

# 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 Company 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) is not, or 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) receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;
  - (iii) is not, or has not had or been, within the last three years, in a material business relationship (eg as a supplier, professional adviser, consultant or customer) with the Company or a member of the BlueScope Steel Group, or is not or has not been an officer of or otherwise associated with someone with such a relationship;
  - (iv) is not, does not represent, or is not or has not been, within the last 3 years an officer or employee of, or professional adviser to a substantial shareholder of the Company;
  - (v) has no close personal ties with any person who falls within any of the categories described above;
  - (vi) has not served on the Board for such a period that their independence from management and substantial shareholders may have been compromised.

## 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 director's ability to act in the best interests of the Company as a whole rather than in the interests of an individual shareholder or third party, the Board has regard to the circumstances of the relationship, which may include, among other things:

- (a) the proportion of a class of expenses or revenues that the relationship represents to both the Company and, where known, 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;
- (f) the value of the transaction to the Company and the other party to the transaction; and
- (g) the nature of the close personal ties (these ties may be based on family, friendship or other social or business connections).

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