

Director Independence Policy

1. Meaning of independence

The Board acknowledges that the overall meaning of independence is to ensure that the director does not have an interest, position or relationship which could or could reasonably be perceived to materially interfere with a director:

- bringing an independent judgement to bear 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 in the best interests of the entity and its security holders generally,

or which could inhibit free Board discussion of matters coming before the Board.

2. Determination of independence

- (a) The Board shall consider all of the circumstances relevant to a director, in determining whether the director is independent.
- (b) Amongst the circumstances considered by the Board will be a range of factors, including that a director:
 - (i) has not been employed in an executive capacity by the Company or a member of the BlueScope Steel Group within the last 3 years;
 - (ii) has not been a principal or senior employee of a provider of material professional services to the Company or a member of the BlueScope Steel Group within the last 3 years;
 - (iii) has not had any other material contractual or other business relationship with the Company or a member of the BlueScope Steel Group, or been an officer of or otherwise associated directly or indirectly with someone with such a relationship in the last 3 years;
 - (iv) is not otherwise a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
 - (v) has no close family ties with any person who falls into the above categories;
 - (vi) 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.

3. Materiality of relationships

In determining whether a sufficiently material relationship exists between the Company and a third party such that it could, or could reasonably be perceived to interfere with the directors ability to act in the best interests of the Company, the Board has regard to all the circumstances of the relationship, including, among other things:

- (a) the proportion of a class of expenses or revenues that the relationship represents to both the Company and the third party;

- (b) the strategic importance to BlueScope Steel's business of the goods or services purchased or supplied by BlueScope Steel;
- (c) 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;
- (d) the nature of the goods or services;
- (e) the nature of the transaction; and
- (f) the value of the transaction to the Company and the other party to the transaction.

Materiality is considered from the perspective of both the Company and its directors.