



Board Charter 2019

August 2019

1. Introduction

- 1.1 In accordance with the Company's Constitution and the law, the Board is required to manage the business of the Company. This Charter sets out:
- a) the purpose and responsibilities of the Board;
 - b) powers reserved to the Board and those delegated to Board Committees and the Managing Director and Chief Executive Officer (**MD & CEO**); and
 - c) procedures aimed at effective operation of the Board and that support each member in fulfilling their duties as Directors.

2. Purpose and Responsibilities

- 2.1 The purpose of the Board is to oversee the management of BlueScope Steel Limited (**Company**) and its controlled entities (**Group**) and, whenever required, challenge management and hold them to account.
- 2.2 The Board is responsible for demonstrating leadership, including in the following areas:
- a) **Values and standards** – setting and instilling the values and standards of conduct to underpin the desired culture of the Group and monitoring adherence to them, in the interests of shareholders, employees, customers, suppliers and the communities in which it operates and, generally, safeguarding the reputation of the Group
 - b) **Strategy and performance** - defining the Company's purpose and setting the Group's direction, strategies and financial objectives; being satisfied that the necessary resources are in place for the Group to meet its objectives; and satisfying itself that performance is regularly assessed and monitored
 - c) **Governance and risk management** - monitoring compliance with regulatory requirements and industry standards. Approving the Group's risk appetite and satisfying itself that the Company has in place an appropriate risk management framework for both financial and non-financial risks
 - d) **People** - appointing, terminating and reviewing the performance of the MD & CEO. Overseeing executive talent development and succession to support strategy execution. Satisfying itself that the Group's people and remuneration policies are aligned with its values, purpose and risk appetite.

3. Powers of the Board

- 3.1 Under the Company's Constitution, the business of the Company is to be managed by the Directors who may exercise all such powers of the Company as are not, by the Corporations Act or by the Constitution, required to be exercised by the Company in a general meeting. The Directors are also authorised to delegate any of their powers to any person or persons, including to the MD & CEO or a Committee.

4. Powers delegated to the Managing Director and Chief Executive Officer

4.1 The powers required for the day to day operation of the Company which are not expressly:

- a) reserved to the Board under section 5 of this Charter; or
- b) delegated to one of its Board Committees under section 6 of this Charter; or
- c) reserved to the Board under the monetary authority limits approved by the Board from time to time (**Monetary Authority Limits**),

are conferred on the MD & CEO and may be sub-delegated to an employee or agent of the Group, subject to the MD & CEO reporting to the Audit Committee from time to time on the delegation of those powers.

5. Powers reserved to the Board

The powers specifically reserved to the Board are:

5.1 Values and standards

- a) **Values** - reviewing and approving the Group's statement on values and behaviours "Our Bond"
- b) **Code of conduct** - reviewing and approving policies in relation to business conduct including the Guide to Business Conduct, anti-bribery and corruption, conflict of interest, privacy, political donations, competition and consumer protection, and whistle-blowers
- c) **Reputation** - overseeing and approving any action relating to matters with the potential to have a material impact on the reputation of the Group

5.2 Strategy and performance

- a) **Strategy** - reviewing and approving the Group's strategic direction, goals and targets annually
- b) **Budget** - approving the Group's annual budget and major expenditure in accordance with the Monetary Authority Limits
- c) **Funding** - reviewing and approving the Group's funding strategy
- d) **Reporting** - approving systems, frameworks and criteria by which to assess, monitor and review the reporting to the MD & CEO and the Board of material information concerning the financial position and performance of the Company and the risk exposures of the Company

5.3 Governance and risk management

- a) **Health Safety and Environment** - approving the Group's Health, Safety and Environment Policy.
- b) **Corporate Governance** - approving corporate governance policies, including the securities trading policy.
- c) **Capital structure** - approving the capital structure of the Company including the issue of any shares, options, or other securities in the Company.
- d) **Capital Management** - Approving the Group's Capital Management policy and the payment of dividend and other capital returns.

- e) **Risk management** - periodically reviewing risks that are material to the achievement of the Group's objectives, assessing the soundness of the Company's risk management framework, approving the Group's risk appetite within which it expects management to operate and approving the allocation of risk categories to be overseen by itself and Board Committees
- f) **Subsidiaries** - approving material or unusual changes to the capital structure of a member of the Group
- g) **Auditors** - appointing the external auditor and approving the policy on the rotation of audit partners, recruitment of auditor employees and the provision of non-audit services by the external auditor.
- h) **External communications** - approving statutory and associated material communications to shareholders released through the ASX, including the annual report, directors' report, financial report, corporate governance statement and sustainability report.
- i) **Market disclosure** - approving the Group's Continuous Disclosure Policy and any disclosure to the market required to be approved by the Board under this policy;
- j) **Accounting** - Review and approve the accounting policy as disclosed in the notes to the financial report. Review and approve material financial estimates and are areas of financial judgment.
- k) **Insurance** - reviewing and approving the Directors' and Officers' liability insurance program for the Group.
- l) **Categories of risk** - overseeing specific categories of risk reserved by the Board. In performing this oversight, the Board will review and approve the risk appetite and tolerance measures, review the Group's performance against the risk appetite and review high rated internal audit findings associated with the following categories of risk:
 - i. Shareholder engagement
 - ii. Markets and brands
 - iii. Product quality
 - iv. Customer experience
 - v. Innovation and technology
 - vi. Manufacturing and production, including supply chain and costs
 - vii. Growth and investment projects.

5.4 People

- a) **Key executives** appointing,
 - i. the MD & CEO, (including determining the terms and conditions of appointment)
 - ii. the Chief Financial Officer;
 - iii. the Company Secretary, and
 - iv. other senior executives as determined by the Board.
- b) **Executive Remuneration** - review and approve the Group's executive remuneration policy including benefits and termination
- c) **Employee equity plans** - approving employee equity-based incentive plans and the total level of award proposed under those plans
- d) **Remuneration** - approving the following matters:
 - i. changes to the remuneration or contract terms of MD & CEO and termination payments to MD & CEO;
 - ii. the design of executive cash-based incentive plans (including structure and key components) and the total level of payment proposed under those plans;
 - iii. remuneration and performance related matters for the MD & CEO;

- iv. the appropriate benefit design of the company's retirement and superannuation plans
 - v. systems, frameworks and criteria by which to assess, monitor and review the performance of the MD & CEO and the Executive Leadership Team (ELT)
 - vi. individual non-executive director remuneration for Board and Committees and any minimum shareholding policy
 - vii. the statutory remuneration report.
- e) **Organisational structure** - approving significant changes to the organisational structure of the Group
- f) **Talent and succession** - reviewing and approving
- i. the Group's executive talent development and succession strategies
 - ii. the MD & CEO's succession
 - iii. the Chairman's succession
- g) **Diversity and Inclusion** - approving policies in the areas of
- i. equal employment opportunity (including policies against discrimination);
 - ii. management and board diversity

6. Board Committees

The Board has established the following Committees, with charters:

- a) **Health, Safety, Environment Committee**; the purpose of the Committee is to assist the Board fulfil its responsibilities in relation to the oversight of health, safety, environmental matters and community impact arising out of the Group's activities as they may affect employees, contractors, and the local communities in which it operates. Given the importance of these responsibilities, the Committee comprises all members of the Board.
- b) **Risk and Sustainability Committee**; the purpose of the Committee is to assist the Board fulfil its responsibilities in relation to risk management, ethics and compliance, legal proceedings, corporate governance, sustainability and insurance.
- c) **Audit Committee**; the purpose of the Committee is to assist the Board fulfil its responsibilities in relation to financial governance, external financial reporting, external financial report audit and internal audit.
- d) **Remuneration and Organisation Committee**; the purpose of the Committee is to assist the Board fulfil its responsibilities in relation to the areas of People and Remuneration strategy and policies, setting executive remuneration and incentives for the ELT, development and succession of executive management and Non-Executive Director remuneration
- e) **Nomination Committee**; the purpose of the Committee is to assist the Board fulfil its responsibilities for ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of Directors effectively and to add value. This includes Board renewal and succession planning, the MD & CEO and

Chairman succession, the Election and Re-election of Directors, assessing the skills, experience and diversity required to competently discharge the Board's duties, and implementing processes for evaluating the Board, its Committees and Directors.

7. Composition and Independence

7.1 The Board will comprise a majority of Non-Executive Directors who are assessed to be independent.

7.2 The Board acknowledges that the overall purpose of independence is to ensure that the director does not have a relationship which could or could reasonably be perceived to materially interfere with a director:

- a) making decisions on matters that regularly come before the Board or its committees;
- b) objectively assessing information and advice given, or obtained, by management;
- c) setting policy for general application across the Company; and
- d) 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.

In this context, the Board has adopted a policy for the assessment of the independence of each director. The independence of each director is reviewed at least annually and the Director Independence Policy is reviewed periodically.

8. Chair

8.1 The Directors will elect one of the Directors to act as Chair, who:

- a) is an independent Non-Executive Director; and
- b) will be responsible for leading the board, facilitating the effective contribution of all directors and promoting constructive and respectful relations between directors and between the board and management and maintaining a regular dialogue and mentoring relationship with the MD&CEO.

8.2 The Board may also appoint a Deputy Chairman who would be responsible to stand in for the Chairman, as required.

9. Conflicts of interest

9.1 Conflicts of interest will be managed in accordance with the Procedure for Managing Outside Directors' Interests.

10. Conduct of Directors

10.1 Each Non-Executive Director will comply with the Group's Guide to Business Conduct (as applicable to the activities of Non-Executive Directors) with respect to the business of the Company.

11. Reliance and access to independent advice

11.1 Board access to advice

The Board may obtain independent professional advice to assist it in the proper exercise of its powers and responsibilities, with the cost to be borne by the Company.

11.2 Director's access to advice

- a) A Director may obtain independent professional advice to assist the Director in the proper exercise of powers and discharge of duties as a director of the Company.
- b) The costs of the independent professional advice obtained by a Director under paragraph (a) above are to be borne by the Company provided that before engaging the independent professional adviser, the Director obtains the prior approval of the Chairman, or if the Director is the Chairman, the prior approval of a majority of the Non-Executive Directors of the Company.

11.3 Reliance

The Board is entitled to rely on employees of the Group or professional advisers or consultants engaged by the Group or the Committee where there are reasonable grounds to believe that the employee, adviser or consultant is reliable and competent; and the reliance was made in good faith and after making an independent assessment of the information.

12. Meetings

12.1 Holding of meetings

- a) the Board will meet at least seven scheduled times a year at the times determined by the Board.
- b) a Director may convene a meeting of the Board at any time.

12.2 Quorum

Three members, present in person or by using any technology, will constitute a quorum.

12.3 Attendance

The Board may invite any other person to attend for all or part of any meeting as it considers appropriate.

12.4 Non-Executive Director meetings

The Non-Executive Directors will meet from time to time to discuss management issues without the presence of the MD & CEO or management.

12.5 Board Papers

The Company Secretary will distribute in advance of a meeting of the Board an agenda and any related papers to each member of the Board.

13. Board minutes

13.1 The Company Secretary will prepare minutes of meetings of the Board and have them approved by the Board Chair.

13.2 Chair Approved Board minutes will be placed in the Minute Register within one month of the meeting.

13.3 Minutes of meetings will be confirmed at the next meeting of the Board.

14. Knowledge and Understanding

14.1 The Board members will participate in a program of induction, training and development.

15. Review

15.1 The Board will conduct a performance evaluation, including assessing the effectiveness of Board Committees in assisting to fulfil their responsibilities, every year and will periodically assess the need for external input into the evaluation process. The Board will review the outcomes and recommendations from these evaluations regularly and implement appropriate changes to improve its effectiveness.