



OUR BOND SAYS,
WE AND OUR CUSTOMERS
PROUDLY BRING INSPIRATION,
STRENGTH AND **COLOUR**
TO COMMUNITIES.







HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

OUR STRONG COMMITMENT

Our Bond, the Company's values document, was one of the first management initiatives introduced when we commenced as a new, independent company. About 200 employees from across the Company were involved in creating *Our Bond*, which expresses the principles that guide the decisions of the business. *Our Bond* affirms our commitments to a safe workplace, care for the environment and our communities.

HSEC POLICIES AND SYSTEMS

While we strive to deliver strong financial returns to our shareholders, we do not lose sight of our wider responsibilities to all our stakeholders. Health, safety, environment and community (HSEC) commitments are integral to the Company's operations and the way we do business.

We aspire towards a goal of Zero Harm to people, we are committed to care for the environment, and we strive to be valued citizens in our host communities.

Our HSEC Policy, Management Standards and management systems ensure a consistency of approach and drive continuous improvement in our performance in these critical areas throughout the Company.

Our Management Standards, which include specific performance requirements and auditable criteria, apply to all our sites and operations and to major activities by contractors under our management.

We conduct a series of audits each year to ensure the HSEC Management Standards are being applied adequately and effectively, and to verify performance. These include both internal and external audits.

STAKEHOLDER DIALOGUE

We are committed to acting with integrity, honesty and fairness when dealing with our stakeholders. Processes are in place to facilitate communication with our stakeholders to determine their HSEC concerns, information needs and aspirations for community development.

Any concerns and complaints related to HSEC matters are recorded as incidents and investigated.

As well as communicating with communities, we seek consultation and dialogue with governments, relevant authorities and other organisations and we contribute to the development of public policy.

OUR BOND

WE AND OUR CUSTOMERS PROUDLY BRING INSPIRATION, STRENGTH AND COLOUR TO COMMUNITIES WITH BHP 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 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.



HEALTH AND SAFETY

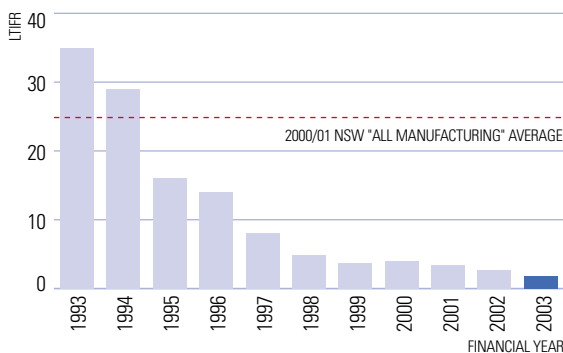
WE ASPIRE TO ZERO HARM TO PEOPLE. OUR FUNDAMENTAL BELIEF IS THAT ALL INJURIES CAN BE PREVENTED. THIS RESPONSIBILITY STARTS WITH EACH ONE OF US. OUR HSEC POLICY.

RECORD LOW INJURY PERFORMANCE

Our employees and contractors achieved an outstanding safety performance during 2002/03, recording a Lost Time Injury Frequency Rate (LTIFR) of 1.8 (a 36 per cent reduction from the preceding year) – see Figure 1.

This compares with the current New South Wales “all manufacturing” average LTIFR of 25. Our total number of LTIs for the year was 54.

FIGURE 1 LOST TIME INJURY FREQUENCY RATE



The Medical Treatment Injury Frequency Rate decreased to 9.1 (24 per cent fewer than last year) – see Figure 2.

As shown in Figure 3, in 2002/03, 88 per cent of employees were involved in conducting monthly safety audits, against a target of 75 per cent. Many teams have every person involved in conducting monthly audits.

FIGURE 2 MEDICAL TREATMENT INJURY FREQUENCY RATE

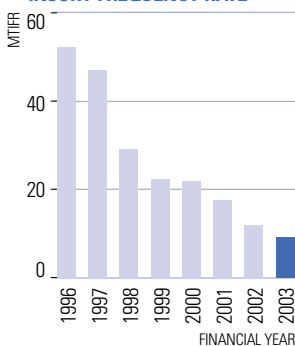
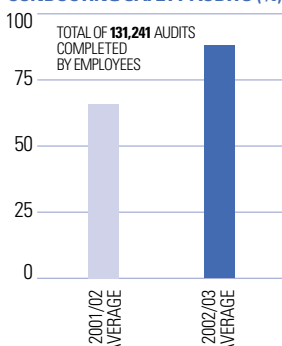


FIGURE 3 EMPLOYEES CONDUCTING SAFETY AUDITS (%)



Importantly, there were no fatalities at our operations during the period. Zero fatalities have been recorded in five out of the last six years.

In 1992/93, our business recorded five fatalities and had an LTIFR in excess of 30, compared to this year's figures of zero (see Figure 4) and 1.8. The cornerstone of this improvement has been our self-auditing process, which involves employees in hazard identification and risk management processes.

OUR OH&S MANAGEMENT SYSTEM

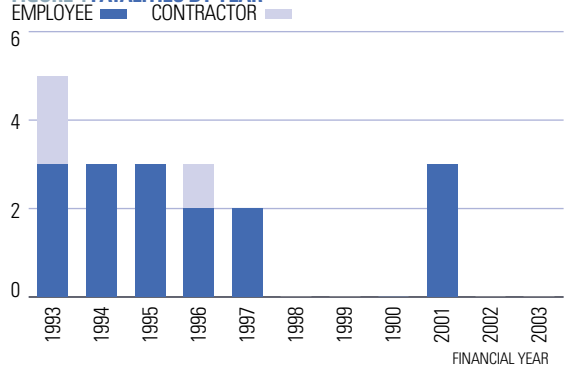
Much of the improvement in our safety performance reflects our ongoing emphasis on demonstrating commitment to safety at all levels across the Company. The commitment in *Our Bond* that our people will work in a safe and satisfying environment is backed by a comprehensive Occupational Health and Safety (OH&S) Management System, which is mandatory in all our operations.

The Management System focuses on three basic aspects: safe people, safe systems and safe plant.

Under the System, 23 Safety Management Standards have been established. Each business is required to demonstrate that the management systems in use at its operations comply with the performance requirements of these Standards. This is done through a combination of compliance statements based on self-assessments and a hierarchically structured audit program.

During 2002/03 the self-assessment process showed a much improved performance for the majority of the Management Standards.

FIGURE 4 FATALITIES BY YEAR



We have increasingly adopted risk management practices to identify, assess and mitigate operational safety and health risks at our facilities. These include the implementation of risk registers at each operation, the support of key risk networks, and major hazard facility management.

Sites have also focused on addressing behavioural aspects of safety. These include involving employees in safety behavioural audits, devising corrective actions

following incidents and near misses, and monitoring to ensure the actions are implemented.

A standard technique for the investigation of significant incidents and near misses – the Incident Cause Analysis Method (ICAM) – is in place. ICAM supports initiatives to communicate and share the lessons learned about the root causes and contributory factors in significant incidents and near misses. In 2002/03, over 13,000 near miss incidents were reported.

ENVIRONMENT

WE CARE FOR THE ENVIRONMENT. WE ARE COMMITTED TO THE EFFICIENT USE OF RESOURCES, REDUCING AND PREVENTING POLLUTION, AND PRODUCT STEWARDSHIP. OUR HSEC POLICY.



Our major production facilities – at Port Kembla in New South Wales, Western Port in Victoria and in New Zealand – are sited in some of the world steel industry's most visually and environmentally appealing locations. It is not surprising therefore, that we take our environmental responsibilities so seriously.

Consultation with our host communities through surveys, community consultative committees and public forums has confirmed that continuous improvement in our environmental performance is regarded as a key measure of our success. We are committed to continually reducing the impact of our activities on the environment and to the efficient use of resources.

IMPROVED PERFORMANCE

Non-compliance with the conditions of our environmental operating licences reduced by 23 per cent. We achieved zero non-compliances at the majority of our sites.

This year, we have implemented a number of major environmental initiatives and laid the foundations for ongoing significant improvement in our environmental performance.

ISO 14001 CERTIFICATION

Throughout the year we have focused on establishing rigorous environmental management systems, building on the strong legacy of our systems of the past.

By the end of June 2003, we had achieved ISO14001 environmental certification at all our steel operating sites throughout Australia, New Zealand and Asia. Our Transport & Logistics operations are scheduled to achieve this certification by December 2003.

ISO 14001 is an internationally recognised standard that specifies the requirements of an environmental management system.

OTHER MAJOR DEVELOPMENTS

Our largest production facility, the Port Kembla Steelworks, has initiated a new five-year Environment Improvement Plan, in collaboration with the Environment Protection Authority (EPA) of New South Wales and following community consultation. This new plan continues the work of four previous pollution reduction programs over the last 20 years, which have involved expenditure of more than \$300 million and delivered significant environmental improvements to the Illawarra region.

In support of the new five-year plan, Port Kembla Steelworks has announced a \$1.5 million site improvement program, designed to further improve its visual amenity.

During the year, we commissioned new pollution control equipment at the Port Kembla Steelworks' sinter plant. This \$94 million Sinter Machine Emission Reduction Project will significantly improve conditions in and around the Steelworks, largely eliminating dust emissions. In addition, an independent committee investigating naturally occurring radioactive materials (NORMS) in the Illawarra region released a report in February 2003 which concluded there are no significant risks associated with NORMS from the Port Kembla Steelworks sinter plant operations.

Water management has been a focus at Port Kembla, as we strive to reduce overall water consumption and increase the amount of recycled water we use. Gas processing at the Steelworks' coke ovens achieved zero water discharge under dry weather conditions this year. An innovative partnership with Sydney Water, concluded this year, will result in the Port Kembla Steelworks

taking 20 megalitres of recycled water per day from Sydney Water. This will reduce the Steelworks' freshwater consumption by 50 per cent.

Our Western Port operation at Hastings in Victoria has also concluded an agreement with the Victorian EPA for a new five-year Environment Improvement Plan. This plan resulted from two years of consultation with the EPA and the local community consultative committee. The plan includes reductions in water use, waste to landfill, and greenhouse and energy intensity, as well as investigating the balance between operational imperatives and local environmental values.

Western Port has also developed a partnership with the EPA on a pilot Process Integration Study, which aims to analyse the flow of materials, water and energy to improve efficient use of resources and reduce the quantities of hazardous material sent to landfill.

In June 2003, New Zealand Steel received replacement water discharge permits for its iron and steelmaking facility at Glenbrook, following wide consultation with the local community, local iwi (Maori tribes) and other stakeholders.

PERFORMANCE DATA

Each year, we contribute data to Australia's National Pollutant Inventory, which can be viewed at www.npi.ea.gov.au

Detailed environmental performance data for the Company will be available in an on-line Environment Report to be published in December 2003.

FUTURE DIRECTIONS

Going forward, we are focused on further reducing the environmental impacts of our operations and creating a net positive benefit to society, through the support we provide the communities in which we operate and the benefits of our steel products.

Our future environmental strategies will particularly focus on:

- consistently reviewing net environmental performance;
- reliable management of environmental risks;
- continued development of environmental management systems;
- continuous reduction of waste, emissions and resource use; and
- demonstrating the environmental benefits of our steel products.



LEFT: BUILDINGS SUCH AS THE LAVARACK ARMY BARRACKS IN TOWNSVILLE HIGHLIGHT THE ENVIRONMENTAL CREDENTIALS OF STEEL

COMMUNITY

**WE STRIVE TO BE VALUED CORPORATE CITIZENS IN OUR COMMUNITIES.
WE RESPECT THE VALUES AND CULTURAL HERITAGE OF LOCAL PEOPLE.
OUR HSEC POLICY.**

We pride ourselves on our role as a good corporate citizen, and actively seek opportunities to share our successes with the communities in which we operate around the world.

Through our businesses, we participate in hundreds of worthy activities that are aimed at making a positive impact on people's lives and building a sense of community.

These activities are generally undertaken by collaborating with community groups and organisations in active partnerships that are based on building trust and mutual respect, and being sustainable over the long term. Such community engagement and support is embraced across all our businesses worldwide.

We aim to communicate openly and regularly with all our stakeholders and demonstrate through our actions the respect we have for the wide range of cultures represented in our workforce.

SUPPORT

Our support is mainly focused at the local level through projects and programs that encourage and nurture youth, assist the disadvantaged, care for the environment, enhance community facilities, and celebrate the arts and cultural diversity. We establish our priorities through active community consultation.

Some programs are direct responses to emergency situations such as floods and earthquakes.



VOLUNTEER TEAMS OF WOMEN WORK TO BUILD AFFORDABLE HOUSING IN WESTERN SYDNEY USING STEEL FRAMING MADE FROM ZINCALUME® STEEL.

Each year we spend more than \$1 million on community programs worldwide. Our employees contribute time, energy, ideas and their professional skills to the causes we embrace.

Our community relations activities are guided by the best practice Community Relations Plans we have in place at all our major operations. They underpin our endeavours to deliver on our promises and identify further opportunities for improvement in our community relations.

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



WHEN FLOODS DEVASTATED THE PETCHABOON DISTRICT OF THAILAND, WE PROVIDED STEEL HOUSES FOR EMERGENCY ACCOMMODATION

CASE STUDY 1 **INDIA**

WORKING WITH WORLD VISION TO PUT CHILDREN BACK IN SCHOOL

In 2001, a devastating earthquake in the Gujarat region of India brought down around 4,000 classrooms – leaving thousands of children without access to education. This earthquake has been described as India’s worst natural disaster of modern times.

In a unique partnership with international relief and development agency World Vision Australia, the Company enabled the completion of a major schools rebuilding program in Gujarat.

More than 3,000 children in the earthquake-ravaged state of Gujarat, India will go back to school this year with the opening of 85 new classrooms in the Gujarat region of India.

Steel building materials valued at over \$300,000 were donated to enable the reconstruction of 85 classrooms spread around 17 villages in the Kutch district of Gujarat.

“We saw that we were uniquely placed to manufacture steel building solutions at one of our regional operations to help relieve the plight of the local people in Gujarat,” said the Company’s representative in India, Brian Kelso.

“We are proud to have teamed up with World Vision in this significant reconstruction project for the benefit of the people of Gujarat. By rebuilding these schools, we hope to provide a lasting benefit for future generations.”



JUNE 2003, BRIAN KELSO HANDS OVER THE KEYS TO SEVEN NEWLY CONSTRUCTED CLASSROOMS TO REPRESENTATIVES OF THE LOCAL COMMUNITY

CASE STUDY 2 **WESTERN PORT**

CONTRIBUTING TO THE CONSTRUCTION OF A LOCAL AQUATIC CENTRE

Over the last year, the Company provided support valued at \$210,000 to the Mornington Peninsula Shire Council to progress the Pelican Park Aquatic Centre development on the Hastings foreshore in Victoria, Australia.

According to Shire Mayor, David Renouf, the Pelican Park Aquatic Centre will be the “jewel in the crown” of the Pelican Park precinct, which will also include an all-abilities playground and skate park.

President Western Port, Greg Waters, said the major project is a wonderful partnership between the Shire, state government, local business and community groups.

“The Company has provided approximately \$150,000 worth of steel building materials for the aquatic centre and also made a cash donation of \$60,000 towards the project. We are very pleased to be able to contribute to such an important community facility, which will benefit the Hastings community in a very real way for many years to come,” he said.

“Many employees of the Western Port plant live in Hastings and the surrounding area and, along with the wider community, will benefit from our assistance in helping build this centre.”

The new Pelican Park Aquatic Centre will include a 25-metre multi-purpose pool with disabled ramp, a leisure pool and adjoining toddler pool, large spa and separate steam room, a gymnasium area, multi-purpose rooms, a crèche and a café with internal and external seating.



HASTINGS PELICAN PARK AQUATIC CENTRE TAKES SHAPE

CASE STUDY 3 **ILLAWARRA REGION****SPONSORSHIP OF YOUTH ORCHESTRA EXTENDED INTO 19TH YEAR**

More than 500 young musicians have trained with the Illawarra-based Youth Orchestra founded with our support in 1986.

Right from the start, the orchestra provided a springboard for aspiring young Illawarra musicians to achieve the dream of a career in music. Since the orchestra's inception, numerous members have gone on to inspiring heights with several musicians securing positions with prestigious institutions such as the Royal Philharmonic in London, Sydney Symphony Orchestra, Australian Chamber Orchestra, Melbourne Symphony Orchestra and Australian Youth Orchestra.

Additionally, some orchestra members have gone on to study at the highly prestigious Australian Academy of Music in Melbourne and the Sydney Conservatorium of Music.

In the beginning, to give the orchestra a head start, the Company contributed towards its expensive and unusual instruments – bassoons, oboes, French horns and timpani drums. That was an enormous help to a fledgling orchestra and some of these instruments are still in use today.



ILLAWARRA'S YOUTH ORCHESTRA UNDERTOOK ITS FIRST INTERNATIONAL TOUR TO NEW ZEALAND THIS YEAR

The Company's sponsorship has provided scholarships for students to learn unusual instruments, and paid for a conductor, management and music. The sponsorship also helped secure the services of conductor Nigel Edwards, who was the original wind tutor of the orchestra in 1986. This enabled the orchestra to have the services of an experienced musician who trained at some of the most prestigious institutions in Europe.

There are currently 60 members of the orchestra, which rehearses at the Wollongong Conservatorium of Music. The orchestra commenced touring in 1997, and the tours have been important for the students' social and musical development. In 2003, the orchestra undertook its first international tour to New Zealand, which was a huge success.

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CASE STUDY 4 **NEW ZEALAND****NEW ZEALAND STEEL DIVES INTO BEACH CLEAN-UP**

New Zealand Steel has a strong association with Kariotahi Beach on the west coast, south of Auckland. The beach is approximately 16 kilometres long, extending from the Waikato River mouth. The iron-rich sand mined at the Waikato River mouth is used in New Zealand Steel's steelmaking process.

Given this strong association, a beach clean-up day was organised in March 2003 as part of the Company's Business Clean-Up Program.

The clean-up day was a response to an inspection of the beach that revealed piles of glass bottles, approximately 20 car wrecks, wire residue from burnt tyres and large quantities of general rubbish.

The event was strongly supported by employees and their families.



VEHICLE WRECKS AND OTHER DISCARDED STEEL ITEMS WERE COLLECTED AND SENT FOR RECYCLING