

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.

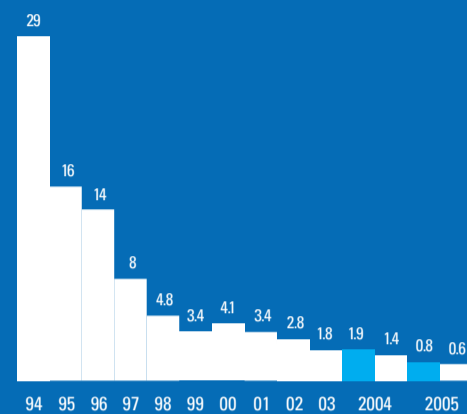
MTIFR is the number of injuries that require medical treatment, per million hours worked. In the majority of BlueScope Steel's facilities, the MTIFR also continues to decrease to record-best levels.

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.

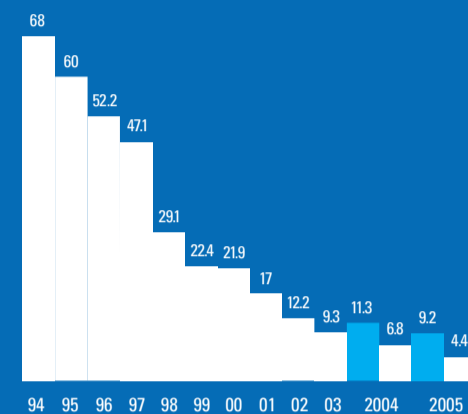
BlueScope Steel's substantial safety performance improvement has been partly the result of our self-auditing process, which involves employees in hazard identification and risk management processes.

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.



Includes Butler performance data from July 2003
Excludes Butler performance



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.

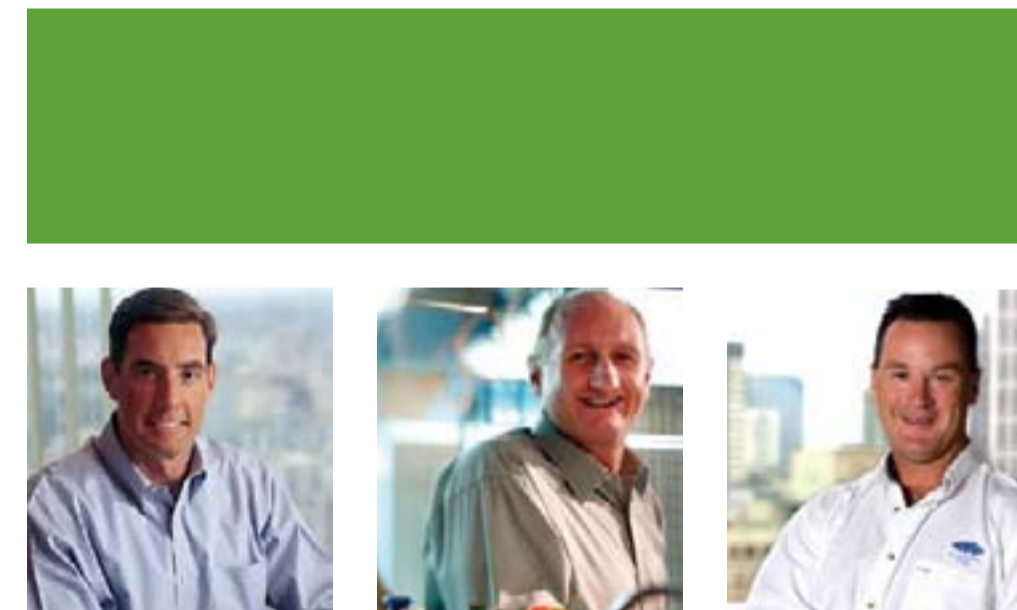


ILLAWARRA COMMUNITY, SAFETY AND ENVIRONMENT REPORT 2005



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

K Adams

Kirby Adams
Managing Director & CEO

Noel Cornish

Noel Cornish
President Australian and
New Zealand Industrial Markets

Brian Kruger

Brian Kruger
President Australian
Manufacturing Markets

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 the Illawarra, BlueScope Steel supports the local community through a range of

community partnerships, mainly targeted at young people, education, arts and culture.

Significant partnerships include the Illawarra Academy of Sport, the Southern Stars Schools Spectacular, the Rotary Youth Driver Awareness project, a Neighbourhood Schools Program and BlueScope Steel's Growing Great Gardens project, which incorporates a schools' environmental training program and the Port Kembla Steelworks Site Improvement Project.

The Company continues to support the BlueScope Steel Youth Orchestra, Illawarra Community Radio and the region's Surf Life Saving branches.

BlueScope Steel also provides one-off donations to local community groups and causes.

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.



BLUESCOPE STEEL YOUTH ORCHESTRA MARKS 20 YEARS

The BlueScope Steel Youth Orchestra celebrated its 20th anniversary year with a performance at a gala concert in the Indonesian city of Yogyakarta.

The concert raised funds for around 800 students from Aceh in Yogyakarta, many of whom were orphaned following the devastating tsunami. It also marked the anniversary of the coronation of the Sultan of Yogyakarta, Sri Sultan Hamengku Buwono X.

The Sultan invited the BlueScope Steel Youth Orchestra and the Australian Boys Choir to join some of Indonesia's best young performers in the benefit concert. They performed at the Sultan's Palace before an audience of 1,000 people, and raised approximately 160 million rupiah (A\$23,000) for Acehese students.

The Orchestra also performed at a private function for the Sultan and 150 tsunami fundraising supporters.

The invitation from the Sultan recognises the outstanding reputation the Orchestra has developed over the past 20 years. The 55 musicians and the support crew spent a week in Indonesia as guests of the Sultan, and visited some of the sights of Yogyakarta, Indonesia's cultural and educational capital.

The visit was a great opportunity for the Illawarra's talented young musicians to help support the region's strong relationship with Yogyakarta, which has been fostered by Wollongong City Gallery.

BlueScope Steel celebrated its 20-year sponsorship by funding transport, staging and other costs for the Orchestra and crew. BlueScope Steel's sponsorship began by funding the purchase of instruments to establish the Orchestra. The Company now provides scholarships and meets many of the Orchestra's operating costs.

More than 500 young musicians from the Illawarra have played with the Orchestra since its establishment, and it has provided a springboard for many of them to achieve their dream of a career in music. Some have gone on to perform with the Sydney Symphony Orchestra, Melbourne Symphony Orchestra, the Royal Philharmonic in London and the Australian Chamber Orchestra.

LEARNING TO LOVE LIFE

BlueScope Steel is supporting Illawarra community radio station VOX FM by sponsoring the training of young presenters to develop unique programming for Illawarra.

Entitled 'I Love My Life', the project targets at risk young people aged 15 to 25, from all areas of the Illawarra community.

Young people participating in the 'I Love My Life' program receive training in interview techniques and hands-on experience in interviewing, editing and production. Participants interview young members of the community, showing how they are making a contribution to the community and encouraging others to do the same. The broadcasts also provide information on where to get help for those suffering from low self esteem and depression.

VOX FM is the Illawarra region's only community radio station. It has been broadcasting a range of programs full-time since 1990 to a listening audience from Helensburgh in the north to Gerroa in the south.



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 it 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.

WATER RECYCLING INITIATIVE AT PORT KEMBLA

THE RECYCLED WATER SCHEME WILL REDUCE OUR DEMAND FOR FRESH WATER BY MORE THAN 50 PER CENT

A recycling initiative between BlueScope Steel and Sydney Water Corporation will play a major role in preserving water, while providing a significant environmental outcome for the Illawarra region.

BlueScope Steel has entered into a 15 year contract with Sydney Water to supply 20 million litres of recycled water per day from its new Wollongong facility to the Port Kembla Steelworks and Illawarra Coated Products sites.

The recycled water is produced from tertiary treated effluent, which is further purified using micro filtration and reverse osmosis technology. The resulting water is of similar chemical composition to that which BlueScope Steel receives from Sydney Catchment Authority dams.

The 20 million litres of recycled water is mixed with industrial water in the Berkeley Reservoir to make a 55/45 mix of recycled and industrial water, and will be delivered through the Company's industrial water supply system for use in industrial and environmental applications.

The recycled water scheme will reduce our demand for fresh water by more than 50 per cent. In addition, 20 million litres of waste water will be reused daily, rather than being pumped into the ocean.

This project complements an existing water reduction program whereby water efficiency at Port Kembla has improved in the last 10 years from 5.5kl of recycled and domestic water per slab tonne to 2.7kl per slab tonne.



CASE STUDIES

IMPROVING OUR MATERIAL EFFICIENCY

A number of initiatives are underway throughout BlueScope Steel to reduce the packaging materials used in transporting products between our sites and to our customers.

At our Springhill Works, a packaging review has resulted in all packaging materials being reduced, reused or recycled to minimise any material going to landfill.

The Springhill team has eliminated the need for three million linear metres of plastic wrap each year and has done away with packaging materials altogether on heavy gauge galvanised material and paint feed coils supplied to the Company's CRM works.

More than 60 per cent of wooden pallets used to transport steel coils are reused, equating to 25,000 pallets or 500 tonnes of hardwood timber each year.

The Logistics team has also worked to ensure wooden pallets are returned via ship on the Company's Tasman trade route. The pallets are reconditioned and reused at the Port Kembla Steelworks Tin Mill.

More than 250 pallets are returned from New Zealand Steel for reuse each month.

STEEL COIL CRADLE TO ELIMINATE PACKAGING MATERIALS

BlueScope Steel's Service Centre and BlueScope Lysaght businesses in Australia have embarked upon a project to reduce the packaging materials used in the transport of steel coils by hundreds of tonnes each year.

When steel coils are transported between the Springhill Works at Port Kembla and Service Centres and BlueScope Lysaght sites around Australia, they are currently packed using wooden pallets, plastic sheets, steel strapping and edge protectors that can be made of cardboard, steel or plastic.

Working with a pallet supplier, the Company has trialled a new packaging system that not only reduces manual handling and the time involved in packing and unpacking coils, but eliminates the need for almost all packaging materials.

BlueScope Steel has worked with pallet supplier BEK Equipment to develop a steel coil cradle that safely transports both full width and slit coils, with virtually no packaging required.

The coil cradle incorporates non-slip rubber protection for the coils and allows coils to be transported in an upright position, ready for further processing at their destination.

The cradle is then returned to the originating site for reuse.

The new system has been successfully trialled with coils transported by truck between Port Kembla and the Company's Service Centre and BlueScope Lysaght site at Chullora in Sydney. These trials have supported the assumptions of the project team, with the coils being delivered to their destination in perfect condition.

The team is now trialling the coil cradle over longer distances and on rail as well as road transport.

Once fully proven, the project has the potential to eliminate hundreds of tonnes of waste material, which would otherwise go to landfill each year.

SHARING BEST PRACTICE IN SAFETY

Continuing BlueScope Steel's commitment to shared safety, during 2005 the Port Kembla Steelworks hosted a team of business and operational managers from Smorgon Steel Tube Mills as part of their journey towards an injury-free workplace, and representatives from Korean steelmaker POSCO who wanted to study our approach to safety.

Smorgon Steel Tube Mills General Manager, Tony Schreiber recognised BlueScope Steel as a leader in workplace safety and described our safety practices as influential across an entire industry sector. The Smorgon Steel Management Team appreciated our willingness to share our workplace safety experiences and felt that BlueScope Steel made a difference beyond the gates of Port Kembla.

The Smorgon Steel team was keen to discuss safety at a variety of levels within BlueScope Steel. The visit included discussions with members of our Safety team, as well as tours of the Hot Strip Mill and Springhill Works which gave an opportunity for open discussion about safety with a wide variety of mill employees.

Key learnings from the visit to BlueScope Steel subsequently helped form the basis of Smorgon Steel Tube Mills' renewed Safety Management Plan, launched in July 2005.

POSCO produces 30 million tonnes of steel each year and regularly networks on a number of topics with BlueScope Steel.

During POSCO's visit to Port Kembla, the BlueScope Steel team presented its approach to safety, followed by a tour of the No 6 Blast Furnace, where discussions focussed on safely running a blast furnace.

Occupational Health and Safety Governance Manager, Huw Thomas, said it was a great reflection on the reputation of BlueScope Steel's employees that POSCO would send its people so far to learn from our people.

STOP FOR SAFETY

Following the 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.

SURF LIFE SAVING AIMS TO BETTER BEACH SAFETY



BlueScope Steel has a valuable association with the Surf Life Saving movement in the Illawarra region, having supported the Illawarra and South Coast branches since the mid 1980s.

The program aims to improve beach safety and lower the incidence of drowning in our region. It includes:

- A water safety and surf awareness program for primary school students;
- Surf awareness, Expired Air Resuscitation (EAR) and Cardio Pulmonary Resuscitation (CPR) training for high school students;
- An indigenous education program; and
- A cadet scheme in high schools.

Almost 14,000 students from 44 schools in Wollongong, the Southern Highlands, the South Coast and the ACT have participated in the program.

The program teaches students to recognise danger signs at the beach or swimming pool, identify rips and currents and understand the principles of resuscitation and safe sun practices. They gain skills previously only available to those associated with surf lifesaving, and have the opportunity to become leaders in their community.

The program has been recognised by both the NSW Government and the Surf Life Saving movement, winning the NSW Government Department of Sport and Recreation Award for Best Education Program, and the NSW Surf Life Saving Award of Excellence for Best Community Education Program.

In addition to its sponsorship of the award winning South Coast branch Surf and Beach Safety Program, BlueScope Steel supports Surf Living Saving Illawarra by providing equipment, administration and general running costs.