



Champions of
sustainable industry

GFG Alliance Sustainability Report 2019 Australia



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Executive Chairman's Foreword

At GFG Alliance, Sustainability is a key value that underpins everything we do. We operate our businesses to perform over time and to build a legacy for the future.

As we enter our third year of operation as GFG Alliance in Australia, we have made great progress across our businesses instilling our values and setting expectations for how we deal with our people, our communities and our environment.

While we are on our sustainability journey, in this report you will read about how we are making changes across our diversified businesses to do what we do more efficiently, greener and cleaner.

At GFG, we know our operations are energy intensive and impact our environment and this gives us a unique opportunity to make changes that can have a tangible impact.

I am especially proud of our commitment to becoming carbon neutral by 2030 and our mission to bring 1GW of renewable energy online, meeting GFG's operational needs with the surplus providing an opportunity to make renewable energy available to more Australian homes and businesses.

While some of our initiatives like our Cultana Solar Farm are large-scale, multi-year developments, many of our improvements are more local and are led by our people. I am continually impressed by the ingenuity of our people – many of their successes are highlighted in this report.

GFG could not operate without the strong communities that support our operations. In the 12 months from October 2018 to October 2019 we contributed to the communities we operate in



by supporting grassroots events, causes and capital projects. We are playing a small role in ensuring the sustainability of these communities.

As we enter 2020, our commitment to sustainability and innovation will continue. We will work hard to improve our environmental performance, continue to protect our team and embrace change.

I invite our teams, customers and suppliers to consider how they operate and, if they have an idea on how we can improve, I am asking you to reach out and let us know.

The progress that we have achieved this year could not have been possible without our people. I thank them for their dedication and commitment in creating a more sustainable future.



Sanjeev Gupta
Executive Chairman and CEO

Our Strategy

We create an economically sustainable business model for our industries, which is profitable for the long term, allows for socially sustainable development in local communities and is carbon neutral.

Our purpose

Our purpose is to create a sustainable future for industry and society.

OUR STRATEGY IS driven by four key trends – increasing demand for steel and aluminium, the urgent need to decarbonise these sectors, the decline of traditional manufacturing industries in developed economies and the need to be competitive in a changing world.

Our strategy enables us to identify opportunity and drive positive change in our industries. 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.



CORE BUSINESSES



FAMILY OFFICE



Our Values

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 having an open mindset and continually challenging the status quo. We seek out innovative ideas in order to stay ahead of the curve, and we encourage our people to persist and to overcome setbacks.

Using an agile approach, we take calculated risks. We're 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 our 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 for our relationships. We are inclusive, nurturing and embrace 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.

First, and most importantly, economic sustainability, as it is fundamental to the success of the businesses and those who depend on them over the longer term.

Second, social sustainability, recognising the important contribution of a successful industrial sector, and the jobs and security it creates, to a well-balanced and thriving society.

Third, environmental sustainability, which flows naturally from the long-term perspective of a family business, which incorporates the interests of future generations.

GFG Alliance in Australia

The GFG Alliance is an international group of businesses, founded and owned by the British Gupta Family.

THE GFG ALLIANCE combines metals manufacturing, energy generation, engineering, natural resources and financial services, working together to deliver a common business strategy. GFG has a global workforce of ~35,000 people and turnover of over US\$20 billion.

In Australia, GFG owns and operates the integrated steel manufacturing, processing, distribution and recycling business InfraBuild, a company of Liberty Primary Steel and Mining, as well as property services company JAHAMA.

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

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

The iconic Whyalla Steelworks is an historic steel manufacturer. The business provides supply into GFG’s InfraBuild businesses and steel long product into the domestic market.

The Mining business operates mines in the Middleback Ranges, Ardrossan and the NSW Southern Highlands, as well as the Whyalla Port and railway. The business is a key component of GFG’s supply chain, producing ferrous pellet, lump, dolomite and coking coal to the Whyalla Steelworks, as well as to external customers.

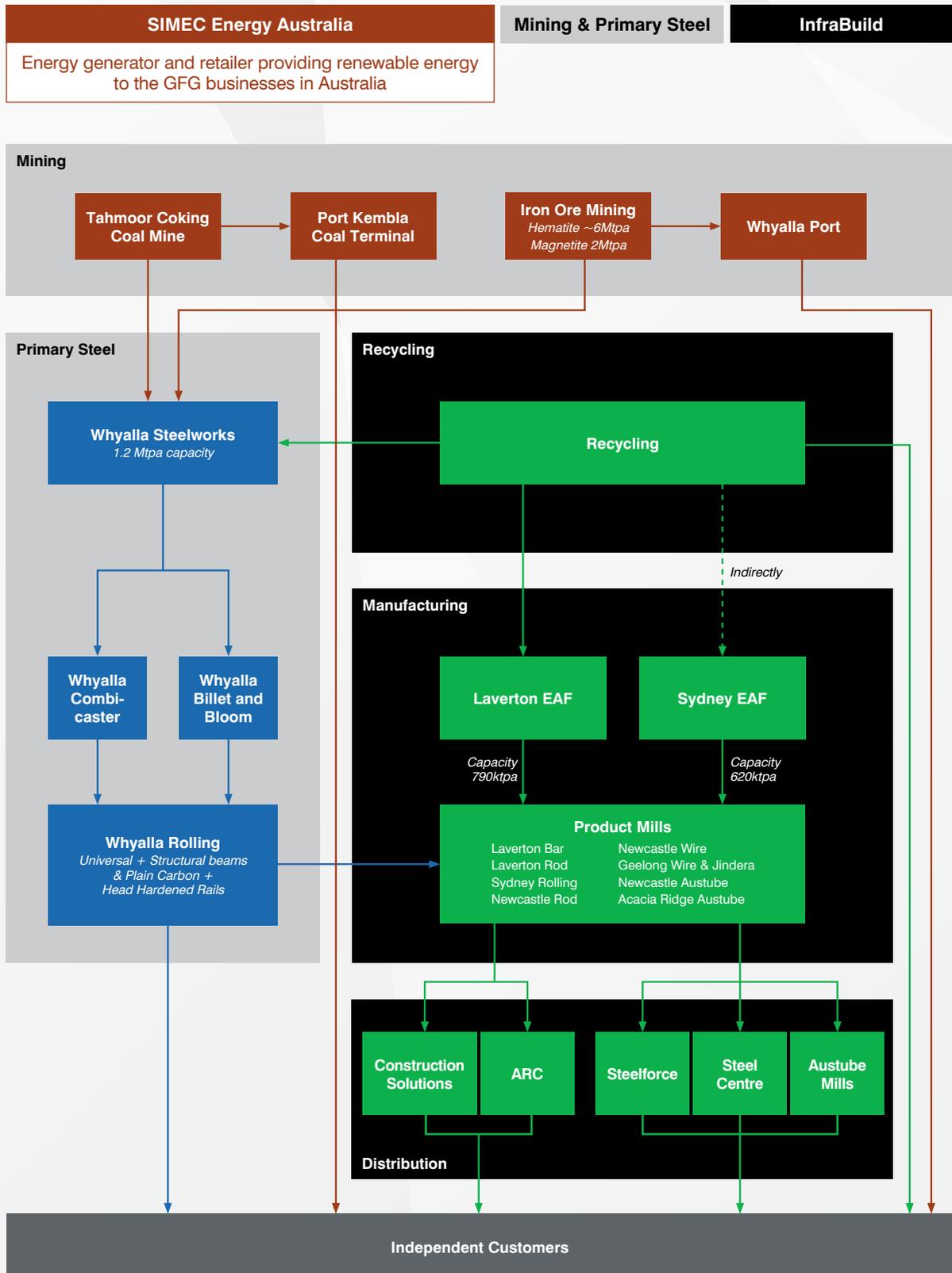
JAHAMA is a real estate and property business that manages a portfolio of properties on behalf of businesses within the GFG Alliance.

GFG is also the majority shareholder of **SIMEC Energy Australia**, an Australian electricity retailer committed to delivering affordable, sustainable energy solutions for its customers.

InfraBuild is Australia’s largest integrated manufacturer and supplier of steel long products and solutions.



End-to-end Integrated Business Model



GFG Alliance in Numbers

Global



global presence in
30+
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

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.

22



recycling
sites

14



manufacturing
sites

3

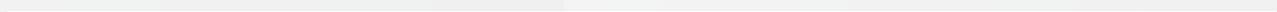


mining
sites

111



distribution
sites



Promoting Economic Sustainability

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

GFG ALLIANCE'S approach to sustainability includes focusing on economic sustainability, which we believe forms the foundation of our vision to build a sustainable future for industry and society.

Following the acquisition of our Australian businesses, GFG Alliance undertook a 100-day review of those new businesses. Part of this review involved identifying Rapid Payback Opportunities and led to investment in 34 projects, all focusing on accelerating investment, with an estimated \$28 million of annual benefit to our businesses. These projects were in addition to already-planned capital investment.

The Rapid Payback projects came from every corner of our business and included cost savings, process improvements and initiatives that improve the products and services that we offer to our customers. Further transformational projects with the potential to deliver significant longer-term growth are under consideration.

The business also focused on supply chain efficiencies and labour cost reductions, which enabled the business to achieve meaningful reductions in delivered costs to reset the business and set it up for the long-term. As part of ongoing plans to improve efficiencies and deliver long-term economic sustainability, the business is further investing in modernised systems, new and existing sites and operating plants.

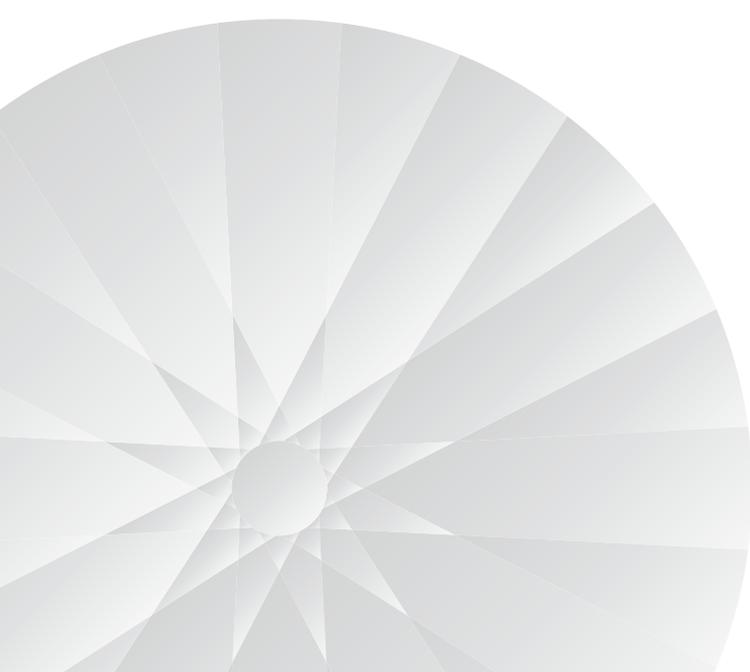
CASE STUDY

Continuous Improvement

The GEM Continuous Improvement program was set up across the Infrabuild, Mining and Primary Steel businesses to grow a culture of change and continuous improvement. The program provides a framework to support alignment, visibility, transparency and ownership.

Systems and processes have been developed and embedded in the business providing rigorous, repeatable improvement methodologies to define ideas, assess value, plan implementation and track delivery.

Through FY19 value was delivered via rapid payback projects and continuous improvement initiatives, which continue to be added to, delivering value and change into FY20 and beyond.



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, the Code of Conduct, and Family and Domestic Violence.

To provide a focus on the key governance areas of safety and environment, GFG 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's businesses.

The Council enables the sharing of best practice and sponsors recognition of outstanding safety behaviour and leadership through the Safety Excellence Awards program.

Modern slavery has 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.

GFG Alliance in Australia has a Health, Safety and Environment (HSE) Council, consisting of chief operating officers and functional specialists.



Social Sustainability

GFG Alliance, despite its size and global reach, 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. Our Human Resources (HR) function supports our leaders to 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 talent programs while supporting specific talent and change support needs.

Employee engagement

Our leaders regularly engage their people in the broader context of our business, including through updates on financial and safety performance, video interviews with senior leaders, conferences and regular business and global newsletters. 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 understands that the performance of our people is vital, so we work hard to make sure everyone knows the role they play in our success. 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'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 practice. 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. Fifty-seven 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.

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.

GFG in Australia is implementing system and policy changes to address the risk of modern slavery.

We have processes in place to proactively manage change in the workplace, with significant focus on employee impact and welfare.



Key stats



Total Australian employees: 6500+



Locations: ~170

Safety and Wellbeing

GFG Alliance believes our people are our most valuable asset. Our concern for their safety and wellbeing is paramount. Our underlying belief is that all injuries, occupational illnesses and incidents are preventable. It is everyone's responsibility to achieve a workplace of zero incidents, injuries and occupational illnesses. Our commitment is documented in the GFG Alliance Australia Work Health and Safety Policy.

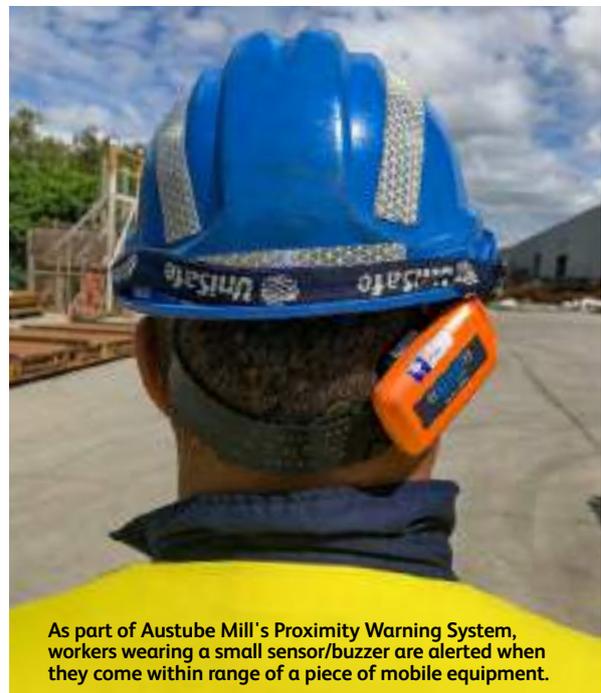
Safety performance

No fatalities were reported and the lost time injury rate improved by 30 per cent to a new record low of 1.2. This is an even better result considering total working hours increased by 9 per cent over the same period. Our recordable injury frequency remained flat at 11.2.

2019 Key Performance Indicators

In 2019, our focus was on reporting and thoughtful independent investigating of incidents with a potential to cause serious harm. We have begun a review and roll out of the GFG Alliance critical risk standards in order to better prevent low-likelihood but high-consequence events. The critical risk standards relate to some of the most common serious injuries within our businesses.

GFG Alliance's Safety Council reviews the findings of the critical incident investigations, before sharing them more broadly across the business.



Fatalities (Including GFG employees and contractors)	LTIFR: Lost Time Injury Frequency Rate (Incidents per million working hours)	Working Hours (GFG employees and contractors) <i>9% more working hours</i>
2018 <div style="border: 1px solid black; padding: 5px; text-align: center; font-weight: bold;">ZERO</div>	2018 <div style="background-color: #003366; color: white; padding: 5px; text-align: center; font-weight: bold;">1.7</div>	2018 <div style="background-color: #003366; color: white; padding: 5px; text-align: center; font-weight: bold;">17,248,590</div>
2019 <div style="border: 1px solid black; padding: 5px; text-align: center; font-weight: bold;">ZERO</div>	2019 <div style="background-color: #003366; color: white; padding: 5px; text-align: center; font-weight: bold;">1.2</div>	2019 <div style="background-color: #003366; color: white; padding: 5px; text-align: center; font-weight: bold;">18,654,158</div>



CASE STUDY

Simple technology goes a long way

Two projects aimed at reducing blind spots around forklifts and mobile equipment are helping to reduce site pedestrian risk across the business.

Austube Mills Newcastle operates a significant number of forklifts on the site. These forklifts have a high degree of interaction with pedestrians. The new project rapidly identified an opportunity to improve current site practices related to mobile exclusion zones around forklifts to reduce risk.

The LED Exclusion Zone project was trialled by the site safety committee on two forklifts and included the installation of LED lighting to provide a three-metre light beam around the forklift, reminding pedestrians and operators just how far three metres really is. Safe-to-Approach Lighting was also installed on these two trial forklifts, signaling to an approaching pedestrian that it is now safe to enter the exclusion zone.

As a result of the success of the trials, LED Exclusion

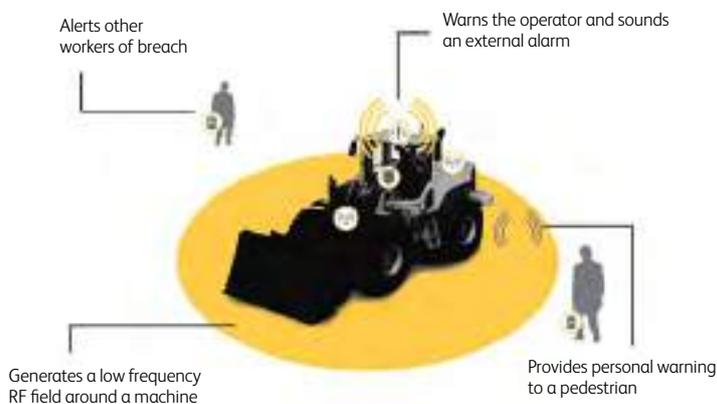
Zone Lighting and Safe-to-Approach Lighting will be supplied to all new Austube Mills Newcastle forklifts as part of the new fleet that arrived in late 2019.

In the backyard of the ARC facility at Eagle Farm, there is also high mobile equipment traffic.

At Eagle Farm, container lifters and forklifts share a footprint with a considerable amount of pedestrian foot traffic. Truck drivers restraining and checking loads, operators accessing and egressing mobile equipment and yard workers interacting with stored product all create a significant risk of serious injury.

Leaders at the site have identified and are trialling a Proximity Warning System. Pedestrians in the area wear a small sensor/buzzer on the back of their helmet (see opposite page) that activates when they come within a certain range of a piece of mobile equipment. The forklifts and the container lifters operators are alerted when a pedestrian is within a predetermined proximity of the mobile plant.

The system is currently being piloted and evaluated for further deployment across the business.



As a result of the success of the trials, LED Exclusion Zone Lighting and Safe-to-Approach Lighting will be supplied to all new Austube Mills Newcastle forklifts as part of the new fleet.



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, we also seek to help people reach their personal and professional potential.

Supporting youth skills development *Manufacturing the skills of tomorrow, today*

GFG 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. During 2019, 11 participants of our Operator in Training Program were given full-time positions within the Whyalla Steelworks.

To better support the next generation of Whyalla locals, the Primary Steel business will be launching a new apprenticeship model that links directly with the apprentices' school education. The new program will support students through their final year of school while giving them industry experience at the same time. The new program will begin in 2020.



CASE STUDY
GFG Foundation
Australia Pilot Program

The GFG Foundation Program enhances opportunities, builds communities and ensures the next generation has the skills to manufacture the future.

The Program began in Whyalla in 2019 to develop, inspire and support the next generation of industrialists, and ultimately help provide a sustainable future for the community.

Working closely with the CSIRO, UniSA and three Whyalla schools – Whyalla High School, Stuart High School and Samaritan College – the program selected a group of 18 local students to take part in a pilot.

The Pilot Program is structured around experience-orientated work, guest appearances and excursions to GFG Alliance business sites. Interspersed with STEM learning, the students are supported by GFG mentors, who provide expertise and support from their roles in the Whyalla Steelworks.

From this Pilot, the Foundation will develop a full-scale program to expand throughout Australia and help thousands of school-age young people with their future aspirations.

Recruiting local apprentices is just one way that it provides support, by upskilling the next generation.



CASE STUDY

Indigenous procurement

Indigenous local mining company Walga Mining currently holds the contract to reclaim material from low-grade dumps at Iron Knob so that it can be fed into the Integrated Processing Facility (IPF). Walga also hold the contract to operate the IPF.

Indigenous Metal Recycling currently holds the contract to remove certain excess materials from sites in SA, including various plastic items and old conveyor belts, and sells them to cover costs and generate profit.

The company also works closely with the local Barngarla people.



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.

Supporting local economies

GFG Alliance is committed to building stronger communities in South Australia by creating jobs, upskilling its workforce for the future and by providing support for grassroots sports and education initiatives.

In December 2018 it announced a major transformation plan for its Whyalla steel and mining operations. And since acquisition in 2017 GFG has invested hundreds of millions of dollars into its Whyalla operations.

GFG's operations in Whyalla underpin key regional infrastructure development and form the economic backbone of the region, representing over 43 per cent of the local economy and approximately 42 per cent of local employment.

SIMEC Energy Australia, part of GFG Alliance, also announced a US \$1 billion, one-gigawatt dispatchable renewable energy program in South Australia including one of Australia's largest solar farms at Cultana, and a 100MW utility battery in Port Augusta. Both projects are expected to deliver over 450 jobs. As part of filling the direct employment requirements of the projects, SIMEC Energy Australia will work with the selected EPC Contractors to investigate opportunities for upskilling of Indigenous and local people to meet the employment needs of these developments.

GFG Alliance in the community

GFG 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 continues to provide much-needed support to communities in the form of financial support, mentoring and in-kind donations. It has continued its support of Foodbank in Whyalla, which provides food and other supplies to those in need.

Also in South Australia, the company has supported a number of local cultural events including the the uneARTH Fringe Festival in Whyalla, an extension of the Adelaide

Fringe Festival, as well as the annual Christmas Pageant in Whyalla.

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

As part of this sponsorship Port Adelaide took its entire AFL list of 46 players to Whyalla for a community camp in 2019, engaging with more than 1000 people at schools, hospitals and aged care facilities. Together we worked to bring a competitive pre-season game to Whyalla for the first time in more than 20 years, bringing investment and attention to the city. More than 500 GFG employees accepted invitations to attend Port Adelaide AFL matches in Adelaide in 2019.

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, GFG has announced that Liberty Primary Steel would recycle the steel used in the construction of Whyalla's new 165m jetty, in addition to providing financial contributions.

At the launch of the project, 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."

GFG Alliance's operations in Whyalla underpin key regional infrastructure development and form the economic backbone of the region.

Our Commitment to the Environment

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](#). GFG recently took this commitment a step further by committing to moving towards a carbon neutral position by 2030.

Cleaner, safer industry and manufacturing

GFG's commitment to the environment is articulated in its GREENSTEEL Strategy and in FY19 GFG Alliance produced ~1.2 Mtpa of steel from 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's GREENSTEEL strategy, providing our businesses with a sustainable supply of feedstock for our electric arc furnaces to produce steel.

At a fraction of the cost to mining and refining metals from virgin ores, recycling saves scrap metal from becoming waste. Recycling 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 meets its environmental commitments is by having environmental management systems that comply with the International Standard ISO14001:2015. In Australia all of GFG'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 sites maintained their [ISO 14001:2015 certification](#).

GFG 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. GFG Alliance Australia 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.

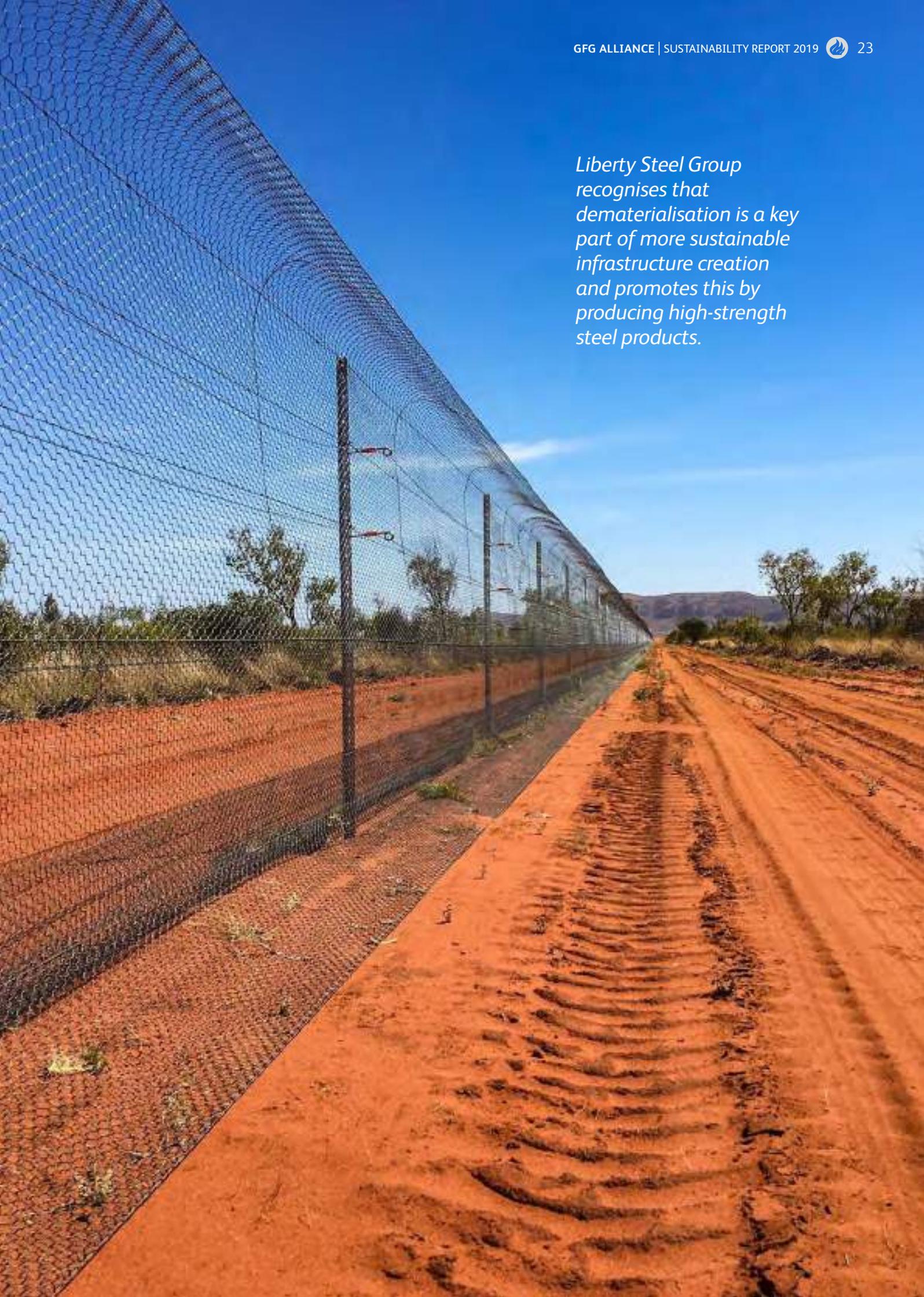
GFG has recently contributed, as an Advisory Group member, to the [GreenStar Future Focus program](#), delivering four new rating tools to the market.

GFG Alliance Australia is in the process of updating its [Environmental Product Declarations \(EPD\)](#) for a 2020 release. These EPDs provide transparent information about the environmental impact of a product throughout its lifecycle and the revised versions will be updated with current data and will include, for the first time, [a material circularity indicator](#).

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 great recent example of this is the development and launch by InfraBuild of Viribar™750, a patented high-strength steel ligature. Steel ligatures are an important component of steel reinforcing assemblies and Viribar™750 reduces both the mass and embodied energy of these ligatures by 33 per cent while still providing the same strength capacity. The new product will cost the same as a standard-grade ligature, but is lighter, easier to install and fully weldable.

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. InfraBuild has been at the forefront of this and was one of the first listings in the [ISupply Directory](#) in early 2019. This directory, established by ISCA, provides direct access to suppliers that can help a project or asset achieve sustainability outcomes rewarded under the IS rating scheme.



Liberty Steel Group recognises that dematerialisation is a key part of more sustainable infrastructure creation and promotes this by producing high-strength steel products.



Reducing Our Waste Footprint

Maximising recycling, minimising waste.

INFRABUILD RECYCLING processed almost 1.2 Mt of scrap steel in FY19, 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 arm isn't just a significant contributor to the market's steel requirements, it also provides a sustainable alternative to landfill.

Locally sourced ferrous scrap metal is used to supply InfraBuild Steel's electric arc furnaces and steel mills with feedstock to manufacture and distribute new steel products through the company's downstream businesses. A key part of the GFG Alliance's GREENSTEEL strategy, this process will be further enhanced in the future through investment in, and the integration of, renewable energy.

Where possible, GFG also repurposes various by-products and waste products – often sold to third parties such as cement manufacturing, road building and municipal authorities for other beneficial uses. Sometimes this type of downstream processing is done at a minor cost to the company.



CASE STUDY

A sustainable alternative to landfill

InfraBuild Recycling is helping the City of Newcastle in its recycling operations with the goal of reducing the amount of waste material going to landfill.

The City of Newcastle recently opened the \$6 million Summerhill Waste Management Centre to receive and process household and commercial waste, with InfraBuild Recycling collaborating with the Centre to recover ferrous and non-ferrous metals for recycling.

In a sign of the success of the operation to date, the Centre is currently achieving a 21 per cent diversion of mixed waste coming in against the City of Newcastle's business case target of 13 per cent.

InfraBuild provides the bins into which recovered metals materials are collected and arranges a regular collection: weekly in the case of ferrous metals, fortnightly for aluminium materials, and monthly for precious metals.

InfraBuild's recycling arm isn't just a significant contributor to the market's steel requirements, it also provides a sustainable alternative to landfill.

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 GREENSTEEL Strategy. GFG's commitment to this strategy was demonstrated by the recent announcement that its newly formed Liberty Steel Group, which includes all Australian manufacturing, mining and recycling businesses, will seek a carbon neutral position by 2030. The landmark US\$1 billion, one-gigawatt renewable energy program in the Upper Spencer Gulf will support this position by establishing firmed renewable power in the region, providing energy to SIMEC Energy Australia's retail energy customers via the national energy grid.

The centrepiece of this program is the 280MW Cultana Solar Farm, which will be firmed with the world's largest lithium-ion battery (the Playford Utility Battery). In addition to the large-scale program of works, in the past year SIMEC Energy has also supported over 250 businesses and homes with the installation of over 5MW of solar and battery storage.



CASE STUDY

Update on the Cultana Solar Farm

This project boasts an impressive 600GWh of energy generation per year – enough to power almost 100,000 average homes – drawn from 780,000 solar panels across an area 550 times larger than Adelaide Oval.

The project recently achieved two important milestones with final development approvals being granted by the SA Government, and finalising agreements with the offshore supplier, Shanghai Electric. Construction is expected to commence in mid 2020.

Community consultation and support is an integral part of the Cultana Solar Farm project. Not only has a local community survey been conducted to gauge the alignment between community values and project priorities but the project is also committed to employing local people and using local suppliers wherever possible. In addition, the Cultana Solar Farm Community Benefit Fund has been established to support local community-based organisations and projects. The first grant submissions are expected in the second half of 2020.

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

CASE STUDY

Playford Utility Battery

The 100MW/100MWh Playford Utility Battery will be the one of the world's largest lithium-ion batteries and is a development project that will support SIMEC Energy Australia's renewable energy portfolio while also providing important services to the national electricity market.

Once energised, the Playford Utility Battery will support the energy needs of SIMEC Energy Australia's retail electricity customers and provide energy services to the National Electricity Market including:

- Market arbitrage – charging the battery at times of high energy output from renewable sources in the region, including GFG's nearby Cultana Solar Farm, and offsetting high energy prices to drive greater competition
- Frequency Control Ancillary Services (FCAS) – Providing frequency support to the national electricity grid to help stabilise SA's power supply
- Fast Frequency Response (FFR) – Providing further frequency support to the National Electricity Grid, with response times typically quicker than traditional methods to further protect users of the National Electricity Grid

- Testing of innovative new inverter technology to provide grid-forming support services, enabling a black start of the grid in SA, in the event of a full system shut down.

The Playford Utility Battery project is also designed to deliver a range of benefits to the community, grid and environment throughout its life, from construction through to energisation and ongoing operation. These include:

- Direct employment (around 100 direct jobs during its construction phase)
- Indirect employment (increased employment for local service industries such as hospitality, retail, supermarkets, rental properties and the like)
- Indigenous and local upskilling (SIMEC Energy Australia will work with the selected EPC Contractor to investigate opportunities for upskilling of indigenous and local people to meet the employment needs of this development)
- Community (the Playford Utility Battery is expected to be a positive and valued development for Port Augusta and the Upper Spencer Gulf region more broadly).



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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