

Memorandum of Agreement (Addendum)

Between

Stelco Inc. – Pickle Lines (“Company)

-and-

USW Local Union 8782-03 (formerly referred to as 8782B) (“Union”)

The undersigned representatives of the parties hereby agree to the following changes to the Renewal Collective Agreement that took effect July 1, 2022.

The amendments to the Collective Agreement are as follows and are to take effect July 1, 2022:

1. Amend Table to Benefits and 32.01 B) to increase from \$250 to \$500 per insured, including laser surgery for Vision Care.
2. Amend Table to Benefits to increase Orthodontics coverage from \$2,500 to \$3,500 and reduce fee guide to 2-year lag.
3. For Group RRSP members who reach the age of 71, an amount equivalent to their Group RRSP contribution will be contributed to a TFSA or Non-Registered RSP or an amount in lieu to be paid directly to the member.
4. Annual Profit Sharing Plan Calculation has been amended to match the Lake Erie language as agreed to in LEW 8782 Main Plant Memorandum of Agreement with changes detailed below:

2. The rate applicable under the P.S.P. plan shall be paid for:

- (a) hours worked by covered employees;
- (b) hours for which covered employees were paid because of **overtime**, vacation, holiday, jury duty, or bereavement leave and hours spent on Local 8782 union business, whether paid by the Company or not;
- (c) hours for absences during which the covered employee:
 - (i) is receiving WSIB compensation or Weekly Indemnity benefits;
 - (ii) is on leave for military service as set forth in the *Employment Standards Act*;
 - (iii) is on leave of absence for maternity/parental leave/compassionate leave, Personal Emergency Leave, Family Caregiver Leave, Family Medical Leave, Critically Ill Child Care Leave, Organ Donor Leave or Crime-Related Child Death or Disappearance Leave.

Such absences, specified in this paragraph 2(c) will be credited as contributory hours at the rate of up to forty (40) hours per week.

Such hours will be to a maximum of five hundred (500) hours in a quarter by an employee, but shall not be increased by reason of having been earned in overtime. Hours not worked, with the exception of hours (referred to above), even though compensated in accordance with a specific provision of the Collective Agreement and deemed to be hours worked for other purposes, shall not be considered to be hours worked for the purpose of this Plan.

3. The Company and the Union have agreed that all employees will be expected to perform their work duties to the full scope of the job, including all the inherent functions which may not be specifically described.
4. It is understood and agreed that any employee eligible under the provisions of this Plan who participates in a strike, shall forfeit the greater of any entitlement to payment from the date of his/her participation to the end of such quarterly period or the entitlement to payment for the last two pay periods in such quarterly period.

Participation in a strike continuing into the next quarterly period will result in the further application of paragraph above.

5. Payment will be based on Lake Erie Works Profitability, as follows:

- a) Profitability

Profitability will be calculated on the basis of Lake Erie Works EBITDA (Earnings before Interest, Taxes, Depreciation, Amortization,) as established between the Parties.

- b) Profit Sharing Percentages and Profitability Thresholds

- i) "Lake Erie Component" (Pool) = 6.5% of EBITDA in excess of \$25,000,000 (Profitability Threshold)
- ii) "Lake Erie Active Employee Component" = 6.5% of EBITDA in excess of \$25,000,000 (Profitability Threshold) multiplied by 80%. **The Lake Erie Active Employee Component shall not exceed an annual amount of \$16,000 times the number of active employees in Lake Erie Works and Pickle Lines.**
- iii) "Lake Erie Retiree Component" = 6.5% of EBITDA in excess of \$25,000,000 (Profitability Threshold) multiplied by 20%. **The Lake Erie Retiree Component shall not exceed an annual amount of \$7,300,000.**

- c) Total Profit Sharing Calculation -Quarterly Profit Sharing Payment per Active Local 8782 Lake Erie Works Employee:

- i) $((\text{Lake Erie Quarterly EBITDA minus } \$25,000,000) \times 6.5\% \times 80\%)$ divided by total hours worked by active Local 8782 Lake Erie Works

employees. This rate per hour will be multiplied by the hours worked by individual employees (maximum 500) to calculate the payment for each 8782 Lake Erie Works employee.

- ii) Maximum Profit Sharing payment for each quarter is **\$4,000** per active Local 8782 Lake Erie Works employee (subject to a maximum of **\$16,000** per year per active Local 8782 Lake Erie Works employee)
- d) Profit Sharing Calculation – Quarterly Profit sharing Payment for Lake Erie Works retired employee.
 - (i) The “Lake Erie Retiree Component” Profit Sharing Payment will be calculated as ((Lake Erie Quarterly EBITDA minus \$25,000,000) X 6.5% X 20%) divided by the total number of Plan Participants as of the end of the quarter for which the calculation is being made. The payment will be distributed amongst retirees on an equal basis (subject to a maximum of \$3,500 per quarter, per retired employee and a maximum of \$14,000 per year).
 - (ii) For this purpose, plan participants consist of retired employees (excluding those with deferred pensions) and survivors of deceased retired employees (excluding those with deferred pensions).
- e) **Annual Profit Sharing Plan Calculation**
Annual Profit Sharing Payment per Local 8782 Lake Erie Works employees and retirees:
 - (i) **If Corporate EBITDA for Stelco Inc. for a fiscal year exceeds \$1,000,000,000, the Company will pay an additional amount of \$2,000,000 to be paid among active employees in the manner contemplated as per Section 1 and 2 herein and a further \$2,000,000 to be divided equally among retirees.**
 - (ii) **If Corporate EBITDA for Stelco Inc. for a fiscal year exceeds \$2,000,000,000, the Company will pay an additional amount of \$2,000,000 to be paid among active employees in the manner contemplated as per Section 1 and 2 herein and a further \$2,000,000 to be divided equally among retirees.**

In accordance with the provisions of Paragraph 2 above, the quarterly profit sharing payments will be paid on an hourly basis.

The current period EBITDA shall be calculated based on all steel tonnage shipped, including shipments to other Stelco business units. **The transfer value of coils shipped to other Stelco entities will be adjusted to a transfer value of third party Hot Roll net realizable sales prices plus pickling cost.** ~~Where Lake Erie Works production is shipped to other Stelco entities it is understood that Lake Erie Works will transfer coils and slabs at fair market value. The profit margin per tonne on these slabs and coils shall not be less than the profit margin on goods shipped to arms length customers. If the margins per tonne on the inter-unit shipments is~~

~~less than the margin on arms length transactions the margin per tonne, and therefore EBITDA, will be adjusted to make it equal to arms length customers.~~

e) Audit

A mutually agreeable independent accredited auditing firm shall be appointed to audit all data required for the income sharing payment calculations and shall perform such calculations on behalf of the parties.

The independent auditor shall have the authority to recover overpayments and correct underpayments. Overpayments shall be recovered by being offset against the next future payment(s). Underpayments shall be paid as soon as practicable. In any event, payment made with respect to any year shall become final ninety (90) days after the date on which it is paid.

The Company shall pay the reasonable cost of the independent auditor. The Parties shall attempt to minimize this expense through the sharing of information as outlined in Clause 7 below.

The Company will provide the Union a copy of Stelco Inc. interim quarterly financial statements and audited annual financial statements within fifteen (15) days of the public release of quarterly/year end financial results.

Dated at Nanticoke, ON this 3rd Day of November, 2022.

For the Company:

Anderson

For the Union

[Signature]
Gene Wall