

Date: **12 November 2020**

DISCLOSURE OF FY2020 STI FINANCIAL TARGETS

BlueScope has received several requests for additional disclosure of financial targets relevant to the Managing Director & Chief Executive Officer's FY2020 short term incentive scorecard found on page 35 of the FY2020 Full Year 4E, Directors Report and Financial Report (released on 17 August 2020). This information is set out below:

Key Performance Indicator	Threshold	Target	Stretch	FY2020 Performance
Underlying ROIC ¹	7.0%	8.3%	10.0%	7.6%
Free cash flow	\$248M	\$310M	\$372M	\$412M

BlueScope's short-term incentive program is designed to drive and reward executives through challenging annual targets set by the Board. Targets are set with reference to annual budgets and business plans, economic conditions and market outlook, and are set with a range between threshold to stretch to enable outperformance to be rewarded.

Financial targets can vary quite significantly from year to year given the macroeconomic environment and are largely driven by commodity steel margins ('spreads'). Steel spreads were unusually high during most of FY2019, but by June/July 2019 had fallen demonstrably. The financial targets for FY2020 were set in August 2019 in the context of these lower steel spreads and before the emergence of the COVID-19 pandemic. Whilst FY2020 ROIC targets were set below where they had been in prior years, the Board considered they had the appropriate level of stretch in the prevailing circumstances. Actual steel spreads remained low during FY2020 which resulted in the below-target ROIC outcome, to which no Board discretion was applied.

The omission of the FY2020 financial target information was unintentional. BlueScope will ensure financial target information is included in future remuneration reports, consistent with its approach in the FY2019 Remuneration Report.

Authorised for release by: The Managing Director & Chief Executive Officer.

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¹ Return on invested capital