



The Steel Company of Canada

## STELCO HOLDINGS INC. MANDATE OF THE BOARD OF DIRECTORS

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### Statement of Principles

The Board of Directors (the “**Board**”) of Stelco Holdings Inc. (the “**Company**”) has adopted the following Mandate of the Board (the “**Mandate**”). This Mandate, together with the charters of the committees of the Board and other policies adopted by the Board, provide the basis by which the Company is governed.

The Board recognizes that there is an active, on-going dialogue and evolution regarding corporate governance best practices and that this Mandate may be amended from time to time as the Board deems necessary and appropriate to keep pace with applicable best practices.

### Role of The Board

The members of the Board are elected by the shareholders of the Company to manage and supervise the management of the business and affairs of the Company. The Board serves to provide oversight and guidance to senior management with a view to increasing shareholder value over the long term. The core responsibility of the Board is to exercise its fiduciary duties to act honestly and in good faith with a view to the best interests of the Company. In all actions taken by the Board, the directors are expected to exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances.

### Board Selection and Composition

**Election of Directors:** The Board shall consist of such number of directors as the shareholders (or the Board as authorized by the shareholders) may determine from time to time within any range as may be set out in the Company's articles, subject to the written consent of the Bedrock Group (as defined in the investor rights agreement dated November 10, 2017 between the Company and Bedrock Industries B.V. (the “**Investor Rights Agreement**”)) when required under the terms of the Investor Rights Agreement.

Except for director nominees designated by the Bedrock Group under the terms of the Investor Rights Agreement, director nominees shall be recommended to the Board by the Compensation, Governance and Nominating Committee in accordance with its charter. Directors shall be elected by the shareholders of the Company in accordance with the Company's Majority Voting Policy at every annual general meeting of the Company (or unanimous resolution of the shareholders in lieu thereof), but if

directors are not elected at any annual meeting, the incumbent directors shall continue in office until their successors are elected or appointed.

**Board Leadership:** The Chair of the Board (the “**Chair**”) shall be selected by the Board after considering the recommendation of the Compensation, Governance and Nominating Committee in accordance with its charter. The Board, in its collective judgment shall select a Chair that it believes will provide leadership in a manner that is in the best interests of the Company. The Chair shall have those duties outlined by the Board in a document entitled “Role of the Chair”, as well as any other duties and responsibilities as may be delegated by the Board from time to time.

**Lead Director:** If the offices of Chair and Chief Executive Officer (“**CEO**”) are held by the same person, the Board, after considering the recommendation of the Compensation, Governance and Nominating Committee in accordance with its charter, shall designate an independent director to serve as Lead Director to coordinate the activities of the other independent directors. The Lead Director shall have those duties outlined by the Board in a document entitled “Role of the Lead Director”, as well as any other duties and responsibilities as may be delegated by the Board from time to time.

**Size of the Board:** The Company’s articles provide that the Board will be comprised of a minimum of 3 directors and a maximum of 10 directors. The Board will periodically evaluate whether a larger or smaller number of directors would be preferable.

**Qualifications of Directors:** The Board, and in particular the Compensation, Governance and Nominating Committee while considering the candidates to designate as its nominees, should endeavour to select directors that represent diverse experience in areas that are relevant to the Company’s activities, having regard to the individuals designated as nominees by the Bedrock Group. Directors should possess the highest personal and professional ethics, integrity, and values, and be committed to representing the long-term interests of the Company and its subsidiaries.

**Length of Board Service:** Each director holds office until the earlier of (i) the date on which the director’s successor is elected or appointed; and (ii) the date on which he or she otherwise ceases to hold office under the relevant corporate law or the Company’s constating documents.

**Change of Director’s Position:** In the event that a material change occurs with respect to the principal employment or affiliation of an independent director, such independent director will notify the Chair of the Company of such change. The Compensation, Governance and Nominating Committee will then consider whether, given such material change in such independent director’s principal employment or affiliation, it is appropriate for such director to continue as a member of the Board. The Compensation, Governance and Nominating Committee will present its recommendation to the Board, including whether it has determined that continued service as a director is inappropriate, for determination by the Board as to whether it will request that the director tender his or her resignation from the Board. Each CEO, other than a CEO serving on the Board as a director that has been designated for nomination or appointment by the Bedrock Group in accordance with the Investor Rights Agreement, will provide an irrevocable undertaking to the Company upon commencement of employment to resign as a director of the Board if their employment is terminated or they resign as an employee. If the employment of the CEO is terminated or the CEO resigns as an employee, the Board will consider whether it is appropriate for that individual to continue as a member of the Board.

**Other Board Service:** The Board does not believe that its members should be prohibited from serving on the boards of other companies so long as those commitments do not create material actual or potential conflicts and do not interfere with the director's ability to fulfill his or her duties as a member of the Board. Directors will advise the Chair prior to accepting any invitation to serve on a public or private company board.

## **Board Meetings**

**Frequency of Board Meetings:** Regular meetings of the Board will be held at least quarterly. At the beginning of each calendar year, a tentative schedule of the regular Board meetings for such year will be distributed to the Board. Board meetings may be held in person or telephonically or action may be taken by written consent in accordance with the relevant corporate law. Special meetings of the Board will be held as necessary as permitted by the Company's constating documents.

**Development of Board Meeting Agenda:** The Chair, in consultation with the Lead Director (if any) and the CEO, shall prepare the notice and agenda for each Board meeting. Each director is encouraged to express their views in the agenda process.

**Board Material:** All Board materials will be distributed sufficiently in advance of the meeting to permit adequate prior review by the directors.

**Private Sessions of Independent Directors:** The independent directors (that is, directors determined to be independent in accordance with the rules of applicable stock exchanges and securities regulatory authorities) will meet in camera, outside the presence of the CEO or any other directors, at each regular meeting of the Board. Such private meetings may also be called at any time. The Chair (or, if the Chair is not independent, then the Lead Director) will preside over the private session.

## **Board Responsibilities**

**Board Contact with Management and Advisors; Access to Independent Advisors:** Directors will have full and free access to officers and employees of the Company, the Company's books and records, and the Company's advisors.

**External Communications:** The Board will adopt a disclosure and insider trading policy for the Company and will monitor any investor relations programs.

**Financial Reporting and Internal Controls:** The Board shall review and monitor, with the assistance of the Audit Committee, the adequacy and effectiveness of the Company's system of internal control over financial reporting, including any significant deficiencies or changes in internal control and the quality and integrity of the Company's external financial reporting processes.

**Strategic Planning Process:** The Board shall adopt a strategic planning process to establish objectives and goals for the Company's business and shall review, approve and modify as appropriate the strategies proposed by senior executives to achieve such objectives and goals. The Board shall review and approve, at least on an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Company's business and affairs. In addition to the Company's long term strategic plans, the Board will review and approve the Company's annual operating and capital budgets at least annually and will also review periodically, as conditions dictate, the most significant

strategic, operational, financial, accounting, human resources, legal, compliance, quality, and risk management issues and policies facing the Company.

**Risk Management:** The Board, in conjunction with management, shall be responsible for identifying the principal risks of the Company's business and oversee management's implementation of appropriate systems to seek to effectively monitor, manage and mitigate the impact of such risks. Pursuant to its duty to oversee the implementation of effective risk management policies and procedures, the Board may delegate to applicable Board committees the responsibility for assessing and implementing appropriate policies and procedures to address specified risks, including delegation of financial and related risk management to the Audit Committee and delegation of risks associated with compensation policies and practices to the Compensation, Governance and Nominating Committee.

**Succession Planning, Appointment and Supervision of Senior Executives:** The Board shall approve the corporate goals and objectives of the CEO and review the performance of the CEO against such corporate goals and objectives. The Board shall take steps to satisfy itself as to the integrity of the CEO and other senior executives of the Company and that the CEO and other senior executives create a culture of integrity throughout the organization.

The Board shall review and approve the succession plan for the Company, including the selection, appointment, supervision and evaluation of the senior executives of the Company, and shall also approve the compensation of the senior executives of the Company upon recommendation of the Compensation, Governance and Nominating Committee.

**Regulatory Filings:** The Board shall approve applicable regulatory filings that require or are advisable for the Board to approve, which the Board may delegate in accordance with this mandate. These include, but are not limited to, the annual audited financial statements, interim financial statements and related management discussion and analysis accompanying such financial statements, management proxy circulars, annual information forms, offering documents and other applicable disclosure.

## **Committees**

**Number, Structure, Composition, and Mandates:** The Board currently has or intends to establish the following standing committees: (i) Audit; (ii) Compensation, Governance and Nominating; and (iii) Environment, Health and Safety Committee. The Board may establish such additional committees, and any committee may establish such subcommittees, as the Board or any committee, as applicable, deems necessary and appropriate, to the extent permissible under applicable law. The Board will adopt a written charter for each of its committees, which charter will set forth, among other things, the purpose, specific duties and responsibilities, qualifications and procedures, and reporting obligations of each committee. Periodically, as he or she deems necessary, the Chair will propose a list of committee assignments to the Board for its consideration, including the designation of a proposed chair of each committee. The Board will, however, retain its oversight function and ultimate responsibility for such matters and associated delegated responsibilities.

**Committee Meetings and Agendas:** The chair of each committee, in consultation with the appropriate members of the committee and senior management, will prepare a meeting date schedule and an agenda for each meeting, consistent with the committee's charter and the Company's needs.

## **Code of Business Conduct and Ethics and Conflicts of Interest**

The Board will adopt a Code of Business Conduct and Ethics (the “**Code**”). The Board expects all directors, officers and employees of the Company and its subsidiaries to conduct themselves in accordance with the highest ethical standards, and to adhere to the Code. All directors will disclose their interest and recuse themselves from any discussion or decision affecting their personal, business, financial or professional interests (other than as such interests related to the Company or Stelco).

## **Reliance On Management and Outside Advice**

The Board and its committees have the authority to retain, at any time, independent outside financial, legal, or other advisors at the expense of the Company or any of its subsidiaries. Any such advisors will be chosen by, and report directly to, the Board or the respective committee that has retained such advisors.

In performing its functions, the Board is entitled to rely on the advice, reports, and opinions of management, counsel, accountants, auditors, and other expert advisors.

## **Investor Rights Agreement**

Certain of the provisions of this Mandate may be qualified by the provisions of the Investor Rights Agreement. In the event of any inconsistency or conflict between the terms of this Mandate and the terms of the Investor Rights Agreement, the terms of the Investor Rights Agreement shall prevail.