



BlueScope Steel Limited  
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[www.bluescope.com](http://www.bluescope.com)

16 October 2018

Company Announcements  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir,

**Re: Notice of 2018 Annual General Meeting**

The 2018 Annual General Meeting of BlueScope Steel Limited will be held on Friday 23 November 2018 at the Intercontinental Sydney, 117 Macquarie Street, Sydney, New South Wales, at 10.00am (Sydney time).

Attached is a copy of the Notice of Annual General Meeting and accompanying documents which are being sent to shareholders on 16 October 2018.

Yours sincerely

A large, stylized handwritten signature in blue ink, consisting of several loops and flourishes, positioned above the printed name and title of the signatory.

Debra Counsell  
Company Secretary



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## NOTICE OF MEETING AND INFORMATION FOR SHAREHOLDERS 2018

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2 October 2018

Dear Shareholder

I am pleased to invite you to attend BlueScope Steel Limited's 2018 Annual General Meeting.

The meeting will be held on **Friday, 23 November 2018** at the **Intercontinental Sydney, 117 Macquarie Street, Sydney** commencing at 10.00am (Sydney time). Registration desks will be open from 9.00am.

Enclosed is your Notice of 2018 Annual General Meeting together with a personalised proxy form. If you do not intend to attend the meeting in person, you should complete and return your proxy form in the envelope provided, or fax it to the number noted at the top of the form. Alternatively, instructions on how to lodge your proxy on-line are at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

Please present your proxy form to assist with your registration at the meeting if you will be attending in person and not voting by proxy.

The 2018 Annual Report (including the Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2018) was posted to shareholders who elected to receive a hard copy on 25 September 2018 and made available on-line at [www.bluescope.com/investors/annual-reports](http://www.bluescope.com/investors/annual-reports).

The ordinary business of the 2018 Annual General Meeting is to consider the 2018 Annual Report, Remuneration Report and an election of a Director. As announced to ASX, Mr Mark Hutchinson joined the Board effective 1 October 2018 and will seek election, having been appointed as a Director since the 2017 Annual General Meeting.

In addition, the grant of share rights to the Managing Director & Chief Executive Officer and the renewal of the approval of potential leaving benefits for executives will be considered.

The Board asks shareholders to support these resolutions.

I look forward to welcoming you to the meeting.

Yours sincerely,

*John Bevan, Chairman*

## Notice of meeting and information for shareholders

Notice is given that the 2018 Annual General Meeting of BlueScope Steel Limited (the **Company**) will be held at the Intercontinental Sydney, 117 Macquarie Street, Sydney on Friday, 23 November 2018 at 10.00am (Sydney time).

### Business

#### 1. Annual Report

To receive and consider the Annual Report, Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2018.

#### 2. Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That the Remuneration Report, which forms part of the report of the Directors for the year ended 30 June 2018, be adopted.”

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

#### 3. Election of Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr Mark Hutchinson, having been appointed as a Director since the 2017 Annual General Meeting, vacates office in accordance with the Company’s Constitution and, being eligible, offers himself for election, be elected as a Director of the Company.”

#### 4. Approval of grant of Share Rights to Mark Vassella under the Company’s Short Term Incentive Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“The grant of Share Rights to Mark Vassella, under the Company’s Short Term Incentive Plan as described in the Explanatory Notes to this Notice of 2018 Annual General Meeting be approved for all purposes, including for the purpose of ASX Listing Rule 10.14.”

#### 5. Approval of grant of Alignment Rights to Mark Vassella under the Company’s Long Term Incentive Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That the grant of Alignment Rights to Mark Vassella, under the Company’s Long Term Incentive Plan as described in the Explanatory Notes to this Notice of 2018 Annual General Meeting be approved for all purposes, including for the purpose of ASX Listing Rule 10.14.”

#### 6. Approval of Potential Termination Benefits

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of sections 200B and 200E of the Corporations Act, approval is given for the giving of benefits to any current and future holder of a managerial or executive office in the Company or a related body corporate in connection with the person ceasing to hold that office as described in the Explanatory Notes to this Notice of 2018 Annual General Meeting.”

### Voting restrictions for key management personnel and closely related parties

#### Item 2 – voting restrictions

No member of the key management personnel of the Company’s consolidated group (**Group**) whose remuneration details are included in the Remuneration Report (or a closely related party of any such member), may vote in any capacity, and the Company will disregard the votes cast by or on behalf of such persons, on Item 2, unless the vote is cast as proxy for a person entitled to vote on Item 2:

- ▶ in accordance with a direction on the proxy form; or
- ▶ by the Chairman of the meeting if the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

#### Items 4 & 5 – voting restrictions

Items 4 and 5 are resolutions connected directly or indirectly with the remuneration of key management personnel.

The Company will disregard:

- ▶ any votes cast in favour of Items 4 and 5 by or on behalf of Mark Vassella and any of his associates, in any capacity; and
- ▶ any votes cast on Items 4 and 5 by a person who is a member of the Group’s key management personnel or their closely related parties as proxy.

However, the Company does not need to disregard votes cast by such persons on Items 4 and 5 as proxy for another person who is entitled to vote on those Items if the vote is cast:

- ▶ in accordance with the directions on the proxy form; or
- ▶ by the Chairman of the meeting pursuant to an express authority on the proxy form to vote undirected proxies as the Chairman sees fit even though Items 4 and 5 are connected with the remuneration of the Group’s key management personnel.

#### Item 6 – voting restrictions

No votes on Item 6 may be cast by or on behalf of a Relevant Person (as defined in the Explanatory Notes to this Notice of 2018 Annual General Meeting), or by any associate of such a person. However, the Company does not need to disregard those votes which are cast on Item 6 by such persons as proxy for another person who is entitled to vote on that Item provided the vote is cast in accordance with the directions on the proxy form.

Additionally, the Company will disregard any votes cast on Item 6 by a person who is a member of the Group’s key management personnel or their closely related parties as proxy, unless the vote is cast:

- ▶ in accordance with the directions on the proxy form; or
- ▶ by the Chairman of the meeting pursuant to an express authority on the proxy form to vote undirected proxies as the Chairman sees fit even though Item 6 is connected with the remuneration of the Group’s key management personnel.

#### The Chairman of the meeting and undirected proxies

The Chairman of the meeting intends to vote undirected proxies (where he has been appropriately authorised) in FAVOUR of each item.

If a shareholder appoints the Chairman of the meeting as their proxy and the shareholder does not direct him how to vote on Items 2, 4, 5 and 6, the shareholder authorises the Chairman of the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Group's key management personnel.

If you do not wish to appoint the Chairman of the meeting as your proxy to vote on an item in the manner indicated above, the Company encourages you to complete the voting directions in respect of each item in Step 2 of the proxy form.

#### Proxy information

- ▶ A shareholder who is entitled to attend and cast a vote at the 2018 Annual General Meeting may appoint a proxy.
- ▶ A proxy need not be a shareholder and can be an individual or a body corporate.
- ▶ A body corporate appointed as a shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the meeting (see "**Corporate representatives**" below).
- ▶ A shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- ▶ The following addresses and facsimile number are specified for the purposes of receipt of proxy appointments:

#### Addresses

##### By hand:\*

BlueScope Steel Share Registry  
c/- Link Market Services Limited  
Level 12, 680 George Street  
Sydney, NSW, 2000

\*During business hours (Monday to Friday, 9:00am–5:00pm)

##### By fax:

Facsimile: +61 (0)2 9287 0309

##### By mail:

BlueScope Steel Share Registry  
c/- Link Market Services Limited  
Locked Bag A14, Sydney South,  
NSW, 1235, Australia

##### Electronic proxy voting:

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

- ▶ To be effective, the instrument by which a proxy is appointed by a shareholder and, if the instrument is signed by the shareholder's attorney, the authority under which the instrument is signed or a certified copy of the authority, must be received by the Company at least 48 hours before the meeting.
- ▶ Shareholders should consider directing their proxy as to how to vote on each resolution by marking either the "For", "Against" or "Abstain" box when completing their proxy form to ensure that their proxy is permitted to vote on their behalf in accordance with their instructions.
- ▶ Under the Corporations Act, if the appointment of a proxy specifies the way the proxy is to vote on a particular resolution:

- the proxy is not required to vote on a show of hands, but if the proxy does so, the proxy must vote as directed (subject to any applicable voting exclusions);
- if the proxy has two or more appointments that specify different ways to vote on the resolutions, the proxy must not vote on a show of hands;
- if the proxy is not the Chairman, the proxy need not vote on a poll but if the proxy does so, the proxy must vote as directed (subject to any applicable voting restrictions); and
- if the proxy is the Chairman, the proxy must vote on a poll and must vote as directed.

- ▶ In addition, there are some circumstances where the Chairman will be taken to have been appointed as a shareholder's proxy for the purposes of voting on a particular resolution even if the shareholder has not expressly appointed the Chairman as their proxy. This will be the case where:

- the appointment of the proxy specifies the way the proxy is to vote on a particular resolution; and
- the appointed proxy is not the chair of the meeting; and
- a poll is called on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the Annual General Meeting; or
  - the proxy attends the Annual General Meeting but does not vote on the resolution.

- ▶ For more information concerning the appointment of proxies and the addresses to which proxy forms may be sent, please refer to the proxy form.

#### Corporate representatives

- ▶ A body corporate that is a shareholder (or which is appointed as a proxy) may appoint a person to act as its representative. The representative should bring to the meeting:
  - a letter or certificate authorising him or her as the body corporate's representative, executed in accordance with the body corporate's constitution; or
  - a copy of the resolution appointing the representative, certified by a secretary or director of the body corporate.
- ▶ To be effective, the instrument appointing a person as the representative of a body corporate that has been appointed as a proxy must be received by the Company **at least 48 hours before** the meeting.

#### Voting entitlements

- ▶ The Board has determined that for the purposes of the meeting, shares will be taken to be held by those persons recorded on the Company's share register as at 7:00pm (Melbourne time) on Wednesday 21 November 2018.

By order of the Board

**Debra Counsell**, Company Secretary  
Melbourne, **2 October 2018**

## Explanatory notes

This information forms part of the Notice of Meeting.

### Item 1. Annual Report

The Annual Report, Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2018 will be presented for consideration.

These documents are accessible on the Company's website [www.bluescope.com/investors/annual-reports](http://www.bluescope.com/investors/annual-reports).

### Item 2. Remuneration Report

The Remuneration Report forms part of the Directors' Report, and is included in the Company's Annual Report for the year ended 30 June 2018. The Remuneration Report is also available on the Company's website [www.bluescope.com/investors/annual-reports](http://www.bluescope.com/investors/annual-reports).

The Remuneration Report:

- explains the Company's remuneration policy and its relationship with the Company's performance;
- contains the remuneration details of the Directors and the other key management personnel of the Company; and
- explains the incentive arrangements in place for the Company's employees.

The Directors unanimously recommend that shareholders vote in favour of this advisory resolution.

### Item 3. Candidate for election as a Director

Mr Mark Hutchinson, having been appointed a Director since the 2017 Annual General Meeting, vacates office in accordance with the Company's Constitution and, being eligible, offers himself for election.

Biographical information on Mr Hutchinson is set out below. Prior to Mr Hutchinson's appointment appropriate background checks were undertaken and no material adverse information was revealed by those checks. Additional information on the process and criteria for determining the independence of Directors for the purposes of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations is contained in the Company's Corporate Governance Statement, which can be found on the Company's website [www.bluescope.com/about-us/governance](http://www.bluescope.com/about-us/governance).

The Board (excluding the candidate Mr Hutchinson) supports the election of Mr Hutchinson.

**Mark Hutchinson**, Non-Executive Director (Independent)

Age 58, D Bus, B Com

Director since: 1 October 2018

Directorships of other Australian listed entities in the past three years: Nil

Mr Hutchinson has extensive business and leadership experience at the senior executive level. He has held various roles at General Electric (GE) over a 25 year career, the two most recent as President and Chief Executive Officer Europe (2015–2017) and China (2010–2014). In these roles, Mr Hutchinson's responsibilities included strengthening GE's operations across China and Europe and developing and executing a shared growth strategy for all GE businesses. Prior to joining GE China, he was President of GE Capital Real Estate International where he led the Real Estate team in Europe and Asia. He previously held various financial services roles at Barclays Capital Asia Limited in Australia and Hong Kong (1983–1994).

Mr Hutchinson brings to BlueScope a global perspective including direct operational experience in Asia. He also has extensive experience in companies which have used technology and digital to undertake transformational change.

### Items 4. and 5. Approval of grant of share rights and alignment rights to Mark Vassella

#### Background to Items 4 and 5

#### Overview of proposed grants of Share Rights and Alignment Rights

As outlined in the Remuneration Report, as part of Mark Vassella's remuneration package it is proposed that, subject to Board approval, he be granted:

- share rights to acquire fully paid ordinary shares in the Company in respect of the Company's Short Term Incentive Plan (Share Rights); and
- alignment rights to acquire fully paid ordinary shares in the Company in respect of the Company's Long Term Incentive Plan (Alignment Rights).

Items 4 and 5 seek shareholder approval for those grants for the 2019 performance year.

#### Proposed grant of Share Rights under the Company's Short Term Incentive Plan

Under the Company's short term incentive arrangements Mark Vassella may elect to receive nil, 50% or 100% of his potential short term incentive for each performance year in Share Rights. For the 2019 performance year, Mark Vassella has elected to receive 100% of his short term incentive award in Share Rights, i.e. he will not receive any cash incentive.

The maximum number of Share Rights Mark Vassella is entitled to be granted in the 2019 performance year is 67,038. That number was determined by:

- dividing \$1,200,000 (being Mark Vassella's maximum STI opportunity for the 2019 performance year) by the volume weighted average price (VWAP) of the Company's shares traded on ASX for the 3 months up to and including 31 August 2018 which was \$17.9002; and
- multiplying the result by 100%, being the percentage of Mark Vassella's potential 2019 short term incentive award that he has elected to receive in Share Rights.

#### Vesting of Share Rights

Except in limited circumstances mentioned below, Share Rights would vest only to the extent that the relevant performance conditions are satisfied. The performance conditions are designed to:

- provide specific Company financial performance targets for Mark Vassella. Targets have been selected by the Board and include measures for return on invested capital and free cash flow for the performance year. The Company's policy is not to provide earnings guidance and accordingly the details of the relevant financial conditions will not be disclosed in advance; and
- incentivise Mark Vassella to achieve targets relating to safety and specific business strategy priorities. The Company considers the conditions relating to execution of the strategy initiatives to be commercial-in-confidence with the result that publication of that information prior to the end of the performance period may be prejudicial to the interests of the Company.

The specific measures will be disclosed in the FY2019 Remuneration Report.

The number of Share Rights that vest will be determined in accordance with the vesting schedule below and will depend on the extent to which the performance conditions are satisfied:

| Satisfaction of performance conditions | % of Share Rights that vest |
|----------------------------------------|-----------------------------|
| Below threshold                        | 0%                          |
| Threshold                              | 33%                         |
| Target                                 | 67%                         |
| Maximum or greater                     | 100%                        |

Between “threshold” and “maximum” the number of Share Rights that vest will be determined on a straight-line basis.

“Threshold”, “target” and “maximum” performance levels will be determined by the Board and notified to Mark Vassella. The Board will disclose, in the Remuneration Report for the year ending 30 June 2019, the outcome against the performance conditions, including the rationale for the relevant vesting percentage.

#### **Proposed grant of Alignment Rights under the Company's Long Term Incentive Plan**

Subject to shareholder approval, it is proposed Mark Vassella will be granted Alignment Rights with a performance period start date of 1 July 2018 (2019 Alignment Rights Award) on the basis described below.

The maximum number of Alignment Rights to be granted to Mark Vassella is 100,557. That number was determined by dividing \$1,800,000 (being Mark Vassella's LTI opportunity for the 2019 performance year) by the VWAP of the Company's shares traded on ASX for the 3 months up to and including 31 August 2018 which was \$17.9002. These Alignment Rights will be subject to the conditions described below.

#### **Vesting of Alignment Rights**

For the 2019 Alignment Rights Award, the performance period starts on 1 July 2018 and ends on 30 June 2021.

Except in limited circumstances mentioned below, Alignment Rights would only vest if:

- ▶ the Company's average annual “Underlying EBIT ROIC” over the relevant three year performance period is greater than 10%. “Underlying EBIT ROIC” is the ratio of the Company's consolidated underlying earnings before interest and tax (EBIT) to the Company's average net operating assets (defined as net assets minus future income tax benefits plus provision for deferred tax plus provision for income tax). The Company's average net operating assets for the period is calculated as the average of the opening balance and each of the 12 months in the relevant period (i.e. a 13 month average); and
- ▶ the ratio of the Company's average annual “Leverage” calculated at 6 monthly intervals over the relevant three year performance period is less than 1. “Leverage” is the ratio of the Company's consolidated current and non-current external borrowings less cash and cash equivalents as at the relevant balance date to the Company's consolidated underlying earnings before interest, tax, depreciation and amortisation (EBITDA) for the relevant period.

The calculation of “Underlying EBIT ROIC” and “Leverage” is to be as determined by the Board, after such adjustments (if any) as the Board determines.

If one or both of the performance conditions is not satisfied, all of the Alignment Rights will lapse (unless the Board exercises its discretion to allow them to vest which it will only do in exceptional circumstances).

#### **Additional information for Items 4 and 5**

Under ASX Listing Rule 10.14, shareholder approval is required before Mark Vassella can acquire shares in the Company under the Company's Short Term Incentive Plan and Long Term Incentive Plan.

#### **Share Rights and Alignment Rights**

Subject to the rules of the Company's Short Term Incentive Plan, each Share Right would entitle Mark Vassella to be provided with one fully paid ordinary share in the Company upon vesting. Subject to the rules of the Company's Long Term Incentive Plan, each Alignment Right would entitle Mark Vassella to be provided with one fully paid ordinary share in the Company upon vesting.

No amount is payable by Mark Vassella in respect of the award of Share Rights or Alignment Rights, or the exercise of a Share Right or an Alignment Right. Mark Vassella will be liable for income tax in respect of the Share Rights and Alignment Rights in accordance with applicable tax laws. No financial assistance is, or will be, provided by the Company to Mark Vassella in respect of the tax liability arising from the award or exercise of the Share Rights or Alignment Rights.

#### **Exercise and lapse of Share Rights and Alignment Rights**

If a Share Right or an Alignment Right vests, it may be exercised by Mark Vassella and he will be provided with a fully paid ordinary share in the Company. Shares would be acquired for Mark Vassella by the trustee of the Company's share plan trust by way of subscription for new shares or on-market purchase with funds provided by the Company. If a Share Right or an Alignment Right does not vest, it will lapse.

The Board has discretion to determine that Share Rights and Alignment Rights lapse if it determines that Mark Vassella has not adhered to all of the Company's policies that apply to him, he has not conducted himself in accordance with the Company's values, his conduct has otherwise been unsatisfactory or otherwise as it sees fit, including having regard to business performance.

#### **Ceasing employment**

Unvested Share Rights and Alignment Rights will lapse if Mark Vassella ceases to be employed because of termination for cause or as a result of him resigning. If it considers it appropriate, the Board has discretion to treat a resignation as if it was a retirement or redundancy (as described below).

If Mark Vassella ceases to be employed because of death or disability, all his unvested Share Rights and Alignment Rights would vest. Vesting in these circumstances would occur without regard to performance conditions.

In relation to the Share Rights, if Mark Vassella ceases employment due to retirement or redundancy within 6 months of the performance period start date of the Share Rights, all unvested Share Rights will lapse. After the initial 6 month period, Mark Vassella will retain a pro-rated number of share rights in proportion to the performance period that has elapsed at the time he ceases employment. Whether those share rights vest will depend upon an assessment of the performance conditions at the end of the performance period.

However, the Board has discretion to determine that pro-rating will not apply and/or that the performance conditions are to be assessed at the time Mark Vassella ceases employment. Any Share Rights that are not retained will lapse.

In relation to the Alignment Rights, if Mark Vassella ceases employment due to retirement or redundancy, he will retain a pro-rated number of Alignment Rights in proportion to the service period that has elapsed at the time he ceases employment. Whether those Alignment Rights vest will depend upon an assessment of the performance conditions at the end of the performance period. However, the Board has discretion to determine that pro-rating will not apply and/or that the performance conditions are to be assessed at the time Mark Vassella ceases employment. Any Alignment Rights that are not retained will lapse.

#### **Clawback**

The Board has discretion to clawback (i.e. lapse) Share Rights and Alignment Rights in its absolute discretion, including in the event of serious misconduct by management which undermines the Company's performance, financial soundness and reputation. These events could include misrepresentation or material misstatements due to errors, omissions or negligence.

#### **Change of control**

If, at any time while there are Share Rights or Alignment Rights which have not lapsed or vested, a takeover bid is made to acquire the whole of the issued ordinary share capital of the Company or a transaction is announced by the Company which, if implemented, would result in a person owning all of the issued shares in the Company, then the Board may permit the Share Rights or Alignment Rights to vest. The Company must permit the Share Rights and Alignment Rights to vest if a person acquires more than 50% of the issued share capital of the Company provided that the Board determines that the performance hurdles have been satisfied as assessed at the that time having regard to the shorter performance period.

#### **Annual Remuneration Strategy Review**

Each year the Remuneration and Organisation Committee of the Board reviews the Company's remuneration structure and strategy taking into account developments in the market to ensure that it remains consistent with the "Key Principles" of the Company's remuneration framework (most recently set out in the 2018 Remuneration Report). If, following a review, it is proposed to materially change the terms of the proposed award of Share Rights or Alignment Rights to Mark Vassella, further approval would be sought from shareholders (if required).

#### **Other Information**

In accordance with the ASX Listing Rules and the Corporations Act, the following additional information is provided concerning the Share Rights and Alignment Rights to be awarded to Mark Vassella:

- ▶ Mark Vassella will be the only Director who is entitled to participate in the Short Term Incentive Plan and Long Term Incentive Plan for the 2019 performance year.
- ▶ There is no loan scheme in relation to the Short Term Incentive Plan (or Share Rights awarded under it) or Long Term Incentive Plan (or Alignment Rights awarded under it).
- ▶ Any Share Rights or Alignment Rights to be granted to Mark Vassella will be granted as soon as practicable after the meeting, and in any event no later than 22 November 2019.

#### **Directors' Recommendation**

The Directors (with Mr Vassella abstaining) recommend that shareholders vote in favour of Items 4 and 5.

#### **Item 6. Approval of potential termination benefits**

The Corporations Act restricts the benefits (**termination benefits**) which can be given to certain employees who hold or held a managerial or executive office in the Company or a related body corporate of the Company. Under the Corporations Act, the Company may only give a person a termination benefit in connection with their ceasing to hold a managerial or executive office in the Company or a related body corporate of the Company if it is approved by shareholders or an exemption applies.

The Company's policy in relation to termination benefits is to treat ceasing employees and key management personnel (**KMP**) fairly and consistently, and in accordance with applicable laws and market practice.

To ensure the Company is able to meet this objective, shareholder approval is sought for any potential termination benefits that may be provided to a Relevant Person (as defined below), including as a result of the exercise of Board discretion, under:

- ▶ their employment or service agreement;
- ▶ the Company's various incentive plans; and
- ▶ applicable laws and regulations.

Approval by shareholders does not guarantee that a Relevant Person will receive termination benefits, but rather preserves the discretion of the Board to determine the most appropriate termination arrangements for the person in accordance with the relevant employment agreement and incentive plan rules.

#### **Shareholders have previously provided approval at the 2015 AGM**

At the 2015 Annual General Meeting, shareholders provided approval for the purposes of section 200B and 200E of the Corporations Act to authorise the Company to provide benefits of the kind contemplated by this Item. The approval was granted for a three-year period with expiry being the 2018 AGM. Shareholders are now requested to renew the approval for a further three years.

#### **These are not new benefits**

The Company's remuneration strategy and arrangements are described in the Remuneration Report and this Notice of Meeting. Shareholders are not being asked to approve any increase or changes in the employment arrangements, remuneration, individual entitlements, benefits or incentive plans for Relevant Persons (defined below). Rather, shareholders are being asked to approve the Company's existing policy and practices to enable the Company to continue to operate its remuneration programs to support its strategy. The Board has proposed this Item 6 as it considers it appropriate to refresh the previous shareholder approval at the 2018 Annual General Meeting.

#### **Which employees are covered by the approval?**

Approval is being sought in respect of:

- ▶ any current or future employees who are (or become) members of the Company's KMP; and
- ▶ any current or future employees who hold (currently or in the future) a managerial or executive office in the Company or a related body corporate (this includes individuals who are directors of the Company's subsidiaries),

and either hold that role at the time of their termination or were in the role within the three years prior to their termination (**Relevant Persons**).

Given the wide application of restrictions on the payment of termination benefits in the Corporations Act and the fact the Company is a global business with subsidiaries and operations in many jurisdictions around the world, many of the Relevant Persons are employed outside Australia. Their employment terms have been designed to meet local laws, regulations and practice, and are not necessarily the same as the terms applying to employees in Australia.

Approval is not being sought in respect of Non-executive Directors. The Company's policy is that Non-executive Directors do not receive retirement benefits other than in accordance with the Company's superannuation obligations.

#### Termination benefits and entitlements

The potential termination benefits or entitlements for which shareholder approval is sought (including the various discretions that may be exercised by the Board (or its delegate)) are described below.

As outlined below, the Company currently operates the Long Term Incentive Plan and the Short Term Incentive Plan (where part of an STI award may be delivered as Share Rights). These plans are described in the Company's Remuneration Report. For this Item 6, the Company's long term and short term equity incentive plans are referred to as the **Equity Incentive Plans**.

| Agreement / Plan          |                                                                                                                                                                                                                                                                                                                                              | Potential Entitlements / Treatments                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                          |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employment Agreements     | The Managing Director and Chief Executive Officer is employed under an agreement which includes a 12-month notice period by either party.                                                                                                                                                                                                    |                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                          |
|                           | Other executive KMP, excluding the Managing Director and Chief Executive Officer, are employed under agreements which include a 6-month notice period by either party.                                                                                                                                                                       |                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                          |
|                           | All executive KMP contracts include a 12-month service payment in the event of termination by the Company other than for cause.                                                                                                                                                                                                              |                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                          |
|                           | Directors of related bodies corporate of the Company are employed under agreements capable of termination by the relevant related body corporate or the director on providing certain periods of notice (depending upon the individual employment agreement).                                                                                |                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                          |
|                           | The Company may make a payment in lieu of some or all of the notice period in accordance with the terms of the relevant contract. This payment can include other allowances or entitlements as contemplated in the employment agreement including but not limited to non-monetary benefits, relocation expenses and superannuation benefits. |                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                          |
| Incentive Plans           |                                                                                                                                                                                                                                                                                                                                              |                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                          |
|                           | Termination for cause / resignation                                                                                                                                                                                                                                                                                                          | Death or disability                                                                                                         | Retirement or redundancy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Agreed resignation                                                                                                                                                                       |
| Short Term Incentive Plan | Unvested rights will lapse unless the Board otherwise exercises its discretion.                                                                                                                                                                                                                                                              | Unvested rights will vest without regard to relevant performance hurdles or the expiry of any applicable retention periods. | Unvested rights lapse if employment ceases within 6 months of the performance period start date. After the initial 6 month period, unvested rights do not lapse, however the number of rights that remain available for vesting at the end of the relevant performance period may be reduced pro-rata to reflect the proportion of the performance period served. The Board has discretion to determine that pro-rating should not apply and that applicable performance conditions should be assessed at the time of cessation. | Unvested rights do not lapse, where the Board determines to treat cessation of employment as if it was a retirement or redundancy for the purpose of the relevant Equity Incentive Plan. |
| Long Term Incentive Plan  | As above                                                                                                                                                                                                                                                                                                                                     | As above                                                                                                                    | Unvested rights do not lapse, however the number of rights that remain available for vesting at the end of the relevant performance period may be reduced pro-rata to reflect the proportion of the performance period served. The Board has discretion to determine that pro-rating should not apply and that applicable performance conditions should be assessed at the time of cessation.                                                                                                                                    | As above                                                                                                                                                                                 |

Other benefits may be payable upon cessation of employment in accordance with policies, market practice or local law. As BlueScope has employees in a number of countries outside Australia, it is not possible to succinctly describe each benefit and its treatment in advance for each Relevant Person who may be affected.

Any other payments required to be made under an applicable law or statutory entitlement will also be paid by the Company and its related bodies corporate.

#### Value of the potential termination benefits

The amount and value of the termination benefits for which the Company is seeking approval cannot be ascertained in advance, but will be the maximum potential benefit that could be provided under the relevant employment agreement, Equity Incentive Plans and other arrangements, as summarised above. Other factors which may affect the amount and value of the termination benefits that may be provided include:

- ▶ the circumstances in which the individual ceases to hold office;
- ▶ their base salary at the time of cessation of employment;
- ▶ the length of their service with the Company and its related bodies corporate and the portion of any relevant performance or retention periods that have expired at the time they cease employment;
- ▶ the number of share rights or other entitlements held by the individual prior to cessation of employment and the number that the Board determines to vest, lapse, forfeit or leave on foot in accordance with the relevant plans;
- ▶ the Company's share price at the relevant time;

- ▶ any factors that the Board determines to be relevant when exercising a discretion (such as its assessment of the individual's performance up to the termination date);
- ▶ the jurisdiction in which the individual is based at the time they cease employment, and the applicable laws in that jurisdiction; and
- ▶ any changes in law between the date the Company and its related bodies corporate enter into an employment contract with the individual and the date they cease to hold office.

#### Approval is sought for a three year period

If approval is obtained, it will be effective for a period of approximately three years from the date the resolution is passed until the conclusion of the Company's 2021 Annual General Meeting. If considered appropriate, the Board will seek to renew the approval of shareholders at the Company's Annual General Meeting in 2021.

It can be reasonably anticipated that aspects of relevant employment agreements, the Equity Incentive Plans and the Company's policies will be amended from time to time in line with market practice and changing governance standards. Where relevant, changes in relation to KMP will be reported in the Company's future remuneration reports. However, it is intended that this approval will remain valid for as long as these agreements, plans and policies provide for the treatment on cessation of employment set out in this Notice of Meeting.

#### Directors' Recommendation

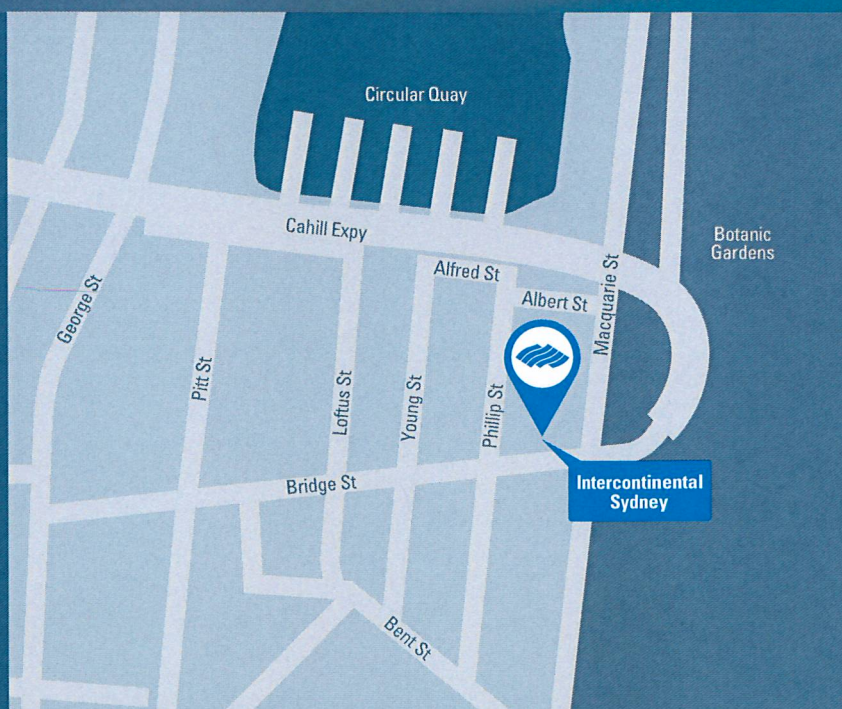
The Directors (with Mr Vassella abstaining) recommend that shareholders vote in favour of Item 6.

#### Annual General Meeting location

**Intercontinental Sydney**  
117 Macquarie Street, Sydney, NSW  
at **10.00am** (Sydney time)  
on **Friday 23 November 2018**.

BLUESCOPE STEEL LIMITED  
LEVEL 11, 120 COLLINS STREET  
MELBOURNE, VICTORIA 3000 AUSTRALIA  
ABN 16 000 011 058

[WWW.BLUESCOPE.COM](http://WWW.BLUESCOPE.COM)





**BlueScope Steel Limited**  
ABN 16 000 011 058

## LODGE YOUR VOTE



### ONLINE

<https://investorcentre.linkmarketservices.com.au/voting/BSL>



### BY MAIL

BlueScope Steel Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



### BY FAX

+61 2 9287 0309



### BY HAND

Link Market Services Limited  
Level 12, 680 George Street, Sydney NSW 2000



### ALL ENQUIRIES TO

Telephone: +61 1300 855 998



X99999999999

## PROXY FORM

I/We being a member(s) of BlueScope Steel Limited (the **Company**) and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

☐ **the Chairman  
of the Meeting  
(mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. In this case I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **10.00am (Sydney time) on Friday, 23 November 2018 at the Intercontinental Sydney, 117 Macquarie Street, Sydney, New South Wales** (the **Meeting**) and at any adjournment or postponement of the Meeting.

**Important for Resolutions 2, 4, 5 and 6:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 2, 4, 5 and 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

#### Resolutions

- 2 Adoption of the Remuneration Report for the year ended 30 June 2018 (non-binding advisory vote)
- 3 Election of Mr Mark Hutchinson as a Non-executive Director
- 4 Approval of grant of Share Rights to Mark Vassella under the Company's Short Term Incentive Plan
- 5 Approval of grant of Alignment Rights to Mark Vassella under the Company's Long Term Incentive Plan

For Against Abstain\*

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- 6 Approval of Potential Termination Benefits

For Against Abstain\*

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, any shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

BSL PRX1801C

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, any shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate letter, certificate or resolution should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed, or a certified copy of the Power of Attorney) must be received at an address given below by **10:00am (Sydney time) on Wednesday, 21 November 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

<https://investorcentre.linkmarketservices.com.au/voting/BSL>

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MAIL

BlueScope Steel Share Registry  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

Delivering it to Link Market Services Limited\*  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**