schools program and teachers' kit, a home gardeners' program and fact sheet and an early childhood program, and the provision of a class set of microscopes and water equipment along with interpretation materials and fact sheets.

RBG Cranbourne Education Service and Visitor Program staff will use the materials provided by the BlueScope Water sponsorship in the Australian Garden to help explain key educational themes linked to the importance of water conservation.

With the support of the project's key funding partners and BlueScope Water, it is expected the Australian Garden will develop into a major tourist destination of international standing, offering local and interstate visitors the opportunity to appreciate and explore new aspects of our flora and landscape and the unique nature of our environment.