



## DIRECTOR INDEPENDENCE POLICY

The Board considers the independence of Directors at least annually. Set out below is a description of the process followed by the Board in considering Director independence:

- The Board considers that the overall purpose of independence is to ensure that the Director does not have a relationship where there are, or are perceived to be, matters which could materially interfere with a Director:
  - making decisions on matters that regularly come before the Board or its committees;
  - objectively assessing information and advice given, or obtained, by management;
  - setting policy for general application across the Company; and
  - generally, carrying out the performance of his or her role as a Director, or which could inhibit free Board discussion of matters coming before the Board.
- The Board considers all of the circumstances relevant to a Director, in determining whether the Director is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company. Amongst the circumstances considered by the Board are a range of factors, including that a Director:
  - is not otherwise a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
  - has not been employed in an executive capacity by the Company or a member of the BlueScope Steel Group within the last 3 years, or been a Director after ceasing to hold any such employment; and
  - has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.
- The Board also considers a Director to be independent when the Director:
  - has not been a principal of a material professional adviser or a material consultant to the Company or a member of the BlueScope Steel Group within the last 3 years, or an employee materially associated with the service provided;
  - is not a material supplier or customer of the Company or a member of the BlueScope Steel Group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
  - has no material contractual relationship with the Company or a member of the BlueScope Steel Group other than as a Director of the Company.
- In determining whether a sufficiently material relationship (as described above) exists between the Company and a third party, the Board has regard to all the circumstances of the relationship, including, among other things:
  - the proportion of a class of expenses or revenues that the relationship represents to both the Company and the third party;

- the strategic importance to the Company's business of the goods or services purchased or supplied by the Company;
  - the extent to which the services supplied are integral to the operation of the Company's business, including the extent to which the services provided are unique and not readily replaceable;
  - the nature of the goods or services;
  - the nature of the transaction; and
  - the value of the transaction to BlueScope Steel and the other party to the transaction; and
  - materiality is considered from the perspective of both the Company and its Directors.
- In assessing the independence of a non-executive Director, consideration is given to the underlying purpose behind each of the specific relationships identified as relevant to independence (as described above), and the overall purpose of independence.
  - The independence status of each non-executive Director is set out in the Company's annual report.

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