

# ASX RELEASE



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## **BLUESCOPE ANNOUNCES MARK VASSELLA AS NEW CEO TO SUCCEED RETIRING PAUL O'MALLEY**

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BlueScope today announced Mark Vassella as its new Managing Director & CEO from 1 January 2018, after Paul O'Malley announced his retirement effective 31 December 2017.

Mr Vassella joined BlueScope in 2007, and is currently Chief Executive BlueScope Australia and New Zealand. He started in the steel industry as a cadet at BHP Newcastle in NSW, in the early 80s, and has worked through the ranks, in a range of general management and leadership roles in Australia, the UK and the US.

Announcing the new CEO, Chairman John Bevan said, "The Company is noted for the strength of its management team and after a rigorous international and domestic selection process, the Board was very pleased to be able to select Mark from a very strong internal pool.

"BlueScope is delivering well on its strategy, with strong momentum throughout the Company, and a clear focus on improving returns and driving growth.

"Mark will lead from the front, and his priority now is to keep delivering on the strategy, and to build on our recent performance and successes," Mr Bevan said.

"Mark has been a key part of the development of our strategy, and in Australia and New Zealand has led our 8,000 strong workforce in manufacturing and distribution through a major restructure of the business. He has overseen the return of the Australian business to profitability, and was instrumental in the 2015 decision to continue operations at Port Kembla in Australia, and at Glenbrook in New Zealand.

"He has run all BlueScope's buildings businesses in North America, leading the integration of our acquisitions and sat on the Board of North Star (the leading mini-mill in North America). He has delivered outstanding performance and will make a significant contribution as global leader of this great Company.

"BlueScope is in a very good position, and the Board is confident in the strength of the internal management capability to take advantage of the opportunities ahead," Mr Bevan said.

CEO-elect Mark Vassella said, "I'm delighted and honoured to have been chosen to lead the BlueScope team. I'm fully committed to building further on the great success we have achieved in recent years. I thank the Board for giving me the opportunity, and congratulate Paul for the outstanding achievements realised under his leadership."

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A summary of the terms and conditions of Mr Vassella's appointment is set out in the attachment to this ASX release.

Mr Bevan said, "Outgoing CEO Paul O'Malley has been an outstanding leader for more than ten years and the Company owes him a great debt of gratitude for his strength of vision and purpose as leader. His focus on safety, and on the essential turnaround and transformation of the Company in the decade after the global financial crisis showed leadership of the highest order. He retires with the warmest thanks and best wishes of the Board and all BlueScope employees."

Announcing his retirement, outgoing CEO Paul O'Malley said, "BlueScope has always been about the team, and I'm obviously sad to be leaving this superb team. But equally, I'm very pleased that Mark has been appointed to lead the team in the next phase of BlueScope's journey."

"I've enjoyed 12 very tough but inspiring years at BlueScope – ten as its CEO.

"The Company has a clear strategy for growth. The team of 15,000 people across 17 countries is hard at work implementing that strategy. This means BlueScope's world-leading brands, products and manufacturing plants, its great customer base and its very good balance sheet, underpin the future potential growth for BlueScope.

"Working with the entire BlueScope team, and being so well supported throughout by such a strong Board, has been the greatest honour of my professional career.

"I believe our customers, employees, the communities in which we operate and our shareholders can feel confident about the future," Mr O'Malley said.

A summary of the terms and conditions of the retirement arrangements for Mr O'Malley is set out in the attachment to this ASX release.

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**For further information about BlueScope:** [www.bluescope.com](http://www.bluescope.com)

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## Attachment I

### Mark Vassella – Summary of Key Terms of Employment Agreement

A summary of the key terms and conditions of the employment agreement for Mark Vassella in his role as MD&CEO is set out below.

#### Commencement Date and Term

The appointment will commence on 1 January 2018 and is ongoing with no fixed term.

#### Remuneration

The remuneration involves a combination of Fixed Pay and Incentives (short and long term).

- (a) The Fixed Pay is \$1,800,000.
- (b) Short Term Incentive at target is \$800,000 and maximum is \$1,200,000
- (c) Long Term Incentive is intended to be in the form of Alignment Rights which will be determined by dividing 100% of Fixed Pay by the weighted average share price in the three months prior to 31 August. (For FY18, the award will be apportioned to reflect the 6 months serving as MD&CEO and 6 months in his current role).  
If shareholder approval is not received for the long term incentives at the 2017 AGM, a cash payment will be made in lieu of the share rights otherwise to be awarded.

#### Termination provisions

The employment may be terminated in the circumstances and on the terms described below:

- (a) Immediate termination by BlueScope for defined causes: Payment of Fixed Pay up to termination only and of statutory entitlements.
- (b) Termination on notice by BlueScope: The notice period is twelve months and BlueScope may make a payment in lieu of notice (calculated on Fixed Pay). Unless there has been a demonstrated failure to meet BlueScope's performance standards for the position, BlueScope will also make a termination payment equal to 12 months Fixed Pay provided that the total of any payments in lieu of notice and the termination payment do not exceed 12 months Fixed Pay.
- (c) Resignation: The CEO may resign by giving twelve months' written notice.
- (d) Termination due to illness or disablement: BlueScope may terminate the employment on twelve months' notice or payment in lieu of notice where the CEO has been incapacitated for a total of six months in any 12 months period.
- (e) Termination on fundamental change: Where the status, duties, authority, reporting lines or terms and conditions of the employment are materially diminished other than by agreement, the CEO can elect to treat the employment as having been terminated by BlueScope in which case BlueScope will be required to provide twelve months' notice or pay in lieu of notice plus 12 months Fixed Pay provided the total payment does not exceed 12 months Fixed Pay.

#### Post employment restraints

The CEO will be subject to a restraint for 12 months after ceasing employment with BlueScope:

- (a) on being engaged, concerned or interested in any business or activity that competes with or intends to compete with the BlueScope Group; and
- (b) on soliciting away from BlueScope, employees, customers or suppliers.

#### Other provisions

The employment agreement also contains usual terms in respect of duties and responsibilities, conflicts of interest, hours of work, leave, confidential information, intellectual property, return of property, resignation from offices, monitoring and surveillance, privacy, medical examinations.

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## Attachment II

### Paul O'Malley – Key Terms of Retirement as Managing Director & Chief Executive Office and Ongoing Employment

These terms set out below are reflected in two documents between BlueScope and Mr O'Malley – a separation deed and an employment agreement.

In line with his contract,

1. On 31 December 2017, Mr O'Malley will cease to perform the role of Managing Director & Chief Executive Officer. He will cease to be a member of the Board on that day.
  2. Between 1 January 2018 and 28 September 2019, Mr O'Malley will perform duties as requested by the Chief Executive Officer in accordance with a revised employment agreement.
  3. From 1 January 2018 until 23 February 2018, Mr O'Malley will work out his notice period on a full-time basis and will continue to be paid his current fixed pay of \$2,116,496.
  4. No termination payments will be paid.
  5. No further share rights will be granted to Mr O'Malley under the BlueScope Long Term Incentive Plan. He will not participate in any awards made this financial year.
  6. In addition, Mr O'Malley will not be entitled to any short term incentive payments for FY 2018.
  7. From 24 February 2018 until 28 September 2019, Mr O'Malley will work as a Board adviser on a part-time basis (up to two days per month) and will receive fixed pay of \$5,000 per month (including superannuation with no incentive payments).
  8. Mr O'Malley's unvested share rights granted under the BlueScope Long Term Incentive Plan will remain on foot and will operate in accordance with the rules of the Plan with vesting to occur at the originally intended vesting dates and subject to the relevant performance hurdles.
  9. Mr O'Malley's employment will end on 28 September 2019 unless terminated earlier. From 1 January 2018, Mr O'Malley's employment may be terminated at any time:
    - a) by written agreement of the parties;
    - b) by BlueScope without notice in the event of conduct justifying summary dismissal;
    - c) by Mr O'Malley giving five weeks written notice. In these circumstances, BlueScope can choose to retain his services during the notice period or make a payment in lieu of notice.
  10. On his employment ending, Mr O'Malley will be paid for any accrued but untaken annual leave and long service leave entitlements noting that any leave accrued by Mr O'Malley in the period between 24 February 2018 and his employment ending is to be taken during that period.
  11. Mr O'Malley will be subject to a restraint for 12 months after ceasing employment (until 28 September 2020) with BlueScope:
    - a) on being engaged, concerned or materially interested in any business or activity that competes with or intends to compete with the BlueScope Group; and
    - b) on soliciting employees from BlueScope.
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## Attachment III

### Mark Vassella Curriculum Vitae

#### Education

- Bachelor of Commerce, University of Newcastle
- Master of Business Administration, University of Queensland

#### Senior Executive Roles

##### BlueScope Steel Ltd

2011 – present	Chief Executive BlueScope Australia & New Zealand
2008 – 2011	President BlueScope North America
2007 – 2008	Chief Executive BlueScope Australian Distribution & Solutions

##### Smorgon Steel Group

2000 – 2007	Chief Executive Smorgon Steel Distribution
1999 – 2000	Group Manager Strategic Planning, Smorgon Steel Group

#### Earlier career

- ANI Structural Steel Products Group
- Palmer Tube Mills (Aust) Pty Ltd
- BHP Steel Limited

#### Key achievements

As Chief Executive BlueScope Australia & New Zealand, Mark Vassella has been responsible for all of BlueScope's manufacturing, operations and sales and marketing activities in Australia & New Zealand including Port Kembla Steelworks and New Zealand Steel at Glenbrook. This also includes BlueScope's downstream sales and distribution network including BlueScope Distribution, Lysaght roll forming business, Sheet Metal Supplies and Metalcorp Steel. These businesses incorporate over 100 sites and approximately 8,000 employees. In 2011 Mark led the rationalisation of the combined Australian businesses which saw the closure of one blast furnace at Port Kembla and other downstream assets and the exit from the export sales market. This was achieved safely, without industrial action, and all customer service measures were maintained. Mark also oversaw a \$100 million investment in the next generation ZINCALUME® and COLORBOND® steels coated product technologies and a \$500 million reduction in working capital.

In 2015 Mark oversaw the negotiated outcome with unions, NSW State Government and suppliers to achieve cost savings of approximately \$300 million per annum, and prevent the closure of the Port Kembla Steelworks, thus allowing the Company to retain 4500 jobs in the Illawarra. This cost reduction and rationalisation program has seen the Australian steel business return to profitability and cash generation.

As President North America, Mark managed BlueScope's North American assets and the integration of the IMSA Corporation businesses, which included Steelscape, ASC Profiles and VP Buildings. He led a major rationalisation of the business through the economic downturn flowing from the global financial crisis.

Other roles held at BlueScope include Chairman North Star BlueScope Steel, Chairman Tata BlueScope Steel, and responsibility to develop a growth plan to expand BlueScope's engineered building solutions business, which led to a full time Executive Leadership position being created to execute the strategy in 2011.

#### Personal

Mark lives in Melbourne, and is married with two children. He is a Board member and past President and Treasurer of the Family Life charitable organisation, and is a stalwart supporter of the St Kilda Football Club.

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