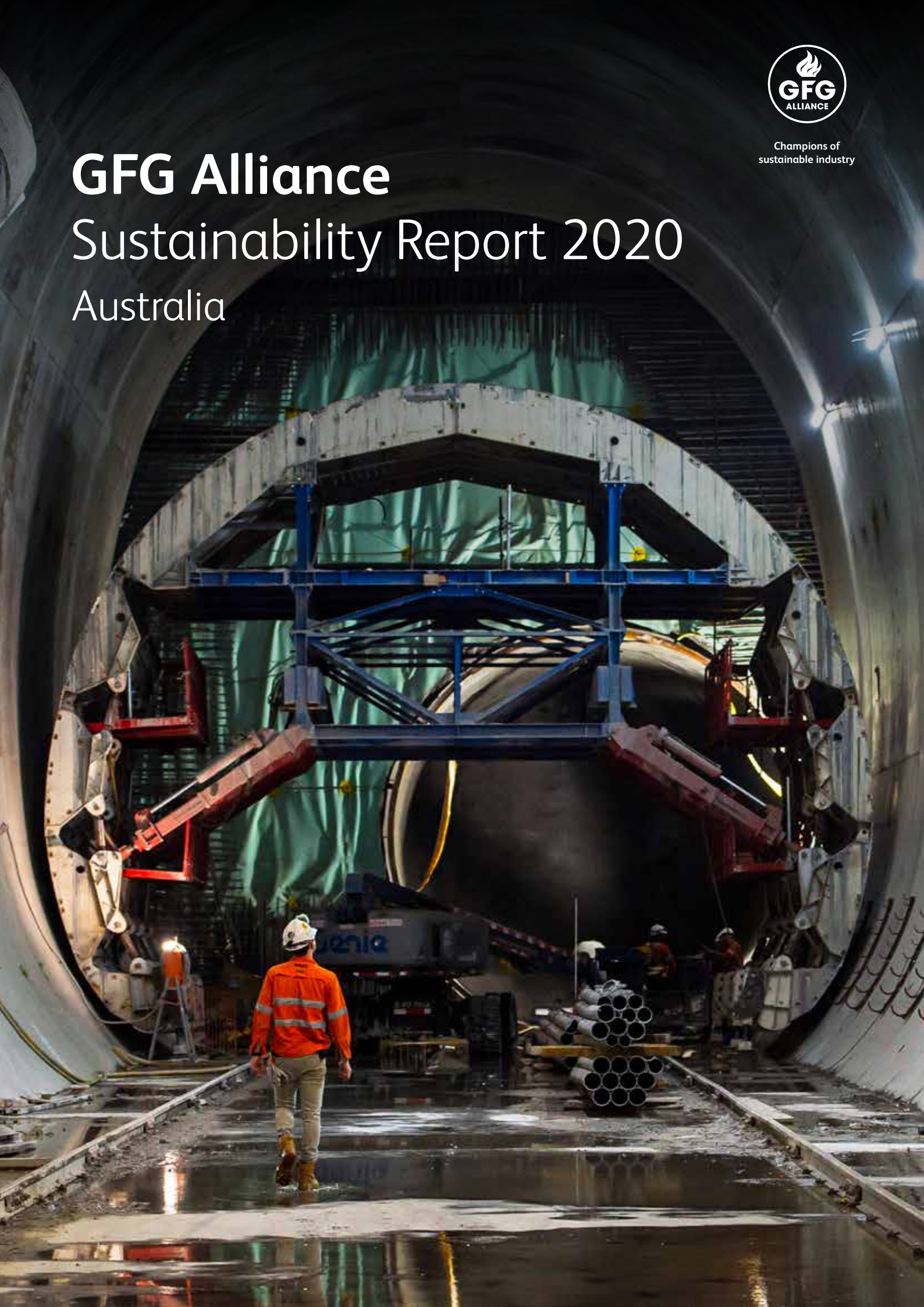




Champions of  
sustainable industry

# GFG Alliance Sustainability Report 2020 Australia







*Credit: Dermot Boyle BOCOL Constructions*

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*There's no doubt 2020 has been a challenging year. The impacts of COVID-19 have been felt across industries and borders, and we have not been immune to that. The members of the GFG Alliance have adapted quickly and innovatively to the new normal.*

## Executive Chairman's Foreword

**I WANTED TO BEGIN** this report by commending the hard work of our family across the globe. Without your efforts, we would not be in the position we are today.

Together, the Alliance is creating materials that are essential for communities around the globe. Our work is an integral part of the world around us. From roads, railways and buildings to hospital beds and surgical equipment.

And as we continue to steer our way out of the global health crisis, aluminium and steel will prove to be essential in providing a foundation for economic recovery and employment growth around the world – they are significant drivers of economic activity, job growth and long-term economic sustainability, and at the heart of all 'nation building'. The work by our businesses and teams to apply COVID safe plans around the world has meant by large we have continued to play a critical role in maintaining supply, supporting economies and local communities and keeping people in jobs – all key factors to long-term economic and social sustainability.

Sustainability remains a foundation value for GFG Alliance, and over the past three years we have made great progress, setting a new standard for how we deal with our communities, our customers, and our environment. As we enter our fourth year of operation in Australia, I am ever confident in our continued success.

We know our operations are energy-intensive and have an impact on our environment. We see this as an opportunity to lead the way for our peers and create tangible, lasting change.

Earlier this year, we committed to becoming Carbon Neutral by 2030, and I'm incredibly proud of the progress we have made so far. This commitment is ground-breaking amongst our industry and reflects our commitment to the communities in which we operate, and our values of change, family and sustainability.

Achieving carbon neutrality will not be an easy task, but we have already made great progress.

In June 2020, we announced a three to five-year investment plan for our energy-intensive primary steel operations. In Australia, this will entail transitioning the Whyalla Steelworks away from its blast furnace in due course, by investment in an electric arc furnace, a direct reduced iron facility and a new state-of-the-art rolling mill. On page 16 you can read more about the Transformation Plan, a key element of our Carbon Neutral strategy.

We have also implemented a global 30 per cent efficiency drive across the Alliance to accelerate the CN30 investment program, and ensure our businesses have firm economic footing in the face of increasingly volatile markets.

***As we look to the future, I am confident in our ability to stay the course and continue our work as champions of sustainability.***

As we continue our journey we must take the time to consider how we can have a positive impact across our value chain. While some of our initiatives like the Cultana Solar Farm are large-scale, many of our sustainability projects are more local – you will have the chance to read about some of these projects in this report.

During these unprecedented times, our global businesses have adjusted and aligned to domestic public health advice to ensure the safety of our people, customers and the communities we operate in. We have placed a focus on the health and wellbeing of our stakeholders, and on fostering a culture of care and support in all our operations.

We also launched our first global safety strategy, Be GFG Safe, to unite our businesses under one approach to safety and wellbeing. You can read more about this on page 26.

GFG could not operate without the strong support from the communities in which we operate. Not only do we provide jobs and ongoing economic support for our

communities, we play a small role in ensuring the sustainability of these communities by supporting grassroots events, causes and capital projects, like those outlined on page 31.

Now in its second year, the GFG Foundation has grown to help cultivate and inspire the industrialists of tomorrow. You can read about the Foundation's program on page 28. I'm also particularly proud of Port Adelaide Football Club, who reached the Australian Football League (AFL) Preliminary Final this year, and have been a key part of the safety conversation at our Australian sites, and community programs, particularly at Whyalla.

As we look to the future, I am confident in our ability to stay the course and continue our work as champions of sustainability.

I invite you to learn about how our businesses operate and the tireless work we are doing to be better. The future is an exciting prospect for GFG Alliance and I hope you will be able to share in a small part of that by reading our 2020 Sustainability Report.



**Sanjeev Gupta**  
Executive Chairman and CEO



# GFG Alliance

*GFG Alliance is a collection of global businesses and investments owned by Sanjeev Gupta and his family. The Alliance is structured into three core industry brands: LIBERTY Steel Group, ALVANCE Aluminium Group and SIMEC Energy Group, independent of each other yet united through shared strategy, values and purpose to create a sustainable future for industry and society.*

Besides its core industry brands, GFG Alliance holds investments in financial services, property and other specialist businesses within a Family Office. The Family Office also contains the GFG Foundation – a registered charity founded by Sanjeev and his wife Nicola that aims to develop industrial skills among young people.

GFG Alliance employs 35,000 people across 30 countries and has revenues of USD \$20bn. GFG Alliance is a leader in sustainable industry with a mission to become Carbon Neutral by 2030.



## Our Purpose and Strategy

GFG Alliance’s purpose is to create a sustainable future for industry and society.

Through our strategy, the group aims to create an economically sustainable business model for its industries which is profitable for the long term, allows for socially sustainable development in local communities and is carbon neutral.

OUR STRATEGY enables us to identify opportunity and drive positive change in our industries. It is driven by four key trends:

1. Increasing demand for steel and aluminium
2. The urgent need to decarbonise these sectors
3. The decline of traditional manufacturing industries in developed economies
4. The need to be competitive in a changing world.

This means modernising industrial sites that have been left behind, establishing partnerships with employees to create self-determined change and transforming manufacturing processes by harnessing renewable power and agile production. This leads to lower costs, reduced emissions and sustainable profits to secure long-term employment in the communities we operate in.

# Our Values

*Our guiding values unite our people as they work each day to create a sustainable future for industry and society.*



## Change

*Recognising that change is a constant in the world, we are dynamic in that we seek to drive change rather than let it drive us.*

We pride ourselves on continually challenging the status quo. We seek out innovative ideas to stay ahead of the curve, and we encourage our people to persist and to overcome setbacks.

We take calculated risks, remain nimble and respond to setbacks and opportunities at pace. Regardless of where we work, our unbridled curiosity means we are not afraid to push boundaries and innovate, adding value to every industry in which we operate.

## Family

*We are more than a team, we are a family.*

The GFG Alliance has an inter-generational outlook, which means we make decisions for the welfare of future generations.

We do this by caring for each other, our partners and our communities in practical ways. We support, respect and help each other, making integrity and transparency the foundations of our relationships. We are inclusive and nurturing, embracing diversity to drive performance and collectively build on the success of GFG.

## Sustainability

*As a family-owned group of businesses, we think of sustainability across three dimensions.*

**ECONOMIC SUSTAINABILITY** – which is fundamental to the success of our businesses and those who depend on them over the longer term.

**SOCIAL SUSTAINABILITY** – by recognising the important contribution of a successful industrial sector, and the jobs and security it creates, to a well-balanced and thriving society.

**ENVIRONMENTAL SUSTAINABILITY** – which flows naturally from the long-term perspective of a family business, incorporating the interests of future generations.

# GFG Alliance in Australia

*In Australia, the GFG Alliance owns and operates manufacturing companies InfraBuild, Primary Steel and Mining in South Australia and New South Wales, and JAHAMA, a property services company, and SIMEC Energy Australia.*

**InfraBuild** is Australia’s largest integrated manufacturer and supplier of steel long products and solutions, enabling construction and nation-building infrastructure projects. InfraBuild Building and Construction products is a trusted supplier to the manufacturing, housing, mining and agricultural industries. The InfraBuild Recycling business is one of the largest ferrous and nonferrous recycling businesses in the country.

**Primary Steel and Mining** is an integrated steel manufacturer and mining business.

The iconic Whyalla Steelworks is a historic steel manufacturer, supplying the Alliance’s InfraBuild businesses, and providing steel long products for the domestic market.

The mining business operates mines in the Ardrossan, the Middleback Ranges, at Tahmoor in the NSW Southern Highlands, as well as the Whyalla Port and railway. The mining business is a key component of the Alliance’s integrated supply chain.

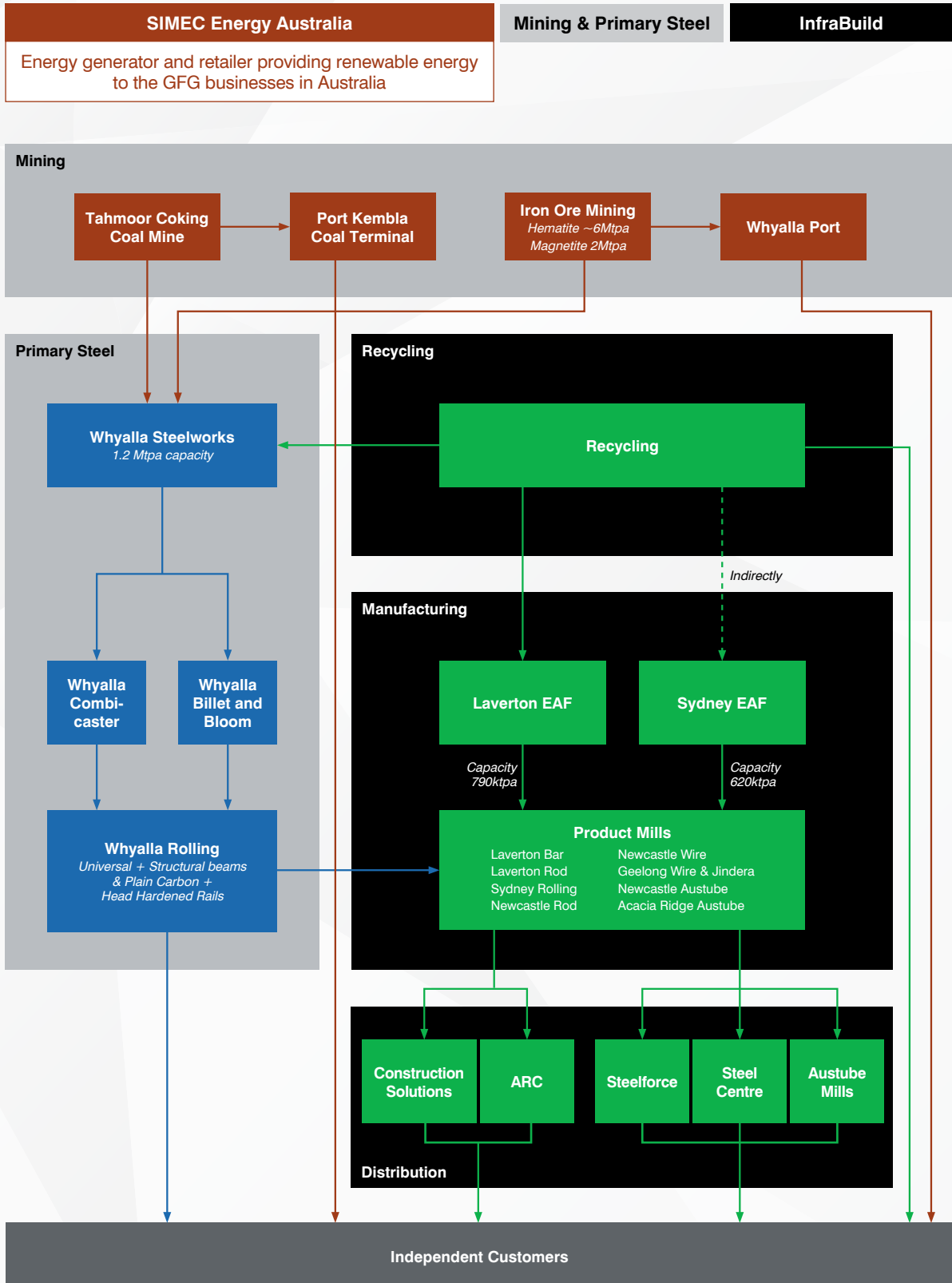
**JAHAMA** is a real estate and property management business which owns and operates a portfolio of properties on behalf of businesses within the GFG Alliance.

GFG Alliance’s **SIMEC Energy Australia** is a renewable energy business with experience constructing and managing high-value energy generation projects across Australia. SIMEC Energy Australia is currently developing the 280MW Cultana Solar Farm, and 100MW Playford Battery project in South Australia.





# End-to-end Integrated Business Model



# GFG Alliance in Numbers

## Global



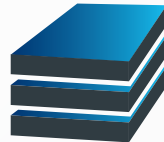
global presence in  
**35+**  
countries



**35,000+**  
employees  
worldwide



**US\$20bn**  
turnover



**10 million tonnes**  
of steel traded every year  
by the GFG Alliance



**18Mt**  
rolling steel  
capacity



Trading with  
**35 countries**  
worldwide



**+330,000 tonnes**  
of primary aluminium  
smelted for annum

## Australia



**6500+**  
employees  
nationwide



**only manufacturer**  
of steel long products  
in Australia



development pipeline:  
**1GW** of mostly renewable  
power in Australia



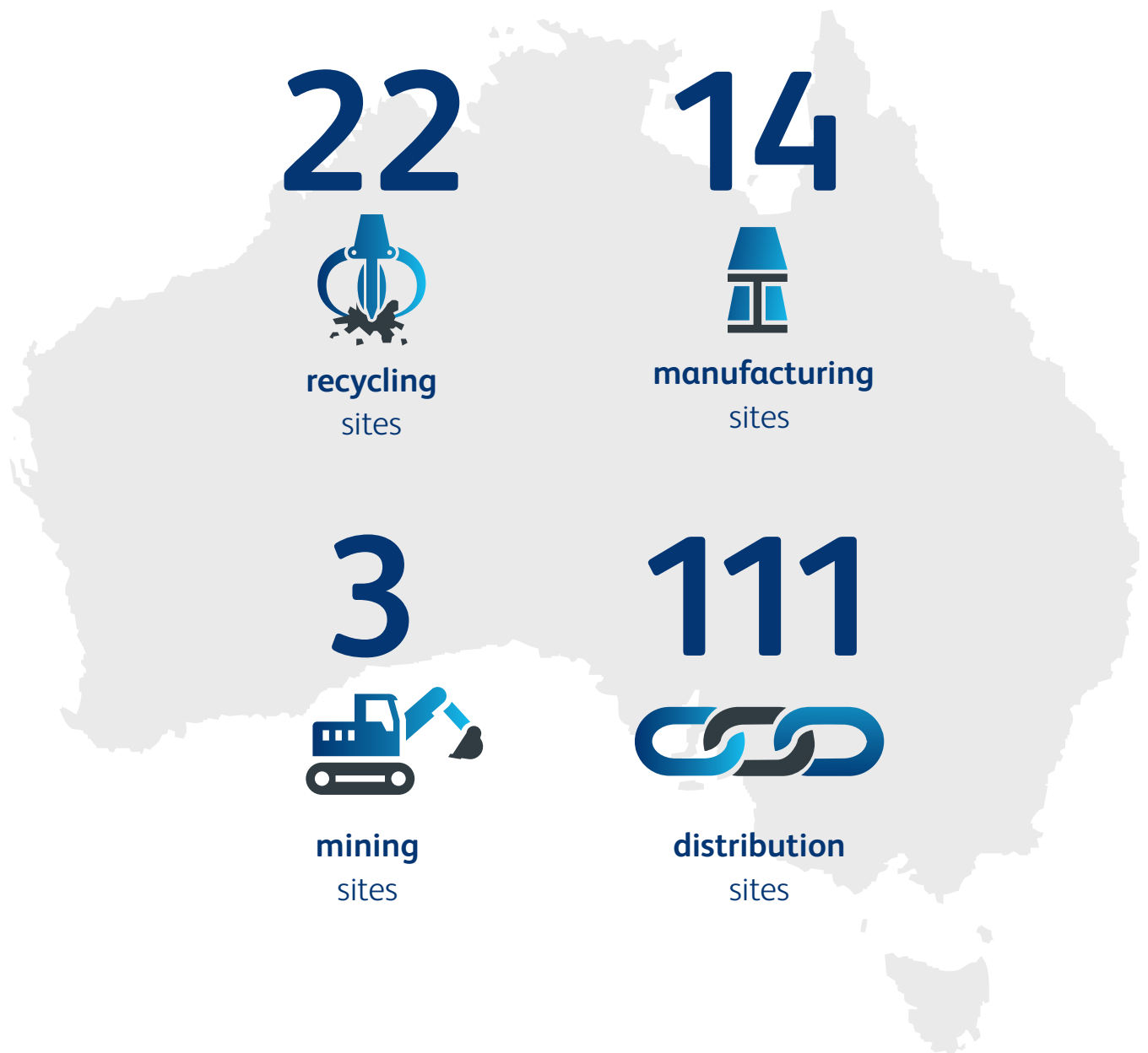
**#1 steel supplier**  
to engineering, construction,  
residential and non-residential  
construction in Australia



the only Australian  
**iron ore miner**  
to produce lump, fines,  
concentrate and pellet

# Where We Do Business

*The GFG Alliance operates in approximately 170 locations in Australia, including major cities and regional towns.*





*Carbon Neutral by 2030 (CN30) is a wide-reaching program by the GFG Alliance that will transform industrial manufacturing for a truly sustainable future.*

# CN30

**AS A BUSINESS**, we recognise the environmental impact of producing steel and aluminium. They are the building blocks of modern life, however manufacturing these two key industrial metals accounts for over 10% of all the world's direct emissions from use of fossil fuels.

And the challenge to manufacture these metals more sustainably is only going to become more important, with the global demand for these foundation materials in 2050 expected to be double what it was in 2012.

As an industry, and a business, we have a responsibility to step up to the challenge and mitigate this impact.

We have announced our ambition to become carbon neutral by 2030 – or as we call it, CN30. This does not mean that we will have no emissions, or indeed that we will abandon tried-and-tested practices overnight, but it does mean that we will make a concerted effort to

***"As an industry, and a business, we have a responsibility to step up to the challenge and mitigate this impact."***

offset the impact of these emissions to deliver better results for the environment around us.

Experience has taught us that only a mixed model can work – piloting new technologies and transitioning traditional assets, such as blast furnaces, to new and greener electric systems.

GFG Alliance's GREENSTEEL and GREENALUMINIUM approaches are key strategic elements of the CN30 initiative.



## Hydrogen and Steel

*By Sanjeev Gupta*

Hydrogen and steel. It's a marriage made in heaven and provides the best catalyst for a carbon-free future.

With the age of fossil fuels coming to an end, and COVID-19 accelerating thinking among captains of industry and governments that we can and need to build a better world for future generations, the role of hydrogen is in the spotlight.

And I'm excited about hydrogen's potential because I'm planning on using an enormous amount of it. Hydrogen is going to revolutionise the steel industry and in return, steel can be the key enabler for hydrogen and help to drive its widespread adoption.

I believe a new, green industrial revolution is going to happen more quickly than most anticipate – and a decarbonised steel industry is going to be its foundation.

Steel is an essential part of our future with global demand set to double in the next 30 years, yet it's a big carbon emitter – accounting for 9% of carbon dioxide emissions already.



With many countries committing to ambitious carbon neutrality targets, clearly this is not sustainable.

On the other side of the equation, hydrogen has its problems too. In addition to its challenge of bringing down cost of production, it is also difficult to store and difficult to transport – adding significantly to its cost.

Read Sanjeev's full piece on the [GFG Alliance website](#).







CN30

# GREENSTEEL

*GFG Alliance is transforming steel manufacturing into a global product and technology leader through its GREENSTEEL strategy.*

GREENSTEEL aims to recycle and upcycle the growing mountain of scrap steel, using Electric Arc Furnaces powered by renewable energy.

Raw materials and resources are secured locally to make world-class products that sell both domestically and overseas.

Manufacturing steel from recycled materials produces only one-third of the emissions compared with primary steel production through Blast Furnaces. When combined with renewable power, emissions can be reduced to nearly zero.

GFG Alliance is exploring the potential of breakthrough technologies such as hydrogen steel-making to remove the need for carbon in the steelmaking process.

***"Manufacturing steel from recycled materials produces only one-third of the emissions compared with primary steel production through Blast Furnaces."***



## CN30

### *Whyalla Steelworks Transformation*

In June 2020, GFG Alliance announced its updated Whyalla GREENSTEEL Transformation Plan to secure the long-term future of the South Australian based steelworks.

The investment blueprint, building on the new Rolling Mill being built by Danieli Group, reveals further plans for a sophisticated Electric Arc Furnace (EAF) and a Direct Reduced Iron (DRI) facility to produce low-emission GREENSTEEL from GFG's abundant South Australian magnetite resources and domestic steel scrap.

The new DRI plant will be fed by Natural Gas, in time transitioning to green hydrogen produced from GFG's own renewable energy projects.

Executive Chairman Sanjeev Gupta says the steelworks will be the group's "first primary steel plant to be transformed to GREENSTEEL, helping fulfil our ambition to become the world's largest carbon-neutral steel producer by 2030."

### *InfraBuild Wire Maps a path to CN30*

In 2020, the Newcastle Wire Mill (NWM) undertook a project to translate the CN30 vision to the practical needs of the mill through the identification of a viable carbon neutral pathway.

Internal analysis showed the use of electricity and natural gas were key drivers of emissions from the site. Using this as the basis, the InfraBuild team develop emission reduction opportunities based on cost, emissions savings, and achievability.

Opportunities came under the headings of: electrification; carbon neutral gas replacement; gas efficiency; electricity efficiency; renewable energy and carbon offsets. Based on these opportunities it was possible to map three potential net zero pathways, with the ultimate decision landing on a hybrid between electrification and green gas.

The Mill's decided strategy includes planned electrification of the steam boiler and electrification of the smaller domestic hot water units. A suite of energy efficiency opportunities are included where there was a reasonable achievability rating. Emissions from the remaining energy onsite are planned to be offset through a degree of carbon neutral gas, onsite and offsite renewables, and the purchase of carbon offsets.









# Economic Sustainability

*Working smarter, more efficiently and innovating to support long-term, sustainable economic growth.*

**GFG ALLIANCE'S** holistic approach to sustainability is threefold and considers:

- Economic sustainability
- Efficient use of human capital
- Optimal consumption of natural resources

GFG believes these three pillars will form the foundation of its vision to build a sustainable future for industry, and society more broadly.

After completion of the initial business reviews post-acquisition in mid-2017, GFG has focused on executing a series of optimisation and continuous improvement initiatives targeting:

**Growth in volumes** – through expanded market share and new products to displace customers' reliance on imports

**Efficiency** – by de-bottlenecking manufacturing and processing facilities, and streamlining supply chains

**Reducing overhead costs** – to improve margins and long-term economic sustainability

At the same time as championing a wide range of operational improvements, GFG has been focused on adapting its procurement activities to support its CN30 ambition and reduce its overall consumption of water and other scarce natural resources. GFG's SIMEC Energy division has a singular objective to help the core metals and mining operations reduce their energy loads and pivot towards renewable energy sources.

GFG has continued to make investments in its mining and steelmaking activities that focus on long-term sustainability; striving to harness the latent value in GFG's iron ore and coking coal resources to protect the viability of its mining operations into the 2030's and beyond.

Furthermore, GFG has initiated a multi-year upgrade program to consolidate its financial systems onto a single Enterprise Resource Plan (ERP) – down from six ERPs – and standardise some front-end mechanical control systems.

Finally, mindful of the dramatic impact COVID-19 has had on the Australian economy, GFG has sought to protect its workers through enhanced hygiene protocols and rigorous use of testing procedures and personal protection equipment (PPE). GFG is absolutely committed to ensuring the health, safety and wellbeing of its workers.

### **Primary Steel Continuous Improvement**

LIBERTY Primary Steel's Whyalla Steelworks in South Australia are constantly reviewing and considering ways to improve its operations. Through a continuous improvement regime, the business has seen dramatic reductions in costs and increases in efficiency across the business, from central engineering to the final production of steel products. All with the goal of economic sustainability.

Once such Continuous Improvement (CI) project relates to Readiness to Operate (RTO) cost, which at the beginning of 2019 was set at around 8.3 per cent of the total project cost – very high. After developing a strategy to address and reduce the cost burden all aspects of Readiness to Operate deliverables, including spare parts assessments, and operational procedures, the CI team were able to reduce RTO costs to 2.7 per cent of total project costs in 2020.

### ***Continuous improvement efforts to iterate and change operations for the better are critical to ongoing economic sustainability.***

This year, the Continuous Improvement program also turned its eye to gas consumption in the Reheat Furnace (RHF). The RHF uses natural gas to heat steel bars for hot rolling, and until April 2020 the average gas consumption was 2.7 GJ per ton of steel. The Steel Products team implemented a CI program to increase accuracy of instruments, reduce air ingress and optimise RHF heat profiles and control system responses to achieve a 10 per cent reduction in gas consumption in the first three months following April.

Continuous improvement efforts to iterate and change operations for the better are critical to ongoing economic sustainability.









## Governance and Risk

*A key part of sustainability is ensuring that key risks are addressed appropriately and the right governance framework is in place to ensure accountability.*

**GFG ALLIANCE IN AUSTRALIA** has key policies in place to ensure proper governance. These policies are available on our website and include Environment, Work Health and Safety (WHS), the Code of Conduct, and Family and Domestic Violence.

To provide a focus on the key governance areas of safety and environment GFG Alliance in Australia also has a Health, Safety and Environment (HSE) Council, consisting of chief operating officers and functional specialists. The role of the HSE Council is to provide direction and drive improvement within the business to assist in working towards the goal of zero injuries and occupational illnesses, and improve the overall health and wellbeing of our people.

The Council demonstrates leadership, monitors HSE performance and associated improvement plans, and promotes active participation in the WHS and Environment programs across GFG Alliance's businesses.

Modern slavery has also emerged as a compliance issue for industry and GFG Alliance has responded by preparing for changes in Australian legislation. This has included revising our Procurement Policy and Principles to specifically accommodate modern slavery.

The business also engages KPMG to audit our financial accounts.

# Social Sustainability

*Despite its size and global reach, GFG Alliance is a family business and we take care of our family. We are deeply rooted in the communities in which we operate and are constantly planning for future generations.*

## Investing in people

At GFG, we believe that our ability to deliver on our vision is defined by our most valuable asset – our people. We recruit the best, safeguard people and skills, and then invest to ensure our people continue to grow as we do.

As part of our sustainability story, we continue to strengthen our leading positions by ensuring we have the right people for the job.

## Our approach to our people

We strive to attract and develop capable people and afford them a high-performing and motivating workplace. We value leaders who bring out the best in their teams. Our leaders are responsible for appointing, developing, motivating and retaining high-performing employees who actively demonstrate our values of Change, Family and Sustainability. We invest in our managers to help them become more effective leaders, and our Human Resources (HR) function helps them attract, retain and develop talent and support cultural growth. Our mix of functional specialists, HR business partners and HR shared services allows us to deliver programs that support specific talent and change support needs.

## Employee engagement

As our global business continues to gain momentum, our ability to deeply listen to and improve how we understand and engage with our people is fundamental. We have invested in a bi-annual engagement platform to help us to better understand our people; what is motivating or demotivating them and where we need to focus to enable fulfilling employee experiences.

We have processes in place to proactively manage change in the workplace, with significant focus on employee impact and welfare. We are proud of our efforts in supporting affected employees, including identifying alternative opportunities across the organisation.

## Managing performance

GFG Alliance understands that the performance of our people is critical to our success, so we work hard to make sure everyone has a clear definition of their role within the business.

The GFG Alliance performance approach is simple to understand and is tightly aligned with our business plans. The performance approach empowers individuals to understand what matters and how they play a part in delivering business performance.

## Remuneration and reward

GFG Alliance's remuneration and reward policies are designed to ensure we are competitive in the various labour markets in which we operate. Reward structures are designed to both support delivery of business objectives, and reflect contemporary remuneration practices. Staff salaries are set and regularly reviewed against similar roles in the labour market and we are focused on our remuneration packages being market competitive. 57 per cent of our Australian-based employees are engaged under one of around 34 registered Enterprise Agreements (EAs).

## Working together

GFG Alliance encourages a healthy work-life balance for employees and offers a range of flexible work options. These include part-time employment, job sharing, remote working, non-standard hours, paid maternity benefits, career breaks, return-to-work programs, transition to-retirement arrangements and the opportunity to purchase additional annual leave.

## Mental health and wellbeing

At GFG Alliance, mental health and wellbeing is about showing we care for each other today and into the future. We all want to help one another, and need courage, confidence and skills to create compassionate connections with those around us. We know that with these skills, those who are struggling can get the help they need.

Our 'I Am Here' program, launched in July 2020 to our English-speaking businesses, aims to give our people the courage and skills to support one another's mental health and wellbeing and, more broadly, to promote a culture of care. It does this through helping us build a community around the simple but powerful idea that "it's okay not to feel okay; and it's absolutely okay to ask for help".



### COVID-19 Pandemic

GFG Alliance set up a COVID-19 Advisory Group in February 2020 to provide coordinated oversight and governance to its Australian businesses, as part of a global response to the pandemic. The Group's objective was to ensure the safety of employees, customers and the broader community, and implement COVID Safe practices and procedures to ensure public health advice was followed while continuing operations to provide essential materials to the Australian building, construction and infrastructure sectors.

### Reconciliation Action Plan (RAP)

GFG Alliance is committed to building and encouraging relationships between Aboriginal and Torres Strait Islander people, communities and organisations, and the broader Australian community. As part of this commitment, GFG is in the initial stages of enacting a Reconciliation Action Plan (RAP) to formalise the work we do – and aim to do – to develop opportunities to improve socio-economic outcomes for Australia's Indigenous community. During NAIDOC week, GFG Alliance established a RAP Advisory Committee to guide the business' Reconciliation Action Plan.

### Employee relations

GFG Alliance takes an open and positive approach to employee relations. We maintain a wide range of policies dealing with various employee rights and obligations such as workplace behaviour, discrimination, whistleblowing and bullying.

Employees are encouraged to have matters raised and dealt with by their managers, and to seek independent help from HR to resolve concerns.

### Modern Slavery

GFG Alliance implements a Supplier Standard (code of conduct) describing minimum requirements to suppliers. We ask suppliers to work with us to promote the business' shared commitment to ethical, safe and socially responsible practices and behaviours. The Supplier Standard specifically addresses GFG's commitment to human rights, zero tolerance to human trafficking, child labour or the use of conflict minerals.

Specifically, to address Modern Slavery, GFG Alliance has conducted a risk assessment amongst its supply base to identify suppliers with a high risk to any potential modern slavery practices. Agreements now include specific clauses to modern slavery and have been put in place with high risk suppliers.





# Safety and Wellbeing

**GFG ALLIANCE** has grown significantly over the past few years. With that growth, we have brought new members into GFG Alliance's global family, each bringing a unique set of values to the business along with their own safety experiences, cultures and practices.

Given the high-risk nature of Alliance businesses, and with more than 35,000 people working on sites and offices around the world, it is fundamentally critical that we unite under a new, consistent approach to safety.

This new safety approach is a vision to 'Be GFG Safe' and is a global rallying cry for everyone to look out for each other, because we want all members of the GFG family to be safe, always.



## Safety Performance

*GFG Alliance’s safety performance in 2020 showed signs of improvement.*

Most importantly, no fatalities were recorded in 2020.

And while the lost time injury frequency rate (LTIFR) increased by 33 per cent from 2019, we saw a 22 per cent improvement in the recordable injury frequency rate.

In 2020, we began reporting on the frequency of cases resulting in days away, restricted or transferred (DART), and saw a 26 per cent improvement 2019 to 2020.

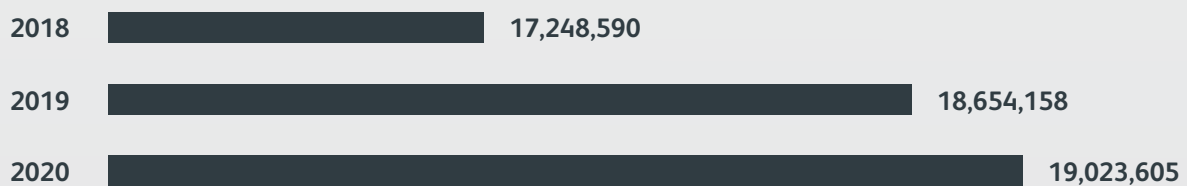
Key performance indicators	2018	2019	2020
Fatalities	0	0	0
LFTR	1.7	1.2	1.6
Hours	17,248,590	18,654,158	19,023,605

### 2020 Key Performance Indicators

#### LTIFR



#### Hours

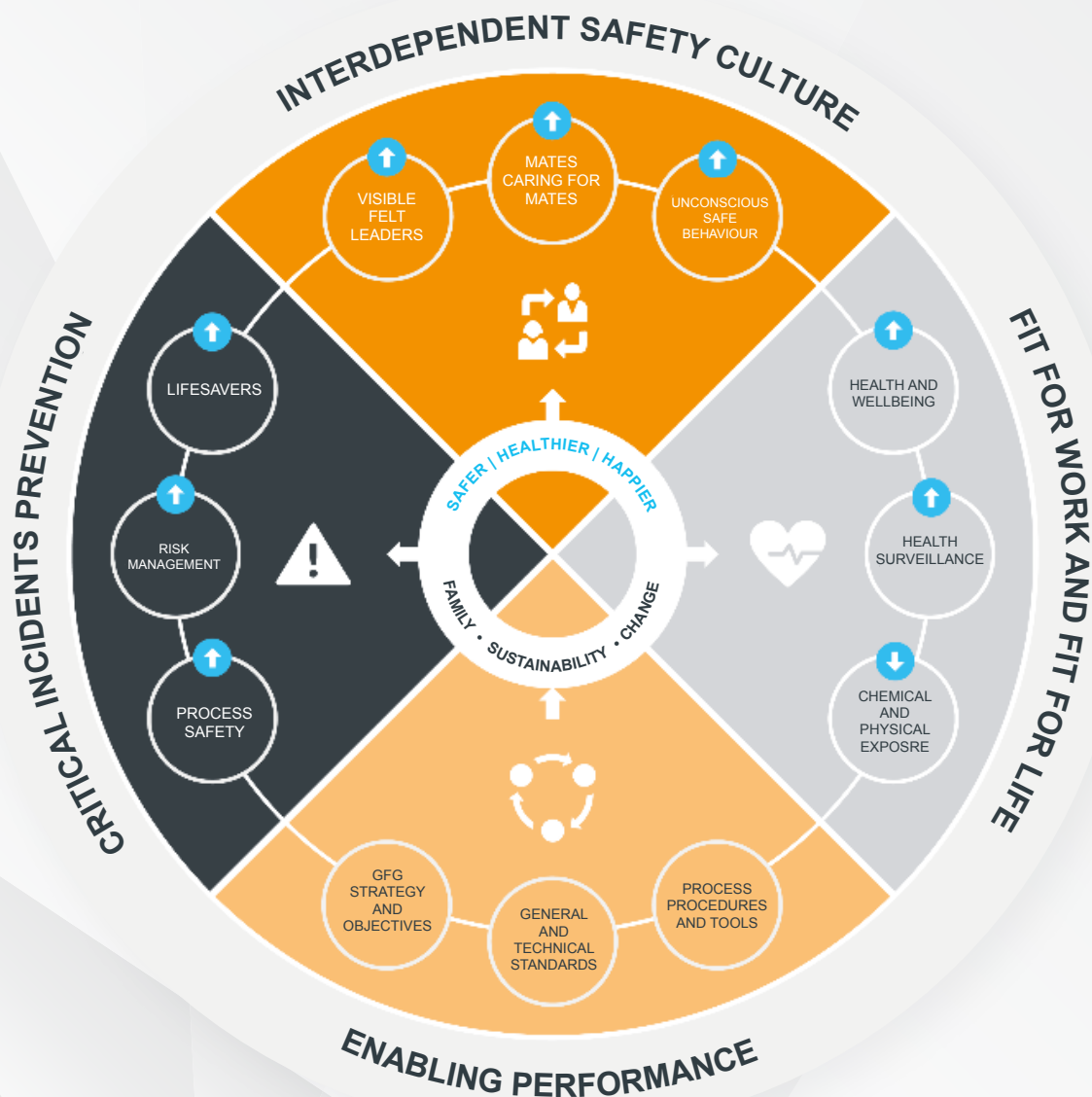


# BE GFG SAFE:

## *Setting the foundation for World Class safety performance*

THE 'BE GFG SAFE' approach is an all-encompassing safety vision and strategy applicable to all GFG businesses around the world. It is designed to drive consistency and unity, and prioritise safety in the context of the high-risk environments in which GFG operates.

To deliver on this, the approach brings together four strategic pillars which are the core of 'Be GFG Safe'. These pillars set the foundation for GFG to achieve world-class safety outcomes within five years.







**Enabling performance** by constantly reviewing processes, procedures, tools and performance to identify and correct deviations and eliminate waste



**Preventing critical incidents** (life-threatening) by understanding and managing our biggest risks



Driving an **interdependent safety culture** where everyone takes responsibility for looking out for themselves, and each other



Encouraging fitness **for work and life** through targeted health and wellness support programs

The strategic pillars are underpinned by the 'Be GFG Safe' vision; a global rallying cry for everyone to look out for each other's safety and wellbeing.

*We want our people and all members of the GFG family to be safe, always. Every employee should be able to return home fit and well at the end of each workday. We believe that one injury is one too many.*

### Safety Assurance

In 2020, we reimagined the safety assurance program to introduce a holistic approach to monitoring safety performance. This holistic approach applies a safety index that measures health and safety based on not only lagging indicators such as injury rates, but also behavioural safety, compliance with critical risk standards and site safety maturity.

This complete view of the safety performance helps us to understand and learn from the factors behind the business' success, and identify opportunities to deliver improved, more targeted responses.

### Response to COVID-19

The global coronavirus pandemic has presented us with many challenges, but importantly it provided a unique opportunity to review and develop health and safety programs, rethink and reset the assurance program and reimagine the ways in which we promote and support the health and safety of the workforce.

Throughout this challenging period, the safety of our people has remained paramount as we have managed the impact of COVID-19 on the business with consideration for direction from government and health authorities, as well as local risk management protocols.

# Investing in Australia's youth

*GFG Alliance sees a future in educating and training students and cadets to meet the demands of the workplace of the future.*

**NOT ONLY IS GFG ALLIANCE** invested in giving back to the communities in which it operates, but also in helping the next generations reach their personal and professional potential.

## **Supporting Youth Skills Development**

*Manufacturing the skills of tomorrow, today.*

GFG Alliance has always directly and indirectly supported the community of Whyalla. Recruiting local apprentices is just one way that it provides support, by upskilling the next generation.

In 2020 we launched GFG Alliance's new apprenticeship program in Whyalla, with 18 young people from the area gaining an apprenticeship with the business, while being supported to complete their South Australian Certificate of Education (SACE).

Part of the new apprenticeship model includes intensive learning in a controlled workshop environment during the first year of their apprenticeship to support development of fundamental trade skills.

Based on the effectiveness of the program, the business will be offering an additional 20 apprentice positions in 2021, across an expanded range of disciplines.

## **GFG Foundation in 2020**

The GFG Foundation in Australia was launched in 2019 by Sanjeev in Whyalla. In its first year, the Foundation ran a very successful local Pilot Programme built around three main goals; serving the community, inspiring the next generation, and unlocking potential.

This year, the Foundation built on its success and developed a more in-depth, robust and professional programme, with the help of newly appointed key strategic partners – CSIRO and Prince's Trust Australia.

The programme aims to address the skills gap that exists in industry by presenting a modern and sustainable perspective on industry and STEM to inspire current students in years 9 and 10 in Whyalla.

The content of the programme not only has a STEM focus, but also aims to help young people boost their self-esteem and confidence, encouraging them to develop an understanding of how their unique personal skills can be utilised in future careers.

We look to expand the programme into other markets that GFG Alliance have a presence in in 2021.







# Community Focus

*GFG Alliance strives to make a positive impact in the communities in which it operates, supporting communities through sponsorship, providing funds and materials and promoting Indigenous businesses, especially in South Australia.*

## **GFG Alliance in the community**

GFG Alliance continues to provide much-needed support to communities in the form of financial support, mentoring and in-kind donations. Some great examples of this assistance have been in the continuation of support to Foodbank in Whyalla, which provides food and other supplies to those in need, and the Smith Family through its Learning for Life program, which supports disadvantaged students in reading, writing and mentoring programs.

Also in South Australia, the company has supported a number of local cultural events including the uneARTH Fringe Festival in Whyalla, an extension of the Adelaide Fringe Festival, as well as the annual Christmas Pageant and Carols in the Park in Whyalla.

The Gupta Family is also the major sponsor of the Port Adelaide Football Club, whose history of hard work and its family and community values are aligned.

GFG's support of local communities is often financial but the business also contributes to the social wellbeing of these communities in other ways.

As part of its aim to make Whyalla a more liveable city, LIBERTY Primary Steel donated the steel required for

the development of Whyalla's new 165 metre jetty, in addition to financial contributions. The official opening of the newly completed jetty took place in September 2020 and has been welcomed by the local community and beyond, receiving many acclaims for its unique circular promenade incorporated into the design.

At the launch of the project in 2018, GFG Alliance Executive Chairman Sanjeev Gupta said:

"Since our purchase of the Whyalla operations almost a year ago, we have stated that we want to play a key role in the growth and development of this community."

"It's incredibly exciting knowing that local steel from our plant is going to help create this unique jetty. This is only the beginning of the journey on the exciting developments we expect to motivate and play a role in across the city."

As part of GFG Alliance's commitment to the values of family, change and sustainability, the challenge is always in the delivery of these in the day-to-day functioning of the business. The following case studies highlight the value of two very different approaches, with both striving to inspire improvement within the local community.





Sanjeev and Nicola Gupta visited Tahmoor Coking Coal on Christmas Eve 2019 to inspect fire damage to the site and thank emergency services personnel.

### ***Tahmoor Bushfire Recovery***

Following the devastating impact of the 2019-2020 bushfire season, GFG Alliance has come together to support the recovery of the community in the wake of the blaze.

The Wollondilly community was devastated by the bushfires which reached the local area at the end of 2019 and early 2020, damaging homes, businesses and wildlife.

SIMEC's Tahmoor Coking Coal Mine, a member of the GFG Alliance, was one of the business impacted by the fires, with an area of its operations destroyed in the blaze.

To thank local emergency services for their tireless work defending the community and the colliery, many of our people who work on site – and who live or have family within the shire – came together to donate to the Mayor's Bushfire Relief Fund; raising together almost \$31,000.

On Christmas Eve of 2019, Executive Chairman Sanjeev Gupta also made a contribution to the Mayoral Fund, personally donating \$250,000 to the relief fund in support of the recovery.



### ***Innovation in dust source identification, monitoring and interpretation***

In 2019 the Whyalla based SIMEC / LPS environment team won the Commendation Award - Innovation in Environmental Management category in the SA Premier's Awards for Energy and Mining.

The project was centred on the science that the team has used to research, measure and monitor dust sources, supported by Operations such as SIMEC Mining Pelletising, and from teams such as Central Engineering Electrical Services and Veolia Scaffolding. The business operates our plants and sites in a semi-arid environment close to our communities and dust control is a very important part of our licence to operate. The project saw the use of wide-area LiDAR (laser) technology to "see" the dusts the naked eye can't, near field dust monitoring networks, and a partnership with CSIRO on a new way to characterise dust types.

GFG Alliance understands the importance of responsible corporate citizenship, and to carefully manage its impacts.

Forward-thinking mining companies can provide meaningful benefits within communities in which they operate such as employment, economic-sustainability, sponsorship and community support.

SIMEC also has an approach of acknowledging and communicating potential negative impacts, which in this case can be amenity-impact of dust from any operations close to a community. Reducing impacts improves lifestyle of residents, and overall business sustainability. A clean environment enhances city-image, and the change from Whyalla being the 'Red Dust City' in 2008 to a clean city of opportunity, with recent investment by the GFG Alliance, is an example. SIMEC's ongoing strong science-driven approach to dust maintains this strong focus on improvement.

During the LiDAR/XRD/SEM programme, SIMEC engaged directly by collecting samples from residents to build up a full picture of deposition in the community, with one-on-one feedback. Regular communication also occurred via "Community Chat" days in both Whyalla and Iron Knob as well as through the media.



# Environmental sustainability

*Reinventing manufacturing, innovating for the future*

**THE GFG ALLIANCE** has always put sustainable strategies at the heart of its business model through a focus on recycled materials, renewable energy and minimal waste. This is articulated in our Environment Policy.

### Cleaner, safer industry and manufacturing

The benefits of our GREENSTEEL Strategy are well known and in FY20 GFG Alliance produced ~1.2 million tonnes of steel from our electric arc furnaces using recycled steel.

Metal recycling, which has both environmental and economic benefits, has become increasingly important to society, industry and government to meet the goals of emission and cost reduction, efficient management of limited resources, and the reduction and improved utilisation of landfill.

Recycling metal reduces pollution, saves resources, reduces waste going to landfills and is an integral part of GFG Alliance’s GREENSTEEL strategy, providing our businesses with a sustainable supply of feedstock for our electric arc furnaces to produce steel.

Recycling saves scrap metal from becoming waste, without the impact of mining and refining metals from virgin ores. Recycling also provides a continuous resource from old vehicles, appliances, and infrastructure that can be melted and reshaped into new products countless times.

An important way in which GFG Alliance meets its environmental commitments is by having environmental management systems that comply with the international Standard ISO14001:2015. In Australia all GFG Alliance’s major manufacturing operations, and SIMEC’s iron ore mining operations, have adopted this Standard and achieved external certification.

During the reporting period all certified GFG Alliance sites achieved recertification against the ISO 14001:2015 standard for Environmental Management Systems.

GFG Alliance is a member of worldsteel, which promotes environmental sustainability through several initiatives, including as a Climate Action Member through its reporting of CO2 data for over 10 years.



**“Congratulations** to InfraBuild on the release of a further six Environmental Product Declarations which transparently communicate the life cycle impact of these products. InfraBuild continue to take action that aligns with their organisational values and mission to drive nation-building infrastructure using local resources and more sustainable solutions.”



**Ainsley Simpson**  
CEO, Infrastructure Sustainability Council of Australia

**“The MCI tool** is invaluable for measuring circularity. When an MCI and EPD are combined, it ensures that a full environmental picture is communicated. InfraBuild have shown real leadership by becoming the first company in Australasia to build the MCI into their EPDs.”



**Barbara Nebel**  
CEO, thinkstep-anz



GFG Alliance is also a key supporter of schemes that promote sustainable design and construction. Among them are the Green Star program operated by the Green Building Council of Australia (GBCA), and the Infrastructure Sustainability (IS) rating tool program, operated by the Infrastructure Sustainability Council of Australia (ISCA). These tools provide ratings that promote and reflect the sustainability of buildings and infrastructure projects.

GFG Alliance has recently released six updated Environmental Product Declarations (EPDs). These EPDs provide transparent information about the environmental impact of a product throughout its lifecycle and include, for the first time, a material circularity indicator. You can read more on page 37.

LIBERTY Steel Group recognises that dematerialisation (the use of less steel to achieve the same outcome) is a key part of more sustainable infrastructure creation and promotes this by producing high-strength steel products.

A recent example of this is InfraBuild's development and launch of Viribar™, a patented high-strength steel ligature. You can read more about Viribar on page 36.

Steel is an ideal building material to reuse at the end of a building's lifecycle or during a major transition in that building's lifecycle. LIBERTY Steel Group actively promotes this thinking through design for deconstruction.

Finally, in recent years there has been an increasing understanding and awareness of the importance of the supply chain in delivering sustainable outcomes. GFG Australia has been at the forefront of this and was one of the first listings in the ISupply directory. This Directory, established by the Infrastructure Sustainability Council of Australia (ISCA), provides direct access to suppliers that can help a project or asset achieve sustainability outcomes rewarded under the IS rating scheme.



“**InfraBuild** has been an early leader in transparency with their commitment to carbon neutrality by 2030, and is showing an ongoing commitment to sustainability with their updated Environmental Product Declarations. The new suite of EPDs clearly verify the sustainable solutions that InfraBuild are offering to the market.”



**Davina Rooney**  
CEO, Green Building Council  
of Australia

## Sustainability Links

[www.libertygfg.com/media/75282/gfg-alliance-australia-environment-policy.pdf](http://www.libertygfg.com/media/75282/gfg-alliance-australia-environment-policy.pdf)

[www.infrabuild.com/en-au/resource-centre/resources/iso14001-cem20182-environmental-management-system/](http://www.infrabuild.com/en-au/resource-centre/resources/iso14001-cem20182-environmental-management-system/)

[www.infrabuild.com/en-au/resource-centre/resources/world-steel-association-climate-action-certificate/](http://www.infrabuild.com/en-au/resource-centre/resources/world-steel-association-climate-action-certificate/)

[www.infrabuild.com/en-au/resource-centre/resources/sustainable-design-with-steel/](http://www.infrabuild.com/en-au/resource-centre/resources/sustainable-design-with-steel/)

[www.infrabuild.com/en-au/resource-centre/sustainability/](http://www.infrabuild.com/en-au/resource-centre/sustainability/)





## Viribar

It is widely recognised that using steel in construction improves sustainability as it is considered the most recycled building material in the world. It is possible to go one step better through using less steel to achieve the same outcome. This is known as ‘dematerialisation’, a critical concept in sustainability. A great example of how Infrabuild has achieved dematerialisation is Viribar®750.

Viribar®750 is a new range of high-strength reinforcing steels for column fitments. This means it is part of the steel reinforcing used for concrete columns in large buildings. Because Viribar®750 has a higher strength rating than standard steel fitments, we can use 33 per cent less steel for the same outcome. This makes a building with Viribar®750 more sustainable in many ways, such as:

- Less raw material and energy are required to produce Viribar®750
- A reduction in raw material and energy use in production leads to embodied energy and greenhouse warming reductions of approximately 33 per cent
- The reduced mass of Viribar®750 also results in lighter manual handling with fewer back injuries and other on-site risks

Importantly, Viribar®750 is directly substitutable for standard fitments, meaning there are no re-engineering or redesign costs. The Green Building Council of Australia (GBCA) also offers an automatic additional point under its Innovation Credit 30A for using only Viribar®750 fitments on a reinforced concrete project, subject to meeting eligibility criteria.

## ***New Environmental Product Declarations***

Sustainability, infrastructure and construction market professionals now have access to the latest sustainability data on a range of InfraBuild, LIBERTY Primary Steel and ARC steel products with the release of updated Environmental Product Declarations (EPDs).

The new EPDs cover a range of Australian made steel products manufactured, processed and distributed by several GFG Alliance businesses. The Declarations provide transparent and independently verified information about the environmental impacts of these different steels throughout their life cycle.

InfraBuild Chief Executive Officer Dak Patel said the updated EPDs illustrate the business' commitment to conducting its operations to the "highest environmental, social and commercial standards".

The updated EPDs play a major role in the overall approach taken by the business through the environmentally sustainable manufacture and application of its products, as well as delivering value and greater transparency to customers and industry more broadly.

You can read more about the EPD's [www.infrabuild.com/en-au/resource-centre/resources/constructing-a-sustainable-future/](http://www.infrabuild.com/en-au/resource-centre/resources/constructing-a-sustainable-future/).











# Reducing our waste footprint

InfraBuild Recycling processed more than 1.2 Mt of scrap steel in FY20, making it Australia's second largest metal recycler. Recycled raw materials are provided to domestic and international mills through a collaborative partnership model between suppliers and consumers.

## INFRABUILD'S RECYCLING

Where possible, GFG Alliance also repurposes various by-products and waste products – often selling them to third-parties for use in cement manufacturing, road building and municipal disposal. Sometimes this type of downstream processing is done at a minor cost to the company.

# Sustainable energy for industry

Clean, reliable and low-cost power supply that is both economically and environmentally sustainable is essential to GFG Alliance's GREENSTEEL Strategy.

**CLEAN, RELIABLE** and low-cost power supply that is both economically and environmentally sustainable is essential to GFG Alliance's Carbon Neutrality by 2030 (CN2030) goal.

The landmark US\$1 billion, one gigawatt dispatchable renewable energy program in the Upper Spencer Gulf will support the Alliance's Carbon Neutral goals by establishing firm renewable power in the region.

The centerpiece of this program is the 280-megawatt Cultana Solar Farm, which will be firm with the world's largest lithium-ion battery (The Playford Utility Battery).

## Strategic Energy Management

The GFG Alliance businesses are large consumers of energy within Australia, with steel manufacturing and mining activities requiring.

SIMEC Energy Australia, have recently developed a strategic energy management framework for the GFG business, with the aim to deliver the lowest cost, lowest emissions energy, to support cost-competitive steel production as well as the GFG Alliance global aspiration of CN2030.

The Strategic Energy Management framework leverages SIMEC's extensive experience in the Australian energy market, to deliver a coordinated energy strategy based around four key pillars:

**1<sup>st</sup> key pillar:** Improving GFG's sustainability and resilience to a volatile energy market and growing customer and stakeholder expectations.

*All Australian manufacturing, mining and recycling businesses will seek a carbon neutral position by 2030.*

Linking opportunities from SIMEC's development business to provide firm renewable generation for GFG consumption, and developing sustainability strategies focussed upon delivering CN2030.

**2<sup>nd</sup> key pillar:** Reduce the burden of energy prices for GFG within a challenging economy by delivering best-in-class energy sourcing, hedging and energy productivity measures – including active use of demand response to create flexibility in load.

**3<sup>rd</sup> key pillar:** Agile and adaptable operating systems and processes to suit a dynamic energy market. Maximising early adopter advantages with new technologies including automated demand response and other BTM solutions.

**4<sup>th</sup> key pillar:** Utilising extensive data, analytics and automation to maximise cost reduction benefits and data-driven decision making and target setting, while working within consistent and prudent risk management frameworks.

Once the implementation of this new risk driven approach to energy management is embedded within the organisation, it is expected that cost and process savings will be re-invested to improve business resilience, increased productivity, global competitiveness and alignment with CN2030 targets.

### ***Update on the Cultana Solar Farm***

The 280MW Cultana Solar Farm continues to progress a pathway to financial close, receiving both its Generator Performance Standard and Full Impact Assessment in June 2020. Generation from the solar farm will produce more than 685GWh/pa, enough to power around 100,000 Australian homes a year, and displace more than 200kt of CO<sub>2</sub>-e annually (based upon the South Australian emissions).

Construction of the Cultana Solar Farm will also include an apprenticeship programme that will carry on into the operations and maintenance phases with opportunities outlined for the local Indigenous first nations people and the wider community.

The project has the intention to work with local sub-contractors and employees from within the Upper Spencer Gulf community first, employing up to 750 workers.

### ***Update on the Playford Utility Battery***

The 100MW Playford Utility Battery continues to progress with connection design phase nearly complete.

When complete, the Battery will be one of the world's largest lithium-ion batteries, and will deliver significant improvements to the resilience of the local and state grid as well as complementing the renewables portfolio designed to provide GREENSTEEL to the GFG Alliance portfolio in Australia.

Together with the Cultana Solar Farm, it will be integrated into a portfolio designed to manage the energy of the LIBERTY Primary Steel's Whyalla Steelworks towards the goal of carbon neutrality by 2030.



# Risk Management

GFG Alliance's Australian businesses have established risk profiling systems for identifying, assessing, monitoring and managing material risk.

**THESE SYSTEMS** provide ongoing risk management that is capable of promptly responding to emerging and evolving risks.

The company's risk management system includes comprehensive practices to help ensure that:

- 1 key risks are identified and mitigating strategies are put in place
- 2 management systems are monitored and reviewed to achieve high standards of performance and compliance in areas such as safety and environment
- 3 capital expenditure above a certain threshold obtains Executive approval
- 4 internal control weaknesses are identified, remediated and closed
- 5 financial exposures are controlled, including the use of derivatives
- 6 business transactions are properly authorised and executed.

*The business has a long-running commitment to excellence in safety that has been recognised and shared through the World Safety Excellence recognition program and National and State Safety Excellence awards.*

## **Commitment to excellence in safety**

The business has a long-running commitment to excellence in safety that has been recognised and shared through the World Safety Excellence recognition program and National and State Safety Excellence awards.

Business leaders have established a safety framework that embraces learning from a long-term relationship with DuPont and a depth of internal safety experiences.

## **Internal and external audit**

The company's Internal Audit function is headed by a General Manager reporting to the Chief Financial Officer, with the execution of the internal audit function managed internally. The annual internal assurance program is aimed at providing assurance to Management over the effectiveness of the company's enterprise risk management system, comprising business risk management, compliance and control assurance, and the effectiveness of its implementation. The IA function works with the company's external auditor, KPMG, to minimise duplication of effort and to maximise knowledge sharing between the assurance providers.

## **Group-wide material business risks**

The following key business risks have been identified as having the potential to impact on the company's earnings stream. The company undertakes the necessary steps to ensure that these risks are appropriately managed.

**Cyclical nature of our industries**

The company's revenues and earnings are sensitive to the level of activity in the Australian construction, manufacturing, mining and agricultural industries and also the level of activity in the global mining industries.

**Competition**

The company faces import and domestic competition across our product range. A significant increase in competition, including through imports, could materially affect the future financial position and performance of the company by putting downward pressure on steel prices or by reducing sales volumes.

**Dependence on key customer and supplier relationships**

The company relies on various key customer and supplier relationships, and the loss or impairment of any of these relationships could have a material adverse effect on the company's operations, financial condition and prospects.

**Product risk**

The company maintains an internal risk management process and also follows quality assurance procedures in relation to the manufacture of its products and materials. For example, InfraBuild Steel's steel mills are accredited to internationally recognised standard ISO9001. However, due to the nature of its operations, it is possible that claims against the company could arise from defects in materials or products manufactured and/or supplied.

**Operational risk**

The production of iron and steel products involves a number of inherent risks relating to the operation of the

company's manufacturing facilities that involve the use of energy and infrastructure resources, including electricity, gas and water; the production and movement of liquid metal; the hot rolling and cold forming of steel sections; and, at times, complicated logistical processes. Operational risks exist with respect to the electric arc furnaces and rolling mills.

**Domestic and global economic environment and market conditions**

The company's financial performance will fluctuate due to movements in interest rates, exchange rates, inflation, economic conditions, changes in government fiscal, monetary and regulatory policies, commodity prices, construction, mining and manufacturing industry activity levels, South-East Asian steel prices and margins, scrap metal availability and prices, global geopolitical events and hostilities and acts of terrorism and other factors that may affect the company's financial position and earnings.

The company has exposure to foreign exchange translation risk. Fluctuations in foreign currency exchange rates, especially volatility of the US dollar against most major currencies and significant fluctuations of the Australian dollar against the US dollar, may have an adverse impact on the financial position and performance of the company.

**Managing liquidity and debt level**

Ability to address the balance sheet, particularly debt levels to reduce interest payments, ability to raise debt funding and future liquidity requirements.



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