



The Steel Company of Canada

## GENERAL CONDITIONS COVERING PROCESSING, CONVERSION AND WORKMANSHIP SERVICES

- 1. The term "Purchaser", as used in these General Conditions, shall mean Stelco Inc. and the term "Processor" shall mean the vendor to which Purchaser's subject Purchase Order is issued. The term "Purchase Order" or "Purchase Order Contract" as used herein shall mean Purchaser's subject Purchase Order, including these General Conditions and all terms, conditions, sourcing plant work orders, instructions and specifications contained in Purchaser's on-line Processor Instructions located at [www.stelco.com/doing-business/terms-and-conditions](http://www.stelco.com/doing-business/terms-and-conditions) as the same may be revised by Purchaser from time to time, which is expressly incorporated herein, and by this reference made a part hereof.**
- 2. Processor shall be deemed to have accepted this Purchase Order Contract upon its undertaking performance of any of the processing, conversion or workmanship services covered hereunder. Processor agrees to be bound by, and to carry out, perform and discharge fully and faithfully each and every undertaking, obligation and liability set forth in Purchaser's said Purchase Order and these General Conditions. Purchaser hereby expressly objects to and rejects any and all additional, different or conflicting terms proposed by Processor whether contained in, without limitation, Processor's proposal, bid quotation, order acknowledgement form(s), correspondence or in any other written or oral communication with Purchaser.**
- 3. It is expressly understood and agreed that title to all materials which Purchaser delivers to Processor's designated plant for processing hereunder and all products produced there from (including scrap generated thereby) shall be and remain with Purchaser at all times; provided however that while such materials and products are in Processor's possession, such materials and products shall be at Processor's risk and Processor shall be solely responsible for any and all loss of or damage to such materials and/or products until redelivery of the same in accordance with Purchaser's directions. In the event of any such loss or damage Processor shall promptly, upon notification from Purchaser, correct or repair such material(s) or product(s) at Processor's sole cost and expense or, at Purchaser's option, reimburse Purchaser the then effective (i.e., Purchaser's published or established) commercial price applicable to the type of material or product lost or damaged and shall reimburse Purchaser for the processing and transportation charge or charges, if any, previously paid on the items lost or damaged.**
- 4. All materials delivered for processing hereunder and the products processed therefrom shall be kept segregated from the property and/or materials of others and Purchaser's bands and labels shall be retained. Processor shall, at all times during the processing and/or storage of such materials and/or products, properly identify the same as Purchaser's, and shall perform all acts required by law to protect the rights of Purchaser as owner of such materials and products. Processor shall not permit or cause to be created any interest, pledge, mortgage, encumbrance or**

**other lien of any kind or nature adverse to Purchaser's interest in materials delivered for processing hereunder or the products produced there from; nor permit the removal of said materials or products from Processor's plant other than as expressly authorized in this Purchase Order; nor permit anything to be done that may impair the value of any of the materials or products or the security intended to be afforded by this Purchase Order contract; nor permit the materials or products to become commingled with the goods or property of others; and will defend said materials and products against the claims or demands of all persons. Processor irrevocably waives any rights Processor may now have or which Processor may acquire during the operation of this Purchase Order Contract to file liens or charges against Purchaser, its property or materials delivered for processing hereunder or the products produced therefrom, and agrees to furnish Purchaser immediate written notice of the seizure, by process of law or otherwise, of any of Purchaser's said materials, products or property.**

- 5. Processor hereby irrevocably waives any rights he may now have or which he may acquire to file liens or charges against Purchaser or Purchaser's property with respect to Processor's performance of work governed by this Agreement and as defined in the Purchase Order and work Orders.**
- 6. Processor shall also pay, satisfy and discharge all mechanics', materialmen's and other liens, claims or notices, notices of personal liability or levy of any kind and all claims, obligations, liabilities and costs (including cost of investigation, attorneys' fees, and all other costs of litigation or threatened litigation) which may be asserted against Purchaser or its property by any person(s) or third party whomsoever claiming by or through Processor by reason of, or as a result of noncompliance with any obligation, or any other acts or omissions of Processor, his employees, representatives, licensees or suppliers, or his subcontractors, or the employees or suppliers of his subcontractors, in connection with or relating to the performance of work governed by this Agreement. Processor shall indemnify, hold harmless and defend Purchaser from and against any and all such liens, notices, levies, claims, obligations, liabilities and costs asserted or filed against Purchaser or its property hereunder. In addition, Processor, at Purchaser's request and at Processor's cost and expense, shall provide adequate financial security in form and amount satisfactory to Purchaser to fully protect Purchaser from any such lien, claim, notice or levy.**
- 7. Purchaser shall prepare and file with the appropriate province and local taxing authorities whatever tax returns are required by reason of Purchaser's ownership or storage of tangible personal property (consisting of Purchaser's materials delivered for processing hereunder and all products produced there from) at Processor's designated plant and shall pay to such taxing authority whatever taxes are legally due on such tangible personal property.**
- 8. Processor hereby acknowledges Purchaser's security interest in and to all materials delivered for processing hereunder and products produced there from, it being expressly understood and agreed that title to all said property shall be and remain with Purchaser, free and clear of all liens or claims whatsoever of Processor and others. Processor hereby expressly authorizes and consents to Purchaser's filing of such additional documents, including UCC financing statements in the United States and PPSA registrations in Canada, and similar security documents in countries outside Canada, as are required by Purchaser (i) for the protection of Purchaser's ownership interests in its materials and products while in Processor's possession; and (ii) to secure Processor's redelivery thereof in full compliance with Purchaser's instructions.**

- 9. Purchaser reserves the right to make changes in, deductions from and additions to the processing services covered hereunder upon a written order issued by its purchasing agent to processor. Before proceeding with any such services involving possible claims by Processor for extra compensation above the contract price, Processor shall submit, in writing, to Purchaser's purchasing agent, a detailed estimate of the price for such services and shall secure from Purchaser's purchasing agent, a written change order describing such services and fixing Processor's compensation. In the event any such change reduces the processing services to be performed hereunder, an equitable adjustment shall be made by the parties hereto in the contract price.**
- 10. In the event of default by Processor in the observance or performance of any of the provisions of this Purchase Order Contract, or in the event of an assignment by Processor for the benefit of creditors, the filing by or against Processor of a petition under any section of the bankruptcy or insolvency laws, provincial or federal, or upon the filing, by or against Processor, of any petition for a receiver or a trustee for Processor, or in the event of dissolution or full or partial liquidation of Processor, or should Processor's operations be interrupted for any consecutive five (5) day period, whether by reason of labor dispute or otherwise, or the fact that this contract has been made results in acts by third parties which interfere with or disrupt Purchaser's operations in any manner, then Purchaser shall, at Purchaser's election and without liability to Processor, in any such event, have the right to terminate this Purchase Order Contract and may enter upon the premises of Processor's processing plant and take possession of all Purchaser's property stored or located thereon, and without limitation of any rights granted hereunder, taken such actions as permitted by law to protect Purchaser's interests and enforce Processor's obligations hereunder.**
- 11. In addition to its other remedies granted hereunder or by law, Purchaser may withhold and retain from time to time out of moneys due Processor hereunder amounts sufficient to fully reimburse and compensate itself for any loss or damage which it sustains or may sustain as a result of any default or any breach of any of the provisions of this Purchase Order Contract by Processor or by reason of any other claims Purchaser or any division or subsidiary of Purchaser may have against Processor, whether or not arising from this Purchase Order Contract.**
- 12. Processor warrants that the processing, conversion or workmanship services covered under this Purchase Order Contract will conform to the specifications described in this Purchase Order Contract, will be of good workmanship, free of defects, and will be performed pursuant to reasonable or customary processing procedures. Such warranty shall survive delivery, and shall not be deemed waived either by reason of Purchaser's acceptance of completed materials or Purchaser's payment for services rendered. In the event any service rendered hereunder or products resulting from such service is found to be defective or otherwise not in conformity with the requirements of this Purchase Order Contract, Processor shall correct such defect or nonconformity or, at Purchaser's option, will repay to Purchaser any amount paid hereunder by Purchaser to Processor for such service plus any transportation charges paid hereunder by Purchaser and the invoiced price of any processed product rejected by Purchaser's customer where Processor's responsibility for such rejected product(s) has been established by Purchaser's technical service representative. Purchaser agrees to notify Processor promptly upon the discovery of any defect or nonconformity respecting services rendered by Processor hereunder, and to afford Processor a reasonable opportunity to investigate. The remedies afforded Purchaser pursuant to this General Condition 12 shall be in addition to any other remedies to which Purchaser may be entitled elsewhere under this Purchase Order Contract as a matter of law or otherwise.**

13. Other than as expressly provided elsewhere in this Agreement, neither party shall have any liability for delays in performance to the extent caused by acts of God, acts of war, terrorism or the public enemy, acts of government, shortage of cars, embargoes or delays in transportation, strikes, picketing, lockouts or other labor disturbances, fires, floods, earthquake or other force or violence of the elements (including adverse weather), compliance with or other action taken to carry out the intent or purpose of any law or administrative regulation having the effect of law now or hereafter enacted, or any other contingency beyond the reasonable control of the party affected thereby. In the event of any such occurrence of force majeure, the time for the party's performance affected thereby shall be extended for such period as reasonably required under the circumstances. The foregoing notwithstanding, Processor shall use its best efforts to mitigate the impact, which any force majeure occurrence affecting it may have on the contract schedule for the affected work involved.

The Processor acknowledges that it has full knowledge that, among other things, on March 11, 2020, the World Health Organization declared COVID-19 (coronavirus) a pandemic, the Government of Ontario declared an emergency under section 7.0.1(1) of the Emergency Management and Civil Protection Act (Ontario) in response to the evolving COVID-19 pandemic, the Government of Canada has barred the travel to Canada of all foreign nationals, other than citizens of the United States, and the Governments of Canada and the United States have restricted all non-essential travel across the United States/Canada border (the COVID-19 pandemic and the response of Governmental Authorities and health authorities, domestic, foreign and multinational, is referred to herein as the "COVID 19 Event"). Processor represents and warrants that, based on the COVID 19 Event and the current restrictions and limitations imposed by applicable federal, state, provincial, and local governmental authorities in each of Canada and the United States, it can perform in accordance with the terms of the Purchase Order Contract and any Purchase Order issued hereunder and meet any applicable delivery dates described in any Purchase Order.

14. Any provision required to be included in a contract of this type by any applicable and valid federal, provincial or local law, ordinance, rule or regulation shall be deemed to be incorporated herein.
15. Processor shall not assign this Purchase Order Contract or sublet any part of the work to be performed hereunder without the prior written consent of Purchaser. In case such consent is given, it shall not relieve Processor from any of the obligations of this contract, and any transferee or subcontractor shall be considered the agent of processor and, as between the parties hereto, Processor shall be and remain liable as if no such transfer or subletting had been made.
16. Waiver by Purchaser or Processor of any breach of these provisions shall not be construed as a waiver of any other breach.
17. The contract price(s) and terms of payment applicable to the services rendered by Processor hereunder shall be as designated in this Purchase Order Contract and shall exclusively govern Purchaser's payment to processor for such services. Payment to the Processor for services rendered shall be paid in accordance to the agreed payment terms and conditions as attached to Purchaser's Purchase Order and as stated herein.
18. Unless otherwise specifically stated in the Stelco Purchase Order or pricing attachments all payments will be made on charged weight (ton, hundred weight, pound, metric ton, etc.) basis.

Scrap credits and debits shall be on a net ton basis, in the Purchase Order defined scrap market city, based on the first issue of AMM # Hamilton Bundles less a negotiated handling fee, offset by one month (i.e. the AMM reported value is used for July production). Stelco will debit the processor for any and all scrap other than predetermined-engineered scrap. Engineered scrap is defined as the scrap that is contained within the gross shape of the blank being processed and is removed from the blank only as a result of the die design. All other forms of scrap including heads, tails, line thread up, etc. will be debited by Stelco in accordance with the terms stated herein.

19. Processor shall be solely responsible for the selection and operation of equipment and processing to carry out its obligations hereunder, and shall indemnify, save harmless and defend Purchaser unconditionally and regardless of cause or alleged cause from and against any and all suits, actions, legal proceedings, claims, demands, damages, costs, expenses and attorneys' fees arising from or incident to any infringement or claimed infringement of any patent or patents or intellectual property of any kind arising from the equipment used or the methods practiced by Processor in its performance of this order or in any way connected herewith. Provided, however, that Purchaser may be represented in any such suits, actions or legal proceedings by attorneys of Purchaser's own selection at Purchaser's own expense.
20. Processor shall maintain, in accurate and complete order, all books and records (whether in printed, electronic or other format) associated with the services performed and charges invoiced to and paid by Purchaser pursuant to this Purchase Order Contract. Such books and records shall also include (without limitation) all records relating to any (i) changes or extra work, (ii) claim(s) for allowable adjustment of the contract price or schedule, (iii) entertainment, gifts and/or business, financial or other transactions between Processor and any of Purchaser's employees, (iv) allowable termination costs provided for hereunder and (v) any other allowable charges covered under this Purchase Order Contract. Such books and records, and all other books and records of processor relating to this Purchase Order Contract, shall be open to inspection and/or audit by representatives of Purchaser during reasonable business hours during the life of this Purchase Order Contract and for a period of three (3) years thereafter.

Processor, through appropriate provision in its own subcontracts and purchase orders, shall require its subprocessor(s) and/or supplier(s) to (i) similarly maintain and preserve accurate and complete books and records (as described under this General Condition 20, above) relating to each subcontract and/or purchase order awarded or issued by processor in connection with this Purchase Order Contract, and (ii) permit the inspection and/or audit thereof by purchaser upon the conditions and time period as provided in this General Condition 20.

21. Any failure by Processor to cooperate fully in producing or making available all books and records covered by a Purchaser audit request hereunder, so as to permit a timely and complete inspection and audit thereof by Purchaser, shall constitute a material breach of this Purchase Order Contract.
22. Processor shall prepare load tallies, advanced shipping notices and bills of lading required by Purchaser for each outbound shipment of materials or products processed hereunder, detailing the order number, heat number, piece count and weight. Copies of load tallies, advanced shipping notices and bills of lading shall be provided to Purchaser on the date of shipment via electronic data interface, . Processor shall follow all transportation guides provided by Purchaser on outbound shipments.

23. If any materials received by Processor hereunder are damaged at the time of receipt, Processor shall note such damage on the delivery receipt and shall provide (i) oral notice of such damage to Purchaser and (ii) written confirmation thereof to Purchaser within one to two business days of such receipt. Claims made outside of this time frame, may be denied.
24. Processor shall be liable for all truck detention and/or rail or barge demurrage arising out of delays to carrier equipment at Processor's facility on shipments originating at or terminating at such facility hereunder. Processor shall indemnify and hold harmless Purchaser from all expense or liability, including attorney's fees, arising out of claims for demurrage incurred at Processor's facility for shipments hereunder. Purchaser may, at its option, pay demurrage claimed by any carrier for delays at Processor's facility and obtain reimbursement from Processor hereunder.
25. Processor, at its sole cost and expense, shall procure and maintain in full force and effect Commercial General Liability insurance (under an "occurrence" policy form) and, if applicable, automobile liability insurance coverage with an insurance company or companies acceptable to Purchaser and possessing an A.M. Best Company rating of A-, class vii or better. Said policies of insurance (i.e., Commercial General Liability and umbrella/excess liability policies) shall be endorsed to include purchaser as an additional insured on a primary and non-contributory basis, and the insurance carrier shall promise to defend Purchaser and/or Purchaser's agents, servants and employees and provide insurance coverage of not less than two million dollars (\$2,000,000.00) for personal injury, bodily injury or death arising out of any one occurrence and not less than two million dollars (\$2,000,000.00) for property damage arising out of any one occurrence with minimum aggregate limits of four million dollars (\$4,000,000.00). Said insurance policies shall be endorsed so as to provide purchaser the broadest form of coverage generally available, and the insurer shall include a waiver of subrogation in favor of purchaser.

Processor shall also, at its sole cost and expense, procure and maintain in full force and effect throughout the term of this agreement insurance coverage with an insurance company acceptable to Purchaser and possessing an A.M. Best Company rating of A-, class vii or better insuring for all risks of physical loss or damage at full replacement value for any and all of Purchaser's property on processor's premises. Such coverage should be applicable to Purchaser's materials, products or property in Processor's possession, custody or control, and while in transit to or from Processor's facility. Said policy shall include Purchaser as an additional insured and loss payee, as Purchaser's interest may appear, and the insurer shall include a waiver of subrogation in favor of Purchaser.

Prior to processor's commencement of any services hereunder, processor shall furnish to Purchaser satisfactory certificates of insurance evidencing full compliance with the insurance requirements of this Purchase Order Contract; however, any failure on the part of Purchaser to pursue or obtain the certificates of insurance required hereunder from processor and/or the failure of Purchaser to point out any non-compliance of such certificates of insurance shall not constitute a waiver of any of the insurance requirements set forth herein nor relieve processor of any of its obligations or liabilities hereunder.

All insurance coverage carried by Processor shall extend to and protect Purchaser to the full amount of such coverage, and all deductibles and self-insured retentions (if any), including those relating to defense costs, are the sole responsibility of Processor.



In the event Processor or its insurance carrier defaults on any obligations under these insurance provisions, Processor agrees that it will be liable for any and all reasonable expenses and attorney's fees incurred by Purchaser to enforce the requirements of these insurance provisions.

Processor shall defend, indemnify and hold harmless Purchaser and its agents, employees, representatives, officers and directors and its and their respective successors and assigns, absolutely and unconditionally, from and against any and all claims, actions, damages or causes of action at law or in equity, together with any and all losses, costs, and expenses and attorney's fees arising in connection therewith or related thereto (i) that are asserted by any party for damage to property, bodily injuries, diseases or death (including any worker's compensation claims) arising or in any manner growing out of the work governed by this Purchase Order or

- (ii) that relate to or arise out of any claim asserted by, through or under Processor or its subcontractors, material men and suppliers (including mechanic's lien claims) or
  - (iii) any breach by Processor of any of the warranties, covenants, terms or conditions of this Purchase Order. Processor agrees to fully perform and fulfill its obligations hereunder to defend, indemnify and hold harmless Purchaser, Purchaser's successors and assigns and Purchaser's agents, servants and employees, regardless of whether or not the alleged bodily injury, disease, death or property damage is caused, or is alleged to be caused, in whole or in part, by the conduct, fault or negligence of Purchaser and/or Purchaser's agents, servants or employees. Processor does hereby expressly waive its constitutional and statutory immunity from suit and causes of action that may be provided to employers as well as any other immunity provided by any statute, law or constitution of any other jurisdiction. Purchaser may be represented in any legal actions or settlement of such claims by attorneys of its own selection at its own expense.
26. The relationship of Processor to Purchaser under this Purchase Order Contract shall be solely that of an independent contractor. Nothing contained in said Purchase Order Contract (or any other documents comprising a part thereof, including, without limitation, Purchaser's on-line Processor Instruction Manual) shall be deemed to constitute or create a relationship of agency, joint venture, partnership or any relationship other than that as herein specified. Processor shall be solely responsible for the hiring, discharge and payment of its employees. Processor shall secure all necessary permits and licenses related to such employment and shall provide for payment of all workman's compensation and all taxes and contributions for unemployment insurance and other payments required by law in the performance by Processor of the subject Purchase Order Contract. Processor shall indemnify and save Purchaser harmless from and against any and all claims for such payments, taxes or contributions.
27. Processor shall be solely responsible for compliance with all federal, provincial and local laws, ordinances and regulations applicable to the processing work or services covered hereunder, including expressly environmental laws and regulations. Processor shall secure all necessary licenses and permits in connection with its operations, and shall indemnify and save Purchaser harmless from any and all penalties or other liability arising from Processor's non-compliance with any such laws, ordinances and regulations or failure to secure any said licenses or permits.

**28. Processor agrees that Purchaser reserves the right, exercisable at Purchaser's sole option and with or without cause, to terminate this Purchase Order Contract, in whole or in part, for its own convenience by furnishing thirty (30) days advance written notice of such termination to Processor. In the event of such termination, Processor shall be entitled only to (i) payment for materials or products processed and completed prior to such termination in accordance with the payment provisions of this purchase order, and (ii) an equitable amount to cover (a) its direct costs reasonably expended or committed to third parties and overhead costs reasonably incurred for other Processing services performed up**

**to the date of such termination and (b) Processor's reasonable costs for effecting a prompt, orderly termination of the affected work. Processor agrees that the remedy provided under this General Condition 28 shall be the sole and exclusive remedy of processor for any termination by Purchaser for its convenience hereunder, and Processor waives any and all other claims, damages or remedies whatsoever relating thereto.**

**29. As a supplier of a key commodity to Purchaser, Processor's quality system shall conform to (or Processor should have a development plan to meet) the requirements of ISO 2001: 2015 or IATF 16949: 2016 for automotive customers. Processors for automotive customers shall obtain certification, at a minimum, of ISO 2001:2015 but preferably IATF 16949: 2016. Processors for automotive customers shall, even if not certified to IATF 16949: 2016, conform to the requirements stated therein. Non-automotive customers are encouraged to attain ISO 2001: 2015 certification. All Processors are, however, required to comply with Purchaser's 100% on time delivery requirements. Purchaser reserves the right to audit Processor's facility to assure compliance with this standard.**

**30. This Purchase Order Contract shall be governed by the laws of the Province of Ontario, excluding any provisions giving reference to conflict of laws. The parties hereby submit to the jurisdiction of the courts of the Province of Ontario. Exclusive venue for any litigation permitted under this Purchase Order Contract shall be with the courts located in Hamilton, Ontario.**