

STELCO CONTRACTOR BILLING GUIDELINES

A. GENERAL

1. A failure by a Contractor to comply with the terms hereof may result in a rejection by STELCO of any claimed costs or reimbursement for items invoiced to STELCO that do not comply with the terms hereof.
2. All invoices must provide the breakdown of all cost components: labour, materials, equipment, subcontractors, miscellaneous. Contractor's markup, if applicable, must be specified on the separate line for each cost component.

All supporting documents: timesheets signed by Stelco approver, material packing slips, invoices from Contractor's suppliers and subcontractors, invoices for rental equipment, and other related documents - to be attached to the invoices which are submitted to STELCO.

3. Any exceptions of the terms hereof, authorizations required by STELCO or approvals by STELCO contemplated by the terms hereof must be: (a) set out in writing; (b) be delivered to the contractor; (c) executed by the applicable Area Manager or STELCO's Procurement Department, as applicable; and (d) a copy of which must be submitted with any invoice by the Contractor in respect of the period in which such exception, authorization or approval applies.

B. CONTRACTOR ENGAGEMENT

4. No Contractor is permitted to commence any scope without properly issued STELCO Purchase Order, or, in case of emergency, without a reserve Purchase Order number must be issued by a STELCO Area Manager and provided to Contractor in advance of commencement of any work.
5. Unless otherwise approved by STELCO in advance, dividing the single scope of work between two or more Purchase Orders is prohibited.
6. If Contractor deviates from Item 4 or Item 5 above, STELCO reserves the right not to reimburse the Contractor for such work performed.

C. PERSONNEL

7. For all types of charges and payments to Contractor's unionized personnel (hourly pay, over-time, down-time, meals, driving, Live Out Allowance, etc.), STELCO complies with the collective agreements' requirements which are different for each trade, and/or NMA (National Maintenance Agreement) if applicable.
8. All Contractor personnel that spend time mostly at Contractor's home offices with only occasional visits to STELCO sites or no visits at all, i.e. Project Estimators, Project Engineers, Coordinators, Drafts Persons, and other salaried office employees, are to be included in the Contractor's overhead, and not to be charged separately on an hourly basis or otherwise.

For clarity, the time spent preparing bids, estimations, ordering materials, expediting delivery, permitting, or other similar activities, even when performed by hourly personnel, is to be included in the Contractor's overhead, and not charged separately to STELCO.

9. All Contractor personnel who spend time at STELCO sites, i.e. Site Managers, field office support, and other site personnel are to be charged on an hourly basis, in accordance with the hourly rates approved by STELCO.
10. Contractor personnel are paid for time spent primarily inside the gate. It is the Contractor's responsibility to ensure Contractor personnel properly swipe in and out of STELCO sites.
11. If any of the Contractor's personnel is required to work off-site on STELCO's purchase orders, STELCO's prior approval of such "call-out" situations is required.
12. It is assumed that the Contractor will assign the most appropriate personnel with the most suitable skill levels to each task. Any deviation from this rule (e.g. Foreman is assigned to the task which could be performed by Apprentice 5 or Journeyman) must be approved by STELCO Area Manager in advance.
13. It is understood that the Contractor's senior personnel (e.g. General Foreman, Project Manager, Site Manager) to be engaged in supervisory roles on multiple STELCO purchase orders at any time, and as such their time to be divided between several STELCO orders.
14. STELCO must approve the use of premium time (Overtime OT, Double Time DT, shift differentials) in advance.
15. All timesheets and invoices must clearly indicate what rate is being applied – regular, OT, DT, Shift 2, Shift 3.
16. If the movement or cancellation of lunch or other contractually obligated breaks will have a negative financial impact to STELCO, the contractor must provide an estimate of the impact to STELCO and obtain approval from STELCO in advance.
17. If the Contractor encounters a delay, the Contractor is obligated to minimize the impact of this delay by safely redeploying affected personnel to other STELCO jobs.
18. STELCO will cover the charges for training hours for Contractor's employees as required by STELCO's applicable policies to the extent such training is required beyond the training specified by applicable regulations, to a maximum of 4 (four) hours per person per year. The Contractor shall make every effort to cause such training to be undertaken in advance (e.g. on-line), before arriving at any STELCO site to perform work.

The Contractor shall minimize the training hours at STELCO's cost as much as reasonably possible.

D. EQUIPMENT

19. All Contractors must comply with *Stelco Rental Equipment Policy for CSPs (Contract Service Providers)*.
20. For each STELCO division (LEW Ironmaking, LEW Coke Oven, LEW HSM, LEW Steelmaking, LEW CMC, HW Coke Oven, HW Finishing (incl. Cold Mill, Z-Line, 4 stand), HW By-Products) where the Contractor has been engaged by STELCO for CAD \$500,000 or more average annual spend over the previous three calendar years, the Contractor must deliver and permanently station one (1) office trailer and one (1) washroom, both of appropriate size and at no additional cost to Stelco.

21. All equipment (including trailers and washrooms) delivered and/or stationed at STELCO for any STELCO order, should be limited and be appropriate to the amount of work the Contractor performs for STELCO, and the number and complexity of STELCO orders.

STELCO reserves the right, in its sole discretion, to limit the number of equipment stationed at STELCO by any Contractor.

22. Trailer usage should be maximized while on site. It is the Contractor's responsibility to monitor and properly deploy trailer use to at least seventy-five (75%) of trailer capacity on site or, as required by applicable union agreements for particular trades if such agreement(s) specify a different level of usage, and in any case ensure the lowest total cost for STELCO.
23. All trailers and other equipment will be energized by connecting to STELCO's power grid, at no charge to the Contractor. If the connection with the STELCO grid is not feasible, the Contractor is to provide a stand-alone generator to power its own trailers and equipment, at the approved rate. Such generators will be fueled by STELCO at no charge to the Contractor.
24. All equipment provided by the Contractor is to be in good working order, properly maintained and stored safely and securely when not in use by the Contractor, at no additional charge to STELCO. No charges of any kind for maintenance of Contractor's equipment to be charged to STELCO.

For clarity, Contractors are responsible for any cleaning, repair, and maintenance costs of trailers, washrooms and other Contractors' facilities residing at STELCO sites. STELCO does not accept any of these charges.

25. All equipment is to be charged to STELCO at the agreed hourly, daily, weekly, or monthly rates, as set out in the applicable STELCO order.
26. All daily rates for equipment are assumed to be the rates for twenty-four (24) hour usage. If the same piece of equipment is used for more than one STELCO order during the 24-hour period, the total charge to STELCO should be only for one (1) day usage, and such charge is to be allocated on a pro rata basis among all STELCO orders in which that piece of equipment was used for.

E. SMALL TOOLS AND CONSUMABLE ITEMS

27. Usage of the small tools and equipment with a value of CAD \$3,000 (three thousand Canadian dollars) or less is included in the Contractor's labour rates as Small Tools markup (column N on labor rates breakdown template) and are not to be charged separately.
28. Any equipment with a value over CAD \$3,000 (three thousand Canadian dollars) must be listed with the appropriate rates in the Rates File, page EQUIPMENT AND OTHER RATES. Any piece of equipment not listed on that page is assumed to have a value of CAD \$3,000 or less, which usage cost is covered in Small Tools markup as specified in Item 27 above. STELCO won't accept any separate charges for any non-listed equipment.

STELCO reserves the right to independently verify the value of any equipment listed by Contractor on the page EQUIPMENT AND OTHER RATES.

29. All consumables and safety equipment are included in the Contractor's labour rates as Overhead markup (column L on labor rates breakdown template), and are not to be charged separately.

For clarity, welding materials are not included in Contractor's labour rates and are to be charged on a cost-plus basis, with the markup being agreed by STELCO Procurement in advance.