

# OneSteel Limited Board Charter & Corporate Governance Guidelines

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## 1. INTRODUCTION

The principal activities of OneSteel Limited (OneSteel or the Company) are mining and supply of steelmaking raw materials to steel mills operated in Australia and overseas; recycling of ferrous and non-ferrous scrap metal; and manufacture and distribution of steel long products.

OneSteel manufactures and distributes a wide range of products including structural, rail, rod, bar, wire and pipe and tube products. In addition, the Company distributes sheet and coil, piping systems, plate and aluminum products.

Since listing on 23 October 2000, OneSteel has developed an independent strategic vision, its own culture and governance standards.

The Board Charter and Corporate Governance Guidelines (Guidelines) constitute a reference point for directors, employees and investors in understanding OneSteel's approach to the processes, performance measures, values and ethical standards which govern directors and employees. They are designed to facilitate an evaluation of the company's framework and procedures in the context of ensuring accountability and transparency.

The Guidelines are reviewed at least annually by the Governance and Nominations Committee and then considered by the board of directors (Board).

## 2. ONESTEEL APPROACH

### 2.1 Mission

OneSteel's mission is to deliver superior and sustainable returns through leading market positions in the construction, recycling, resources and industrial markets, with the leadership of our high calibre people, operating and distribution capabilities.

#### 2.1.1 Core Values

OneSteel's mission is underpinned by the following values:

- Safety - we will not compromise on safety; and
- Customers - we will meet our promise to customers.

#### 2.1.2 Business Strategy

There are four key elements to OneSteel's business strategy. They are improving returns from existing businesses, achieving strong cash generation, growing and

diversifying earnings and building organisational capability, particularly in relation to Supply Chain, Operational Excellence, and Customer and Market Insight.

- **Improving returns from existing businesses**

OneSteel seeks to:

- develop and manage reliable, capable, cost competitive manufacturing processes;
- build on OneSteel's cost competitive position through a continuous cost reduction program to offset inflationary costs; and
- manage margins to offset increases in raw material input costs.

- **Achieving strong cash generation**

OneSteel seeks to:

- convert good profit outcomes into good cash outcomes;
- manage facilities to maximise the most effective and efficient configuration for loading manufacturing facilities;
- tightly manage allocation and spend on capital expenditure; and
- maximise efficient product flow through integrated businesses.

- **Growing and diversifying earnings**

OneSteel seeks to:

- actively develop and take advantage of acquisition opportunities that fit our strategy and meet financial and other hurdles;
- enter new markets through the development of new applications for existing products and to extend existing businesses into new geographies;
- invest to grow in selected businesses and markets; and
- commit to research and development of new products and services aimed at meeting future customer needs, and acceleration of the commercialisation of patented and unique technologies.

- **Building organisational capability**

OneSteel has implemented the following programs:

- *Customer and Market Insight* – involves understanding the needs of customers and OneSteel's markets and using this knowledge to build value propositions which the business is aligned to deliver;

- *Supply Chain Transformation* – involves the effective and efficient alignment of systems, processes, information and operations for the delivery of products and services from securing raw materials through to end customers;
- *Operational Excellence* – means that OneSteel will have reliable, capable and cost competitive processes, which are sustainable and align and underpin OneSteel's market offers; and
- *Performance Culture* - building a performance culture and rewarding employees for their contributions to the achievements of the total business.

## 2.2 Principles for Directors

All Directors must conduct themselves in accordance with the law and best corporate practice and in particular so as to ensure that they comply with each of the following principles (Principles):

- Directors act in the best interests of OneSteel as a whole, with honesty and in good faith;
- Directors use care and diligence when carrying out their duties and act in a way that recognises that their primary duty is to the shareholders of OneSteel whilst appropriately taking into account the interests of other stakeholders;
- Directors do not make improper use of their position as directors or of information obtained from their position;
- Directors do not allow any personal conflicts of interests or the interests of any associate or related party to interfere with their duties to OneSteel;
- Directors do not engage in conduct which is likely to attract undue negative publicity to OneSteel or is likely to damage the Company's reputation;
- Each individual Director has an ongoing responsibility to exercise sound rational judgement and independence of mind and to take all reasonable steps to make proper enquiries when making decisions on behalf of OneSteel;
- Directors recognise and respect the confidential nature of information to which they are privy to in the course of exercising their duties and agree to honour the confidentiality of that information; and
- Consistent with these Principles, Directors seek to ensure that OneSteel operates ethically, safely and profitably in the interests of all stakeholders.

## 2.3 Independence of Directors

The Board regularly assesses the independence of each Director. For this purpose an Independent Director is a Non-Executive Director whom the Board considers to be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement.

In addition to being required to conduct themselves in accordance with the Principles for Directors and Directors' Responsibilities, Directors must be meticulous in disclosure of any material contract or relationship in accordance with the *Corporations Act 2001* (Cth) (Corporations Act). Directors must strictly adhere to the constraints on their participation and voting in relation to matters in which they may have an interest in accordance with the Corporations Act and OneSteel policies.

Each Director (or interests associated with each Director) may be a shareholder in the Company. Each Director may be involved with other companies or professional firms which may from time to time have dealings with OneSteel. Directors must be meticulous in ensuring that disclosure, as required by law, is made of any dealings and, where requisite, details are set out in the Company's financial statements.

The Board has assessed that each of the Non-Executive Directors of the Company is an Independent Director. In reaching that determination, in addition to the matters referred to above, the Board has taken into account:

- specific disclosures made by each Director;
- where applicable, the related party dealings of each Director, noting that those dealings are not material under accounting standards;
- that no Non-Executive Director has ever been employed by OneSteel or any of its subsidiaries; and
- that no Director is, or is associated with, a supplier, professional adviser, consultant to or customer of OneSteel that is material under accounting standards.

The Board does not consider that term of service should be considered as a factor affecting the question of independence.

The Board considers that a fixed maximum tenure is not in the Company's interests. Instead, it considers that a Director should not seek re-election if they, or the Board considers it is not appropriate to do so. In its consideration, matters considered by the Board may include renewal and succession, size, experience and skill mix, diversity or and performance.

A key responsibility of the Board's Governance & Nominations Committee (G&NC) is to consider and make recommendations to the Board in relation to its composition. The aim of the Directors is to create a Board which has the appropriate mix and depth of skills, experience and attributes to discharge its responsibilities to the highest standard and which, in discharging those responsibilities, vigorously and constructively challenges and motivates the Company's executives to achieve outstanding performance in the interests of all its stakeholders.

In considering the appointment or recommendation for appointment of Directors, attributes and matters which are taken into account include diversity in its widest sense, outstanding career performance, impeccable values, capacity to contribute constructively to a team, willingness and capacity to devote the time and effort required, capacity to contribute strongly to the assessment and oversight of risk and risk management, capacity to contribute to the development and implementation of strategy and the Company's policies and a strong appreciation of the responsibilities of the Company to its shareholders, employees, the communities in which it operates, its suppliers, customers and other stakeholders.

## **2.4 Code of Conduct**

The Company's Code of Conduct is available on the website [www.onesteel.com](http://www.onesteel.com).

### **3. Constitution**

The Company operates under a Constitution which is reviewed regularly against changes in the law and best corporate practice. Any changes considered desirable by the Board are placed before the shareholders in general meeting.

## **4. POWERS AND RESPONSIBILITIES OF THE DIRECTORS**

### **4.1 Directors to manage and exercise powers of the Company**

In accordance with the Constitution, the business of OneSteel is to be managed by the Directors who may exercise all the powers of the Company as are not, by the Corporations Act or by the Constitution, required to be exercised by the Company in general meeting.

### **4.2 Directors' Responsibilities**

The Directors must conduct themselves consistently with the Principles in carrying out the following key functions:

- oversight of the business and affairs of OneSteel;
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestments;
- establishing with management the strategies and financial objectives and reviewing and monitoring implementation of those objectives and strategies;
- monitoring the performance of management in accordance with the mission, core values, operating style, strategic priorities and OneSteel's Code of Conduct;
- appointing, supporting, evaluating and rewarding the Managing Director & Chief Executive Officer and having in place an executive management succession plan;
- ensuring a diverse and effective Board with appropriate operating standards and procedures for the Board and its Committees;
- ensuring that the principal business risks have been identified and the implementation and monitoring by management of a framework to manage those risks;
- ensuring a process is in place for the maintenance of the integrity of internal controls, and financial and management information systems;
- ensuring the Company acts legally and responsibly on all matters;
- ensuring that appropriate ethical standards are maintained; and
- ensuring proper and timely financial and governance reporting to shareholders on the Board's stewardship.

## **5. COMPOSITION OF BOARD**

### **5.1 Number of Directors**

The Constitution provides that the required number of directors is not less than 3 nor more than 10 (or a lower number determined by the Board).

### **5.2 Shareholding Qualification**

There is no shareholding qualification for Directors.

### 5.3 Casual Vacancies

The Constitution provides that Directors may appoint a person at any time to fill a casual vacancy or as an addition to the existing Directors (provided the maximum specified in accordance with clause 9.1(a) is not exceeded). Anyone appointed under this rule must stand for election at the next Annual General Meeting.

### 5.4 Chairman

5.4.1 The Directors may elect one of their number as Chairman.

The policy of the Board is that the Chairman is an Independent, Non-Executive Director.

5.4.2 The Chairman has a major role as the head of the Board in providing leadership of the Board and leadership in the strategic direction of the Company, more particularly:

- leading and facilitating the Board and its deliberations;
- ensuring the Directors' focus is on the enhancement of shareholder value;
- maintaining a professional working relationship with the Managing Director & Chief Executive Officer;
- ensuring that management appropriately responds to questions and enquiries of members of the Board;
- acting as spokesman, where appropriate and communicating and consulting with shareholders and relevant stakeholders on significant issues as appropriate;
- ensuring that each Director appropriately contributes to the Board's decision-making process;
- ensuring availability of the required Director skills and experience on the Board;
- ensuring the Board has a performance evaluation process;
- setting the agenda for each Board meeting, taking into account suggestions from other Directors and ensuring meetings are effectively conducted; and
- maintaining ethical standards based on agreed Company values.

### 5.5 Managing Director

5.5.1 The Directors may appoint a Managing Director for the period and on the terms they think fit.

5.5.2 The Directors may confer on the Managing Director any of the powers exercisable by them on such terms and conditions and with such restrictions as they fit. They may withdraw or vary any of the powers. The Directors have conferred on the Managing Director and Chief Executive Officer all the powers of management of OneSteel. The Managing Director and Chief Executive Officer is accountable to the Directors for the management and control of the affairs of the Company and its related bodies corporate.

5.5.3 Geoff Plummer was appointed Managing Director and Chief Executive Officer of the Company on 2 May 2005 and has entered into a contract of employment with OneSteel. The contract provides that he cannot hold any directorship, trusteeship

or other equivalent role with an outside body (other than a family company or trust) unless prior approval of the Chairman is obtained.

## **5.6 Election and Rotation of Directors**

The Constitution provides that a Director must retire from office no later than the longer of the third Annual General Meeting of the Company or three years following that Director's last election or appointment (other than those who have been appointed to casual vacancies and other than the Managing Director).

Where required by the ASX Listing Rules or the constitution, an election of Directors will be held each year.

The Board considers that a fixed maximum tenure for directors is not in the Company's interests. Instead, it considers that a Director should not seek re-election if the Board considers (whether by reason of considerations such as the need for Board renewal and succession, Board size, skill mix, performance or otherwise) it is not appropriate to do so.

## **5.7 Other Directorships**

Non-Executive Directors may accept positions on other commercial boards with the prior approval of the Chairman.

# **6. APPOINTMENT OF DIRECTORS**

## **6.1 Terms and Conditions**

All new Directors appointed to the Board receive a letter of appointment, from the Chairman, which sets out the basis of appointment and includes the following:

- process and term of appointment;
- remuneration, superannuation and expense claims;
- committees, directors duties, other directorships and business interests;
- securities dealing
- insurance;
- independent professional advice;
- corporate governance matters
- directors disclosures, induction, professional development and confidentiality; and
- access to senior executives.

New Directors receive a copy of OneSteel's Constitution and copies of key governance and Company documents.

Each Non-Executive Director is offered a Deed of Access, Insurance and Indemnity.

## **6.2 Induction and Briefings**

The Board induction process involves the following activities:

- individual briefings with the Chairman and Managing Director and Chief Executive Officer to discuss expectations and responsibilities;
- attendance at briefing sessions which include presentations on each division by

- senior executives;
- and
- where appropriate, visits to OneSteel facilities and meetings with management.

Briefings on specialist areas of the business are arranged for Directors.

Directors are kept up to date with developments in the industry and are encouraged to visit OneSteel facilities and meet with management to gain a better understanding of business operations (in accordance with the Guidelines). Visits by Directors to Company operations are included as part of the Board planning process.

## **7. REMUNERATION OF DIRECTORS**

### **7.1 Total Remuneration**

The Constitution provides that the total amount of directors' remuneration (excluding the Managing Director and Chief Executive Officer) must not exceed \$1 million or any other amount that the Company in general meeting determines. In 2006, shareholders approved an increase in the total amount of directors' remuneration (excluding the Managing Director) to \$2 million.

The amount paid to each Director is to be determined by agreement of all Directors. The total amount of Directors' remuneration currently consists of a cash component.

### **7.2 Additional Duties**

The Constitution provides that if a Director provides additional duties at the request of the other Directors, the Company may pay additional remuneration to that Director as determined by the Directors.

### **7.3 Expenses**

A Director is entitled under the Constitution to be reimbursed out of the funds of the Company for reasonable travel, accommodation and other expenses, which are incurred whilst on business for the Company.

## **8. BOARD COMMITTEES**

### **8.1 Committee Structure and Approach to Risk**

8.1.1 The Directors are responsible for the overall corporate governance of OneSteel. To assist in the execution of responsibilities, the Directors have established:

- an Audit and Compliance Committee;
- a Human Resources Committee;
- an Occupational Health, Safety & Environment Committee;
- a Governance & Nominations Committee; and
- an Operational Risk Committee.

8.1.2 Each Committee has a charter approved by the Board.

8.1.3 The Company has adopted a combined assurance approach to risk management,

compliance and the establishment of an internal control framework, involving contributions from internal audit (provided by PriceWaterhouseCoopers), external audit (provided by KPMG) and management (through Control Self Assessment and implementation of action plans).

8.1.4 OneSteel's Risk Policy is located on [www.onesteel.com](http://www.onesteel.com).

8.1.5 Minutes from each Committee meeting are provided to the Board for noting.

## **8.2 Audit & Compliance Committee**

8.2.1 The Audit & Compliance Committee is comprised of four Non-Executive Directors and is chaired by Peter Nankervis. The Managing Director and Chief Executive Officer and other executives of OneSteel may attend meetings by invitation.

8.2.2 The Audit & Compliance Committee meets quarterly or as and when required. The Committee meets in February to consider the half yearly financial statements and in August to consider the full year financial statements. At the May and November meetings its deliberations principally concern compliance matters.

The Role and Responsibilities of the Audit & Compliance Committee are outlined in its Charter.

8.2.3 The internal audit function of OneSteel is independent of the external Audit.

8.2.4 The Audit and Compliance Committee Charter is located on website [www.onesteel.com](http://www.onesteel.com).

## **8.3 Human Resources Committee**

8.3.1 The Human Resources Committee is comprised of three Non-Executive Directors and is chaired by Graham Smorgon.

8.3.2 The Human Resources Committee meets as and when required. The duties and scope of the Human Resources Committee are outlined in its Charter.

8.3.3 The Human Resources Committee Charter is located on [www.onesteel.com](http://www.onesteel.com).

## **8.4 Occupational Health, Safety & Environment Committee**

8.4.1 The Occupational Health, Safety & Environment Committee is comprised of four Non-Executive Directors and is chaired by Bryan Davis.

8.4.2 The Occupational Health, Safety & Environment Committee meets quarterly or as and when required. The role of the Occupational Health, Safety & Environment Committee is outlined in its Charter.

8.4.3 The Occupational Health, Safety & Environment Committee regularly visits OneSteel sites.

8.4.4 The Occupational Health, Safety and Environment Committee Charter is located on [www.onesteel.com](http://www.onesteel.com).

## **8.5 Governance & Nominations Committee**

- 8.5.1 The Governance & Nominations Committee is comprised of two Non-Executive Directors and is chaired by Colin Galbraith.
- 8.5.2 The Governance & Nominations Committee meets as and when required. Its duties/scope are outlined in its Charter.
- 8.5.3 The Governance & Nominations Committee Charter is located on [www.onesteel.com](http://www.onesteel.com).

## **8.6 Operational Risk Committee**

- 8.6.1 The Operational Risk Committee is comprised of five non-executive directors and is chaired by Peter Smedley.
- 8.6.2 The Operational Risk Committee meets as and when required. Its duties/scope are outlined in its Charter.
- 8.6.3 The Operational Risk Committee Charter is located on [www.onesteel.com](http://www.onesteel.com).

## **9. SUBSIDIARY BOARD COMPOSITION**

The Board has determined that, as a general policy, Non-Executive Directors should not sit on the boards of wholly-owned subsidiaries.

All appointments to the boards of wholly-owned subsidiaries are to be approved by the Managing Director and Chief Executive Officer and noted by the Board at least annually.

Where practical and permitted by law, each wholly-owned subsidiary board should have at least three directors.

### **9.1 Publicly Listed Subsidiaries**

The Board will nominate directors as appropriate to all publicly listed subsidiaries regardless of where they are domiciled.

### **9.2 Australian Domiciled Subsidiaries**

The Managing Director and Chief Executive Officer, Chief Financial Officer and relevant division Chief Executive or Executive General Manager or their delegates are appointed as directors of 'major operating' wholly-owned subsidiary boards. The Chief Financial Officer or delegate is appointed as Public Officer. The OneSteel Limited Company Secretary is appointed as Secretary.

### **9.3 Foreign Domiciled Subsidiaries**

Employees of foreign, wholly-owned subsidiaries are not permitted to be directors of the entity that employs them unless approved by the Managing Director and Chief Executive Officer.

Where required by law, resident directors and secretaries are appointed to foreign domiciled wholly-owned subsidiaries.

Where permitted by law, one or more of the relevant division Chief Executive, General Manager or country manager are appointed as directors of 'major operating' wholly-owned subsidiary boards.

## **10. COMPANY SECRETARY**

### **10.1 Appointment**

The Constitution provides that:

- there must be at least one secretary of the Company appointed by the Directors for a term and at a remuneration and on conditions determined by them;
- the secretary is entitled to attend and be heard on any matter at all Directors' and general meetings; and
- the Directors may, subject to the terms of a secretary's employment contract, suspend, remove or dismiss the secretary.

### **10.2 Duties**

The duties of the Company Secretary are to ensure compliance with the statutory and internal obligations of the Company (including under the Constitution, the Corporations Act and ASX Listing Rules). They include:

- awareness of regulations and best practice concerning arranging, attending and minuting meetings of boards and members (including the Annual General Meeting);
- notification to ASX and ASIC within deadlines for statutory filings and returns;
- awareness of obligations of the Company in relation to maintenance of books and records (ie. minutes, financial statements and statutory registers);
- regular requests to the Directors to review their standing interests and provide any changes to the Directors in papers submitted to the Board;
- maintaining relevant registers; and
- assisting Directors with administrative matters.

## **11. PROCEEDINGS OF DIRECTORS**

### **11.1 Meetings of Directors**

The Constitution provides that a Director may at any time and the secretary must on the written request of a Director convene a meeting of the Directors. The current practice is for the Directors to meet ten times per calendar year and as and when required. Board meetings are usually scheduled on the third Monday of the month except in April and October. The Directors also meet as appropriate in the absence of management.

### **11.2 Location**

Board meetings are held in either Melbourne or Sydney. Where practical, Board meetings are also scheduled to be held at major operating sites at regular intervals.

### **11.3 Electronic Meetings**

Directors may hold electronic meetings in accordance with the Corporations Act.

## 11.4 Circulating Resolutions

The Constitution provides that Directors may pass a resolution without a Directors' meeting being held if the resolution is given to all the directors and a majority of the Directors entitled to vote on the resolution assent to a document containing a statement that they are in favour of the resolution set out in the document.

## 11.5 Board Agenda

11.5.1 The agenda evolves from the outcomes of previous meetings, from items referred to the Directors by committees, from items which have been identified to come to the Directors on a regular basis as part of an annual agenda structure and for new items that require consideration. The secretary develops the agenda in conjunction with the Chairman and Managing Director and Chief Executive Officer and the agenda includes an item reserved for "other business" to allow Directors to raise additional items in the meeting, if appropriate.

11.5.2 The Company has in place an annual calendar for recurring agenda items which are required to come before the Board in any one year. This assists management in its planning process and helps ensure that information is provided to the Directors in a timely manner. It is also a useful tool for ensuring that there is comprehensive reporting to the Directors on all matters relevant to their mandate.

## 11.6 Guidelines on what should come to the Directors

The Directors have established guidelines to assist management with issues that must come to the Directors or Board Committees for consideration.

The Managing Director and Chief Executive Officer is responsible for reporting to the Board on business operations. This includes:

- strategic priorities, mission and core values, objectives and budgets;
- corporate policy and compliance in accordance with key policies;
- monitoring of achievement of the strategic business plan and objectives;
- capital expenditure in excess of budget or delegated authorities;
- remuneration of senior executives;
- decisions beyond management delegations;
- risk profile and control framework;
- major issues affecting the organisation's external total environment and corporate reputation;
- governance issues including major potential or actual litigation or non-compliance with legislation or OneSteel policies;
- senior management succession planning;
- acquisitions;
- investments;
- debt raising;
- new product lines;
- organisational structure;
- delegations of authority;
- Committee reports; and
- D&O insurance renewal.

### **11.7 Presentation of Papers**

The reporting of information to Directors is principally by way of the monthly Board reporting. Board and Committee papers should be clear and concise, without jargon and be divided into items for decision and those for noting. Papers are distributed by the Company Secretary to allow three clear days for reading prior to the meeting. Additional papers should only be tabled at meetings in special circumstances with pre-approval of the Managing Director and Chief Executive Officer.

### **11.8 Annual General Meeting**

The AGM is held at Sydney, Melbourne or as otherwise determined by the Directors.

## **12. ACCESS TO INFORMATION BY BOARD**

### **12.1 Board Papers**

Directors acknowledge care must be taken to protect the integrity of papers distributed to them in the course of their duties. On leaving the Company, the Director will deliver to the Company Secretary all papers obtained during the course of tenure. Directors may provide all their papers to the Company Secretary from time to time. The Company Secretary maintains a complete set of all Board and Committee papers for the use of Directors.

### **12.2 Board Attendance by Company Officers**

The Directors encourage the Managing Director and Chief Executive Officer to bring senior management into the boardroom when they have personal involvement in the subject being discussed to assist in the development of these managers. .

### **12.3 Board access to Senior Management**

Directors requiring access to senior management should obtain the pre-approval of the Chairman. An exception applies to the Chairman of any Board Committee who may access the senior executive to whom that Committee relates.

### **12.4 Senior Management access to the Board**

If at any time any member of the senior management team is aware of a matter which the member believes requires the attention of the Directors, the member has a responsibility to ensure the matter is brought to the attention of the Directors. The appropriate method of access to the Directors is through the Managing Director and Chief Executive Officer, Chairman or the Chairman of the relevant Board Committee.

### **12.5 Independent professional advice**

For the purposes of the proper performance of their duties relating to the Company, Directors are entitled to obtain independent professional advice at the Company's expense following pre-approval by the Chairman. This advice is treated as advice to the Board.

## **13. BOARD EVALUATION**

### **13.1 Review**

Each year the Directors conduct a formal review to evaluate their performance in meeting shareholder and stakeholder expectations. It is considered that this matter is appropriately reviewed by the whole Board under the direction of the Chairman and not by a Board Committee alone.

The review includes:

- comparing financial and non-financial results against budgets and agreed external benchmarks;
- the quality and effectiveness of information made available to the Board;
- the effectiveness and composition of the Board;
- the strategic direction and objectives;
- assessing whether corporate governance practices are appropriate; and
- assessing whether the expectations of shareholders and, as appropriate, other stakeholders are achieved.

### **13.2 Individual Director Appraisal**

The Chairman discusses individual Director's contribution with each Director face-to-face, as appropriate and at least annually.

### **13.3 Appraisal of Managing Director and Chief Executive Officer**

The Chairman holds regular discussions with the Managing Director and Chief Executive Officer in relation to issues affecting the Company. The Board and its Committees keep the performance of the Managing Director and Chief Executive Officer under continual review.

## **14. INDEMNIFICATION**

### **14.1 Constitution Indemnification**

The Constitution provides for every person who is or has been a Director or an executive officer of the Company or a secretary of the Company to be indemnified out of the property of the Company against every liability incurred by the person in that capacity (except a liability for legal costs) and all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity unless the Company is forbidden by statute or an indemnity by the Company would, if given, be void by statute.

### **14.2 Deed of Access, Indemnity & Insurance**

The Company has in place a Deed of Indemnity, Access and Insurance (Deed) with each Non-Executive Director. The Deed ensures that Non-Executive Directors have access to Board papers relating to their appointment period.

## **15. DIRECTORS & OFFICERS INSURANCE**

### **15.1 Premium**

The Company has in place Directors and Officers insurance.

### **15.2 Run-off cover**

Under the Deed, the Company undertakes, amongst other things, to ensure that throughout the appointment period and access period it will take out and maintain an insurance policy, pay the insurance premium.

## **16. RETIREMENT OF DIRECTORS**

### **16.1 Retirement Benefit**

Under a scheme approved as part of the process for the public listing of OneSteel, the Company agreed to pay retirement benefits to Non-Executive Directors calculated by reference to emoluments paid to them and to their respective tenure. On 20 May 2003 the Company announced that this arrangement would be discontinued and a new remuneration policy adopted.

The transition to the new arrangements involved the retirement benefit for Directors in office at 17 November 2003 being capped at the amount accrued by reference to the emoluments received by the Directors to that date (less amounts paid by OneSteel to that date in respect of the Directors as statutory superannuation contributions), with the Directors foregoing the balance of the scheme.

## **17. SHARE DEALINGS AND SHARE PLANS**

### **17.1 Securities Dealing**

Directors and employees are encouraged to be long-term holders of the Company's shares. The Company has a policy on securities dealing which prohibits short term trading in the Company's securities.

The Securities Dealing Policy is located on [www.onesteel.com](http://www.onesteel.com).

### **17.2 Directors duty to notify the ASX of certain interests**

Directors should provide the Company Secretary details of any relevant interest they hold in OneSteel securities or the securities of related bodies corporate of OneSteel or any contracts that confer a right to call for or deliver securities in, debentures of, or interests in a collective investment scheme made available by OneSteel or a related body corporate for notification to ASX in accordance with the ASX Listing Rules.

### **17.3 Non-Executive Director Share Plan**

The Non- Executive Director Share Plan (Plan) is currently suspended following changes to tax legislation.

#### **17.4 Executive Long Term Incentive Plan**

Under the Long-Term Incentive Plan (LTIP), eligible executives and executive directors will have share rights (which have been purchased on-market by the Trustee pursuant to a Trust Deed) issued to them if they meet pre determined performance measures. Share rights may also be allocated under the LTIP.

#### **17.5 Staff Share Plan**

OneSteel has in place a Tax Exempt Staff Share Plan, which provides eligible employees with an opportunity to acquire OneSteel shares and access certain related taxation concessions. There is also a Tax Deferred Staff Share Plan in operation.

### **18. CONFIDENTIALITY, CONTACT WITH MEDIA AND THIRD PARTIES**

Contact with media and third parties concerning OneSteel is the responsibility of the Managing Director and Chief Executive Officer and the Chairman and contacts in that regard are referred to those persons or, in their absence, the General Manager - Investor Relations & External Affairs.

### **19. MANAGEMENT**

#### **19.1 Delegation**

The Constitution vests those powers which are not exercised by the Company in general meeting in the Directors. The Directors delegate responsibility to the Managing Director and Chief Executive Officer for the operation of the business in accordance with the Strategic Business Plan, supporting budget, delegations policy and in compliance with directions issued by the Directors from time to time.

#### **19.2 Remuneration**

##### **19.2.1 Award covered employee remuneration**

Award covered employees may receive a performance related payment based on local production and safety performance. Wage rates are generally established through enterprise bargaining.

##### **19.2.2 Salaried staff remuneration**

Salaried staff rates are reviewed annually with salary increases based on both external benchmarking and management's assessment of individual contribution within defined budgets. Salary and reward practices are extensively reviewed and benchmarked to attract, retain and motivate quality, qualified people.

##### **19.2.3 Executive staff remuneration**

Executive staff participate in a short term incentive payment scheme where payments are based on a pre determined mix of safety, business and individual performance and also may be entitled to participate in long term incentive schemes subject to meeting performance hurdles.

## **20. OTHER POLICIES**

In addition to the Company's Corporate Governance policies, procedures, guidelines and statements, the Company has other policies (which are reviewed regularly and as appropriate by the Directors, Committees of the Board and senior management) relating to internal and external operations.

## **21. ANNUAL REVIEW AND BOARD APPROVAL**

21.1 The Governance and Nominations Committee reviews Corporate Governance documents annually and recommends amendments to the Board.

22.2 The Guidelines were last reviewed by the Governance & Nominations Committee on 3 August 2011 and approved by the Board on 15 August 2011.