



Purchasing
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ISO-9001/IATF-16949 REGISTERED

AK Steel Supplier Requirements Manual



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TO OUR SUPPLIERS

We would like to welcome you to AK Steel Corporation. Your organization is an important member of our team in assisting AK Steel as we work together for a winning future providing our customers with industry leading quality products delivered 100% on time.

Teamwork is the ability to work together toward a common vision. It is the ability to direct individual accomplishments toward organizational objectives and allows common people to attain uncommon results. Never before in our industry has this been more true. We would not have been able to accomplish this without the assistance and support of our Supplier base.

This AK Steel Supplier Requirements Manual will provide you with an understanding of the procedural, processing, and quality requirements and the information reporting instructions essential to properly satisfy AK Steel requirements. If there are any questions concerning these requirements, or other Supplier related issues, please contact AK Steel Purchasing (513-425-5000) unless otherwise specified in this manual. Any exceptions to these requirements must be approved **in writing** by AK Steel Purchasing.

AK Steel Contacts by Subject Area

Situations may arise that require additional guidance and AK Steel personnel are available to provide assistance and direction. Please contact AK Steel Purchasing at 513-425-5000 and your request for assistance will be directed to the Purchasing Representative best suited to provide this assistance in a timely manner.

Scope of This Manual

AK Steel has defined both customary and general guidelines of how AK Steel will conduct our business and have outlined our expectations for our supply chain. This manual shall supersede all AK Steel Supplier Requirements Manuals previously submitted by AK Steel and AK Steel's predecessor, Armco, Inc. We believe this information will be valuable to our mutual efforts of conducting business in a professional, efficient, and profitable manner. Thank you for your continued interest and support.

Philosophy

AK Steel is a producer of flat rolled carbon, stainless steel sheet, electrical steel sheet, and also tube products. The AK Steel Headquarters is located at 9227 Centre Pointe Drive, West Chester, Ohio 45069. AK Steel **currently** operates **seven (7)** manufacturing facilities in the USA. AK Steel products meet and exceed specifications of the world's most demanding customers in the automotive, construction, appliance, and steel distribution services sectors.

AK Steel strives to supply its customers with high quality, cost-competitive products delivered on time. In support of this objective, our philosophy is to develop relationships with Suppliers who best demonstrate their commitment to these goals through consistent delivery of defect-free products at competitive prices. To support this objective, AK Steel Suppliers must be technologically competent and financially capable of supporting our needs for current and future products. AK Steel encourages our Suppliers to become involved in continual improvement activities to ensure robust products and processes capable of meeting our goals.

It is in our best interest, and that of our Suppliers, to work together to find ways to improve efficiencies and lower AK Steel's costs. These cost reductions can take different forms, such as more flexible payment terms, price reductions, volume discounts, use of alternate materials and services, combining services among our eight operating plants, technology improvements, process improvements, and long-term contracts.

We welcome your ideas and suggestions for innovative ways to increase value to achieve our mutual goals and improve our competitiveness. This is what we must do to compete.

Key Suppliers have an obligation to assist us in continuously reducing our costs. Suppliers that provide rate reductions which have allowed AK Steel to lower our total system costs have benefited with additional volume. Those that are not participants in lowering AK Steel total system costs may not continue as Suppliers.

Supply Agreements for high-volume, repetitive requirements are typically negotiated for an extended period of time (i.e. one year or more and possibly on a single-source basis). Established Suppliers are encouraged to discuss with AK Steel the mutual benefits of longer-term supply agreements centered on continual improvement and value enhancement. Many such contracts are presently in effect.

AK Steel requires a Supplier to work with AK Steel for a winning future – beneficial to both parties – consistent with the business strategies of each company. We are asking you to dedicate resources to work with AK Steel to develop specific projects and initiatives to achieve that goal. Working with you to achieve our targets will determine the team's success. By no means do we expect the achievement of our mutual objective to be easy, yet by no means do we expect to fail.

AK Steel's Quality Policy

Suppliers are expected to uphold AK Steel's Quality Policy:

AK Steel Corporation's Quality Policy is to take a planned approach to continuous improvement of our products, processes and services such that we meet or exceed our customers' expectations 100% of the time. We are committed to this policy which serves our customers and provides us with sustained profitability.

This policy has been implemented and is understood and maintained through all levels of the organization.

Headquarters Location

9227 Centre Pointe Drive, West Chester, Ohio 45069

Plant Locations

Middletown Works – 1801 Crawford Street, P.O. Box 600, Middletown, Ohio 45044

Ashland Works (*currently shutdown*) – Route 23, Ashland, Kentucky 41105-0191

Rockport Works – 6500 North U.S. Route 231, Rockport, Indiana 47635

Mansfield Works – P.O. Box 247, 913 Bowman Street, Mansfield, Ohio 44903

Coshocton Works – P.O. Box 190, 17400 State Route 16, Coshocton, Ohio 43812

Zanesville Works – 1724 Linden Avenue, Zanesville, Ohio 43701

Butler Works – P.O. Box 832, Armco Drive, Butler, Pennsylvania, 16003-0832

Dearborn Works – 4001 Miller Road, Dearborn, Michigan 48120

Ethics / Business Gifts & Entertainment

AK Steel encourages Suppliers to establish and maintain a Corporate Ethics Policy and provide employees regular training on Ethics and Corporate Policy compliance. AK Steel will select Suppliers who can provide products and services of the highest value. In order to support sound procurement practices and maintain a reputation for honesty and fairness, AK Steel's corporate policy is to follow ethical standards of behavior in all of our business dealings including our interaction with Suppliers. AK Steel employees are required to act in a fair and impartial manner when dealing with our Suppliers and our Service Providers. Gifts and entertainment may not be used to influence decisions about sourcing. Employees must not create any obligation or induce an action that would not be in either party's best interests or would create a conflict of interest. Good business judgment is a matter of integrity.

In the event you know of, or have reason to believe these policies have been violated or feel your position has been compromised by any individual within AK Steel, please notify AK Steel at 800-886-2416 to report the violation.

The AK Steel Corporate Policy 3.15 Entertainment & Gifts is located in Chapter 18 of this manual. This policy is for your protection as well as for AK Steel's protection. Please read and follow this AK Steel policy. Failure to do so may result in a severing of our business relationship.

Human Rights

AK Steel expects its Suppliers to respect human rights and comply with all applicable laws and regulations regarding the health and safety of their workforces, including laws:

- Prohibiting the use or support of any form of forced, compulsory or child labor.
- Prohibiting engaging in or supporting slavery or human trafficking.

- Protecting the rights of employees to lawfully associate, or not to associate, with groups of their choosing, as long as such groups are allowed under all applicable laws.
- Protecting the rights of employees to engage in collective bargaining, or choose not to do so, in accordance with all applicable laws.
- Establishing a minimum wage and other mandatory benefits.
- Establishing standards for a safe working environment and the prevention of workplace injuries and illnesses.

AK Steel's Purchasing Department conducts an annual audit on select suppliers which includes evaluation of the performance in the area of Human Rights. For raw materials procurement, vendors responsible for an estimated 80% of the total AK Steel spend are subject to these audits. For Maintenance, Repair and Operation (MRO) procurement, suppliers with goods that impact the quality of the product are also subject to these annual audits. AK Steel holds suppliers accountable in the event that they fail to adhere to our company standards which includes a prohibition on both slavery and trafficking. Training with specific forms are to be provided to those within AK Steel's Purchasing Department with auditing responsibilities. AK Steel applies the same human rights policy standards, which can be found at www.aksteel.com, to its partners.

Environmental Stewardship

Suppliers are expected to comply with AK Steel's Environmental Policy where applicable. The intent of the policy is to reflect commitment by AK Steel to comply with all applicable environmental laws and regulations, evaluate its performance relative to these laws and regulations and improve where it is practical. The policy is as follows:

- Commit necessary resources to comply with all applicable environmental laws, regulations, permits and agreements to which AK Steel subscribes.
- Reduce environmental risks through operating practices and emergency preparedness programs.
- Encourage recycling, recovery and reuse of residual materials, as well as, the reduction and prevention of emissions and releases to the extent demonstrated feasible.
- Participate in the development and implementation of environmental laws and regulations.
- Evaluate on a routine basis compliance with applicable environmental laws and regulations.
- Strive for continual improvement in the effectiveness of its environmental management efforts.

Suppliers of goods and services have a significant impact on AK Steel's ability to achieve the policy requirements as well as implementation of AK Steel's Environment Management System. These impacts are evaluated routinely by AK Steel's Environmental Affairs staff. If the potential impact of supplied goods and services is significant, these specific items are defined within the Environmental Layout at each facility as "significant aspects". These significant aspects are subject to both internal and external audits under AK Steel's ISO 14001 Environmental Management System.

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Chapter 1: Supplier Assessment

The first step in becoming a Supplier to AK Steel is to contact AK Steel Purchasing at 513-425-5000 to indicate your product or service and how it may be a benefit to AK Steel. Your inquiry will be directed to the appropriate Purchasing Representative.

The Buyer will make a preliminary assessment of the Supplier as well as consider the need for additional providers for that category of goods/services. If the assessment is favorable and if there is a need that fits the commodity management strategy, the Supplier may be contacted by an AK Steel Buyer.

If the potential Supplier is interested in performing work on-site at one of our facilities, they must be willing to sign a Contractor's and Service Provider's Master Agreement (CMA) and provide annual proof of adequate insurance. They will also have to demonstrate that they have a functioning Safety program that meets our minimum standards, including membership in ISNetwork.

Quality system audits, Safety program evaluations, credit checks, and/or other reviews may be performed in advance of being added to the Approved Supplier List. Documentation such as ISO/IATF/**AS9100** (or industry equivalent) quality system certificates, Minority/Women-owned Business Enterprise certificates, W-9s, etc. may be requested.

Business Award Considerations

AK Steel Purchasing personnel are tasked with bringing Best Value materials and services to the business. Though controlling AK Steel's cost is a driving consideration in any purchase decision, the following factors, not necessarily listed in their order of importance, contribute to the Total Cost of Ownership and are considered in reviewing bids and awarding contracts:

- **Stewardship:** Acceptable Safety, Environmental, and other Citizenship performance including demonstrated compliance to AK Steel Legal, Environmental, and Safety Requirements (CMAs, Waste Handling Agreements, Approved Safety Programs, etc.). Supplier is in good standing with AK Steel Safety, Environmental, and Legal Departments (no current containments or other notifications). Diversity consideration for Women and /or Minority Business Enterprises are made.
- **Quality:** Demonstrated Supplier product quality and service workmanship performance, conformance to AK Steel specifications, Supplier quality audit, and/or total Supplier cost of poor quality if available. Supplier is in good standing with AK Steel Purchasing and Operating Departments – no current claims, unresolved corrective actions, or other notifications of which the Buyer is aware exist.
- **Cost:** Total value considerations including: purchase price, payment terms, performance guarantees, reliability/expected life, and total delivery costs

(transportation, insurance, customs fees, etc.). Consideration is given for whether or not Supplier performs work (as opposed to brokering out work) and Supplier's ability to value source needed components. Competitive bidding, "make versus buy" analysis, and "should cost" models are to be employed whenever possible to validate Supplier's offers and assist in managed negotiations. Considerations for ability to leverage additional spend with same Supplier are made.

- **Financial Strength or Stability:** Relates to the Supplier's ability to pay overhead expenses, pare down debt, return capital to investors and maintain or reduce costs. It is the measure by which a Supplier sustains its ability to continue providing goods and services without interruption due to financial stresses.
- **Capacity:** Ability to deliver right quantity of items needed on a consistent basis. Depending on the category, considerations are made for ability to readily increase or decrease quantities to support changing operations schedules. Redundancy of Supplier's production facilities to improve flexibility and reduce single point sourcing are also considered.
- **Capability:** Requested good or service is within the core competency of the Supplier and Supplier fits within commodity management strategy for that category. Supplier is able to adequately and timely respond to service calls, technical assistance, emergency call-outs, or other Operations support as required.
- **Logistics:** Considerations for total delivered cost/effort include: lead time, proximity of Supplier to AK Steel, truck/maritime/rail networks (Supplier's or as shipped by AK Steel), efforts to manage non-US country or origin (US Customs clearance, etc.), en route safety and /or environmental concerns, permitting requirements, etc.
- **Development:** As required by the category, ability of Supplier to innovate, redesign, or otherwise improve goods or services such that increased value is continuously brought to AK Steel. Considerations may be made for research capabilities, engineering, capital investments, equipment/process improvements, etc. that directly support value-improvement initiatives at AK Steel.
- **Management:** Assessment of the demonstrated core values of the Supplier's management team, including: willingness to engage in contracts, demonstrated contract compliance, ability to respond timely to requests, management buy-in of safety/environmental programs, fiscal stability, leadership competency, succession plans, etc.

AK Steel Corporation reserves the right to reject any and all bids, waive requirements, and contract as requires the best interests of AK Steel.

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Chapter 2: Supplier Criteria

AK Steel focuses on core manufacturing processes and our Suppliers must also be developing and perfecting their core competencies. To maintain a long term relationship with AK Steel, Suppliers must:

- Be competitive in quality, technology, service, and cost.
- Provide defectfree products for all direct and indirect materials / resources.
- Maintain and register a quality system which meets the requirements of ISO 9001 / IATF 16949 or an industry appropriate equivalent.
- Provide continual cost reductions or process improvement initiatives resulting in the lowest total cost products driving toward year-over-year cost reductions. Be capable of validating products for AK Steel specific applications.
- Deliver product 100% on time.

Quality System

AK Steel **requires** Suppliers to achieve registration, by an accredited certification body (ANAB, ANSI, A2LA, IAF) to ISO 9001/ IATF 16949 Quality Management Standard or an industry appropriate equivalent for each location that serves the company.

AK Steel **recommends** Suppliers take the initiative to register to IATF 16949. AK Steel recognizes that Suppliers not producing product/service for the automotive market are not eligible to register to IATF 16949.

Suppliers can obtain copies of the most recent edition of the IATF 16949 standard or the ISO 9001: standard from Automotive Industry Action Group, [AIAG](http://www.aiag.org).

Any Supplier having its quality registration/certification withdrawn by the issuing certification body or, by its own action, cancels their quality standard certification, must notify AK Steel Purchasing and the AK Steel manufacturing location(s) within five (5) working days of the de-certification.

Supplier Quality System Assessment

A potential/current Supplier that has not registered their quality system as stated above may be audited by AK Steel, at the Supplier's cost, in order to be considered/maintained as a Supplier to AK Steel. AK Steel will audit the Supplier's quality system to the requirements of ISO 9001.

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Chapter 3: Product Approval (Trials)

Upon notification of Supplier initial assessment selection, it is the responsibility of the Supplier's organization to provide support / resources for our Product Approval Process (Trials) when deemed necessary by AK Steel.

When a new product is required, the AK Steel Supplier must evaluate and introduce the product according to specifications, Purchase Order, Purchased Material Requirements, if applicable, and/or AK Steel Engineering and Operating Department specific requirements including environmental and applicable regulatory requirements. Products reviewed/trialed and determined to be "not feasible" should come with recommendations as to how the Supplier would change the product to make it "feasible".

Trials are required on new products as well as for subsequent changes to specifications, materials or AK Steel Engineering or Operating Department specific requirements as determined by the AK Steel consuming department.



Note...

AK Steel must be notified of any product and/or process changes made by the Supplier. AK Steel may subsequently elect to require a submission/resubmission for approval. This includes changes made to the approved product Sub-Contractor source prior to re-sourcing. **See Chapter 6 – Product/Process Changes & Deviation Requirements.**

The purpose of product approval/trials is to determine if all AK Steel requirements and specifications are properly understood by the Supplier and their process has the ability to produce product consistently meeting AK Steel requirements. Trial requirements will be based on the AK Steel Operating Department specific requirements for trial materials.

The Supplier must complete and send all appropriate documentation to the requesting AK Steel operating area. Typical requirements may include:

Purchased Material Requirements (PMR)

Suppliers shall verify with the Buyer that they have the most recent revision of applicable design records (prints, specifications (PMR), technical documents, etc.). These documents are to be reviewed for the Supplier's ability to meet contractual requirements.

Process Flow Diagram

Supplier shall have a process flow diagram that clearly defines the manufacturing process steps / sequences. A process flow diagram is required as a base for other planning techniques such as FMEA, control plans, etc., and a detailed review of process.

FMEA (Failure Mode Effects Analysis)

FMEAs may be required for designated processes identified in the process flow diagram.

The FMEA must be developed by the Supplier team before the manufacturing of product and may be required for new or changed products. The FMEA must be updated throughout the product life. At a minimum, the FMEA is required to be reviewed quarterly.

The FMEA for the purchased AK Steel material must be available for review, within a reasonable time, after being requested by a representative of AK Steel.

The FMEA must be completed using the latest AIAG (Automotive Industry Action Group) FMEA guidelines or AK Steel mandated guidelines.

Product characteristics and process parameters identified on the FMEA will be the key for the development of the control plan.

The Supplier must develop, as part of the manufacturing control system, mistake proof techniques to prevent defective products. Mistake proof techniques should be clearly identified.

Control Plan

A control plan must be developed by Suppliers indicating designated characteristics and tests/process parameters for the product and /or service. All control plans must clearly indicate check frequencies, statistical controls, specification references, evaluation methods and sample sizes, as well as reaction to out of control conditions. AK Steel reserves the right to review the control plan prior to product submission. Control plans for "product families" are acceptable.

Essential elements included in the control plan are:

- Process steps and description.
- Machine and tooling used on each step.
- Control procedure including sample size, frequency, specification, and gauging method.
- Analysis method and statistical controls used.
- Reaction to out of control conditions.
- Identification of designated characteristics.

Dimensional Results

The Supplier shall provide evidence of dimensional verification required by design records and the control plan has been completed and results indicate compliance with requirements.

The Supplier shall indicate the date of the design records, change level, PMR, and any authorized engineering change documents included.

Material / Performance Test Results

Evidence of compliance must be submitted.

Material test results must include:

- Revision number/date of specification to which product was tested.
- Date on which testing took place.

Performance test results must include:

- Revision number/date of specification to which product was tested.
- Any authorized engineering change documents not yet incorporated into design records.
- Date on which testing took place.

Capability Studies

Before beginning the manufacturing process, Suppliers may be required to conduct capability studies required for designated characteristics identified on the control plan. These studies are conducted to obtain information on the performance of a new process.

Measurement System Analysis

The choice of gauging and testing equipment is essential for quality planning. Wherever possible, Suppliers must obtain variable measurement data. Suppliers shall maintain an effective calibration and control system for all gauges and testing equipment. Measurement System Analysis (MSA) studies are required for gauges and measuring and test equipment identified on the control plan. MSA shall include Repeatability, Reproducibility, Bias, Linearity and Stability studies. Other analytical methods and acceptance criteria may be used if approved by AK Steel.



Note...

Qualified Laboratory Requirements - The Supplier shall have a laboratory scope and documentation indicating any external laboratories used for testing/calibration are qualified to ISO/IEC 17025 or a national equivalent.

Submission Requirements

AK Steel may waive the full trial approval process or any part thereof.

Where trial approval element(s) are to be waived, acceptance by AK Steel of the trial results constitutes evidence the element(s) are officially waived by AK Steel.

On availability of samples and satisfactory test results (dimensional, material, and performance tests) the Supplier shall notify AK Steel Purchasing and the end user Operating area.

Notification will be sent to the Supplier indicating the approved or rejected status.

- If the trial submission is rejected, the Supplier must re-submit the element(s) that are non-conforming in the original trial package.
- If the trial submission is approved, AK Steel Purchasing shall authorize the Supplier to proceed with bulk production in line with schedule requirements.

The Supplier will not proceed with production for AK Steel without authority. Any discrepancies will be communicated to the Supplier who must take corrective actions and submit further samples.

Suppliers are required to ensure all requirements of design records (blueprints, specifications, and technical documents) are met. Any results outside of specification are cause for the Supplier not to submit the product documentation and/or records for approval. If a Supplier is unable to meet any of these requirements, AK Steel shall be contacted to determine the appropriate corrective action.

Blanket statements of conformance are unacceptable for any test results. Applicable documents must be maintained by the Supplier regardless of submission requirements. These documents are to be made available to AK Steel upon request.

Where the supply chain includes a warehouse/broker distributor, the product manufacturer may be required to submit trial material to AK Steel for approval. Warehouse distributors are not to initiate shipments to any AK Steel location without approval notification from AK Steel.

Any questions regarding trial submission should be directed to AK Steel Purchasing.

AK Steel will identify and document specific characteristics as an output of the trial process. The Supplier is required to comply with these characteristics by noting them on process control documents; including drawings, FMEA, control plans, and operator instructions as necessary.

Appropriate packaging to protect and preserve the quality of the product is to be considered during this evaluation. Suppliers must use appropriate packaging to assure that all products will arrive at AK Steel plants free of any damage and can be transported, stored, and used efficiently. The packaging system should be approved by the Purchasing Department of the AK Steel receiving plant and specified on the Purchase Order (as appropriate).



Note...

Bulk Material Suppliers should contact AK Steel for specific requirements.

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Chapter 4: Purchase Orders/RFQ

Purchase Orders / Request for Quote/Emergency Ordering/Supply Agreements

As a component of continual improvement, the RFQ process is intended to establish specific costs for supplied materials or services. Therefore, it is extremely important that Suppliers provide costs for material, labor, burden, and margin, so that through early Supplier involvement and value engineering, we can identify and implement cost reduction opportunities.

Purchase Orders

The issuance of an AK Purchase Order is your authorization to perform work or provide product to AK Steel. No costs should be incurred, nor materials or services supplied without prior issuance of an AK Purchase Order except as permitted for emergency requirements as defined below. AK Steel Terms and Conditions govern all Purchase Orders placed by AK Steel facilities.

Only authorized Buyers assigned to the Purchasing Department have the authority to issue Purchase Orders or a Request For Quote for the supply of materials and services. Otherwise, materials delivered or services supplied without a Purchase Order will be refused. Materials or services required due to an emergency situation requires the AK Steel authorized Invoices be directed to Accounts Payable and contain the Purchase Order number for reference. Invoices without this Purchase Order number will be delayed until a valid Purchase Order number is provided. Work performed prior to the issuance of an approved Purchase Order will not obligate AK Steel for payment.

All Purchase Order revisions, additions, deletions, addendums, etc. must be pre-approved by AK Steel Purchasing either thru reissuance of the Purchase Order and/or, documented change order by Purchasing. Purchase Order revisions by the AK Steel requesting department or any other non-AK Steel Purchasing Representative will not be honored and payment may be refused.

The only allowable exception to the above procedure is as follows:

Emergency Ordering Procedure

An AK Representative will contact the Supplier and specify materials or services required due to an emergency situation. The AK Representative must provide a "requisition number" for required materials, a "Required Maintenance Service (RMS) number" or work order number for Dearborn for a required service. The Supplier is authorized to proceed and must use this number, and the AK Representative's name and phone number, for reference purposes until the Purchase Order is issued.

The Supplier must contact the AK Purchasing Department Buyer promptly to ensure the timely issuance of a Purchase Order, including disclosure of the reason for the emergency. The issuance of a Purchase Order is required prior to the payment of any invoices. If you have a question about these procedures or the proper Buyer to contact, contact AK Steel Purchasing at 513-425-5000.

Non-compliance with this procedure will result in the removal of the offending Supplier from AK Steel's Approved Supplier List.

If you are encouraged to violate these procedures by anyone at AK Steel, you are to immediately contact the General Manager, Procurement at 513-425-5000.

Supply Agreements

Supply agreements for repetitive, higher volume requirements are normally awarded for a minimum period of one year. Long Term Agreements (2 - 5 years) are frequently negotiated with established Suppliers to support enhanced value-added opportunities for both AK Steel and its Suppliers.

Payment / Terms / Conditions

AK Steel will pay for goods and/or services provided by Suppliers according to the terms and conditions of the AK Steel Purchase Orders governing such obligations.

Payment terms are as indicated on the order. The payable date is based on the date of receipt of the goods for Autopay and Pay On Receipt (POR) orders. All other payable dates are based on the invoice date.

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AK STEEL CORPORATION MRO PURCHASING INVOICE STANDARDS

INVOICES:

The following information must be prominently displayed on any invoice submitted to AK Steel:

1. Company name and address including:
 - PO Box, if applicable
 - Street Address (required)
 - City, State, Zip Code
 - Phone No.
 - Fax No.
 - Email address
2. "Remit To" address if different from Item 1.
3. Invoice No.
4. AK Steel Purchase Order No.
5. AK Steel Location where Service was performed
6. Dates of Service covered by Invoice
7. General Description of Service Provided
 - a. Brief job description
 - b. Pricing Format (one line):
 - i. Fixed Firm Price (Lump Sum)
 - ii. Reimbursable
 - a. Time & Material
 - b. Unit Cost, or
 - c. Fee / Reimbursable (by special agreement only)
8. General Invoice Cost Details:
 - a. Fixed Firm Price Goods or Services:
 - i. Unless previously authorized by AK Steel Purchasing, the invoice shall be submitted upon completion of the Services and in the amount authorized on the Purchase Order.
 - b. Reimbursable Services:
 - i. The invoice and back up information, including the cost breakdown below and not to exceed the Purchase Order value, shall be submitted upon completion of the Services:
 - a. Labor Cost Details
 - i. Contractor / Service Provider labor
 - ii. Subcontractor
 - iii. Travel

- b. Materials Details
- c. Equipment Details
- d. Mark Up

9. AK Steel Payment Terms

10. Milestone Invoice Payments

- a. If partial invoicing has been previously authorized by AK Steel Purchasing, the amount invoiced shall be equal to the value of the previously agreed upon milestone(s) completed during the Invoice Period. The T&M Contractor Control Form and invoice must identify the charge as "Partial". If not identified as a "partial" billing, it will be considered "Complete" and the invoice will be closed complete.

SUPPORTING DOCUMENTATION REQUIREMENTS FOR FIXED FIRM PRICE SERVICES:

The completed AK Steel "Firm Price Contractor Control" Form shall be attached to the Invoice.

SUPPORTING DOCUMENTATION REQUIREMENTS AND STANDARDS FOR REIMBURSABLE SERVICES:

I. LABOR

A. Contractor / Service Provider Labor

1. Completed AK Steel "T&M Contractor Control" Form (sample attached)
2. Completed time sheets using the attached sample.
3. AK Steel's badge reporting system shall be used to verify time worked.
 - a. Missed badge swipes. In the event a contractor employee has a missed badge swipe that can't be remedied with the available reports or department badge data, the vendor shall contact the AK Steel Project Manager or department designee within five business days of the missed swipe. Contractor shall request an email to the contractor, verifying the employee worked the number of hours reported. Contractor shall include a copy of this email with the information submitted.
4. Provide an itemized summary of the time sheet information. This must include the following information:
 - a. Breakdown costs into on-site and off-site work
 - b. Specific job classes must be listed separately by job class type and hours worked for each job class listed, shift worked, and type of hours worked (ST, OT, and DT).
 - c. Include the rate applied for each job class.
 - d. Indicate when overtime rate is triggered, e.g., after 8 hours in 24 hours, after 40 hours/week, holiday time, etc.
5. The rate scale billed to AK Steel for labor shall not exceed the rate scale paid to the local halls if union labor is being provided.

B. The following items are **examples** of appropriate Labor costs:

1. All craft personnel directly involved with the work.
2. Teamsters, Tool Room and Material Control Attendants dedicated to a specific project (such as major outages) and in excess of the labor required to maintain permanent positions are an appropriate Labor cost. Time shall be billable from the first badge swipe to the last badge swipe for Teamsters, waste delivery drivers, parts men and the like whose duties dictate they must enter and leave the mill throughout the day.
3. Off-site time directly involved with the work. Time sheets for the work must be submitted as supporting documentation.
4. Safety personnel on the job site and directly involved with the work are an appropriate Labor cost except full time site Safety Managers, regardless of title – see inappropriate Labor costs below.
5. Superintendents, Project Managers, General Foreman, Foremen, Crew Leaders and the like ("Project Administration") directly involved with the work are appropriate charges. Rules governing Project Administration shall be as follows:
 - a. Contractors shall minimize Project Administration when possible and the levels below represent the maximum allowable. Any exceptions to these rules shall be approved by AK Steel Purchasing in writing in advance of the work.
 - b. Project Administration shall be determined on an hours worked basis per day. For example, two Foreman working four hours each would be equivalent to one Foreman working 8 hours.
 - c. Project Administration for Union Crews Working Under Local Bargaining Agreements. Project Administration for union contractors not working under the National Maintenance Agreement ("NMA") shall be in accordance with local bargaining unit agreements, if applicable. Project Administration shall be in accordance with "Project Administration for Crews Working Under the NMA or Non Union Providers", below, when not stated in the local bargaining unit agreements or left up to the Contractor in the local bargaining unit agreements. Local bargaining unit agreements shall be provided to AK Steel upon request as supporting information for Project Administration.
 - d. Project Administration for Crews Working Under the NMA or Non Union Providers. Crews shall consist of at least 70% Journeymen or Apprentices for all time worked. Supervision used for the work, defined herein as a level above General Foreman ("Supervision"), shall not exceed the greater of one person or one person per 20 crew members.
 - e. Exception for Small Crew Sizes. Where required to maintain personnel critical to the mill, two Foreman level and above, including no more than one Supervision, may be used for the work regardless of crew size. If multi-craft, then the first person on

the job for each additional craft may be an additional Foreman to General Foreman level. For small jobs, Foreman and above shall be directly involved with the work, e.g. a working foreman or working supervision.

- f. One person jobs used to supplement AK Steel labor such as a crane operator, safety watch, lubrication technicians, and laborers shall be billed at a level commensurate with the work.
- g. Project Managers are excluded from the rules governing Project Administration when their time is being used to maintain project schedules or cost reports for large projects or outages. Project Managers are not excluded from the rules governing Project Administration when their time is being use to manage work similar to a Superintendent.
- h. Project Engineers are excluded from the rules governing Project Administration when their time is being used for engineering on a project such as an engineered lift, project drawings, etc. Project Engineers are not excluded from the rules governing Project Administration when their time is being use to manage work similar to a Superintendent.
- i. The levels of Project Administration shall be determined by crew and not by purchase order. If multiple crews are working under a single purchase order then the number of crews shall be determined by the number of Job Safety Orientations for Contractors ("JSO") given for concurrently working crews. JSO's shall only be provided if proof is required for multiple crews on the same purchase order. In cases where JSO's do not adequately reflect the number of crews, the Contractor shall request an AK Steel manager familiar with the work to submit an explanation via email. The Contractor shall include this email in the information submitted.
- j. Call ins or break downs after normal working hours or holidays are excluded from the rules governing Project Administration.
- k. Examples of appropriate Project Administration:
 - i. A crew of two Iron Workers may have two people Foreman level and above such as a Superintendent and a Foreman and no Journeymen when required to maintain personnel critical to the mill.
 - ii. A three man crew involving iron work and pipe fitting may consist of a Superintendent, Iron Worker Foreman, and a Pipe Fitter General Foreman and no Journeymen when required to maintain personnel critical to the mill.
 - iii. Given the hours worked by all on a crew are equal, a crew using all the same craft must have seven Journeymen or below, such as five Journeymen and two Apprentices, before a third Foreman to General Forman can be

added. Seven Journeymen or below on a crew of ten meets the minimum requirement for 70%.

- iv. Supervision such as Project Managers or Project Engineers supervising outages, Superintendents, General Superintendents and the like shall not exceed one person on a crew of 0 to 20 people, two on a crew of 21 to 40, three on a crew of 41 to 60, etc.

C. The following items are **examples** of inappropriate Labor costs which should not be billed individually but should be included in Overhead:

1. All costs associated with personnel manning Contractor's / Service Provider's permanent site field offices including Clerks, Time Keepers, Secretaries, Buyers, Material Control Personnel, and the like are not appropriate Labor costs, shall be considered Overhead and may not be billed separately.
2. The full time Site Manager, regardless of title, shall be considered Overhead and may not be direct billed when the onsite work force remains consistently above 12 people.
3. The full-time site Safety Manager, regardless of title, shall be considered Overhead and may not be invoiced regardless of the person's location or involvement with the work when the onsite workforce remains consistently above 12 people.

D. Sub-Contractors and Sub-Contracted Services.

1. Sub-Contractor cost documentation shall include Sub-Contractor's invoice with supporting documentation equivalent to that required above of Contractor / Service Provider (noted above).
2. Examples of routine services include:
 - a. Vacuum Truck Services
 - b. High Pressure water cleaning services
 - c. Hot tap services
 - d. Purge gas supply
 - e. Valve repair specialists
 - f. ACM remediation experts
 - g. Lead removal subcontractor
 - h. Specialized rigging consultants
 - i. Trash and scrap containers and hauling
 - j. Other services deemed specialized by Owner
3. All use of Subcontractors requires Owner's written approval. The use of Owner's routine suppliers is preferred.
4. Contractor may add an approved mark-up to the cost of Subcontracted services.

E. Travel

1. Supporting documentation for travel cost arranged on a reimbursable basis shall include details and supporting receipts such as, but not limited to:
 - a. mileage per transporting vehicle & mileage rate (may not exceed rates allowed by IRS)

- b. travel dates
 - c. names of individuals traveling
 - d. per diem (if applicable)
 - e. car rental and associated gas receipts
 - f. hotel receipts
 - g. meal expense receipts if paid at cost instead of per diem
 - h. other items as required by prior written agreement with AK Steel Purchasing
- 2. No markup is permitted on travel costs.
 - 3. Supporting documentation for travel costs arranged as part of a fixed per diem rate shall include the following:
 - a. names of individuals
 - b. per diem rate
 - c. travel dates

Lodging and meal receipts are not required if arranged as part of a fixed per diem rate.

LABOR KEY REMINDERS:

- Note 1: Labor rates invoiced must be listed on job class sheets, in Pricing Agreements signed by both parties, or have prior written approval.
- Note 2: Rates invoiced shall include Overhead, Small Tools (see attached sample list), Consumables (see attached sample list), and Standard Personal Protective Equipment (PPE). These items cannot be charged separately.
- Note 3: Only productive time may be invoiced. OSHA time, sickness, bereavement, jury duty, vacation and the like cannot be invoiced. Online AK Steel safety training and on site, location specific safety training shall only be reimbursable upon written consent of AK Steel Purchasing on a project specific basis. If approval is granted, training will only be paid if personnel pass the safety training and drug & alcohol screen and work on the job at least five working days or, or in the case of jobs less than five days, the duration thereof. Reimbursement for AK Steel on line training shall not exceed 2 hours of straight time. Payment for lost time due to non-negative drug testing, as required under the National Maintenance Agreement, is subject to the written consent of AK Steel Purchasing.
- Note 4: On-site idle time may be invoiced only to the extent it results solely due to actions by AK Steel and is in excess of 30 minutes AFTER notification of AK Steel operating management or Representative by Contractor / Service Provider.
- Note 5: Holidays are limited to holidays recognized by AK Steel and may only be billed when worked.
- Note 6: All travel time and expenses shall be pre-approved by AK Steel Management. Unless explicitly agreed upon otherwise the following shall apply:
 - a. All travel expenses shall be billed at cost.
 - b. IRS mileage rates will apply for all personal or Contractor-owned vehicles.
 - c. For rental vehicles, rental and gasoline expenses shall be billed at cost instead of using IRS mileage rates.

- d. Travel and per diem expenses will only be paid for travel over 60 miles, one way.

Note 7: Travel costs shall consist of usual, customary and reasonable fees. Rental cars shall be "Economy" class.

Note 8: Contractors time badged in the mills shall include unpaid lunch(s) unless authorized to work through lunch by AK Steel in writing. All lunches for union contractors shall be paid in accordance with local agreements.

Note 9: Contractors are expected to be at the work location at the start and end of their shift.

- Travel time at the start and end of the shift is not reimbursable.
- Contractors shall perform their safety toolbox briefings at the work location.
- Contractors shall perform equipment inspections at the work location after signing in. Mobile equipment not staged at the work location previously and requiring OSHA mandated inspections prior to being moved, other than a 360° vehicle walk around, shall be allowed a total of 15 minutes for inspection and travel time to the department. Craft workers working on the same job as the mobile equipment, other than the mobile equipment operators, shall report at the start of the shift.
- Contractors working under the National Maintenance Agreement shall be allowed 10 minutes of travel time at the end of the shift to return to the exit gate.
- A reasonable amount of time shall be allowed to empty and clean vac trucks at the end of the shift.
- Department management shall make reasonable allowances for additional transport time of contractors resulting from trains or inclement weather. Any habitual offenders shall be brought to the attention of Purchasing who shall address it with contractor supervision.

II. MATERIALS

- A. Material cost documentation including, but not limited to receipts, third party invoices for materials and the like, are required.
- B. Supporting documentation for the invoiced Material cost must include any Subsupplier's invoice.
- C. The following items are examples of appropriate Material costs:
 - 1. General purchases for items permanently installed as part of the work such as bolts, lumber or other hardware or materials. Third party invoices should be attached as pricing backup and the amount used indicated and costs thereof extended.
 - 2. Materials included in AK Steel's Purchase Order.
 - 4. Any engineered or specialized material or equipment not considered general construction materials, are not small tools and are not consumable material may be purchased by Contractor under the following conditions:
 - a. Such purchases must be approved in writing by Owner prior to purchase.

- b. Purchase must be at the most favorable cost consistent with the required specifications and delivery requirements of the job. Where time allows, such purchases must be competitively bid.
- c. Contractor may add a mark-up to the cost of purchased materials, which would be applied to the invoice total amount.

III. EQUIPMENT

- A. An itemized cost summary must be provided for the invoice equipment cost showing each piece of equipment, usage and rate (must be lowest rate applicable for use of equipment during billing period at the AK Steel facility). Third party rental documentation shall include supporting invoices. Third party rental equipment invoices shall be marked up by the authorized markup %, which shall be applied to the rental facility's invoice total.
- B. Contractor's / Service Provider's owned equipment shall be included in the AK Steel Pricing Agreement and may be invoiced. Equipment Usage Time Sheets signed by AK Steel Representative (may be incorporated into daily time sheets) shall be provided as supporting documentation. Contractor owned equipment may not be marked up.
- C. The following items are examples of appropriate Equipment costs:
 - 1. Non-standard PPE may be invoiced by line item in the Equipment portion of the invoice. Standard PPE are those items required to meet the minimum safety requirements common throughout the AK Works in which the work takes place. It includes metatarsal work boots, gloves, face shields, locks, flame retardant clothing, hearing protection, welding PPE, cut and puncture resistant gloves, fall protection, ATA sleeves and the like. Non-standard PPE such as confined space equipment, flame retardant suits ("silver suit"), and breathing air rescue packs may be invoiced by line item in the Equipment portion of the invoice.
 - 2. Projects-specific temporary job site facilities such as office trailers, change trailers, lunch trailers, tool trailers, safety trailer, toilet facilities, and the like are permissible charges when required to facilitate large projects or outages. These facilities must be pre-approved in writing by AK Steel.
 - 3. All mobile equipment and cranes.
 - 4. All vehicles with a capacity of one ton or less when required to transport tools and materials for the work, whether called a van, job truck, service truck, pickup truck or the like ("Vehicles"). Vehicles shall not exceed more than one Vehicle per ten person crew size. Vehicles used for transport of employees only shall be considered Overhead unless approved in writing by AK Steel Purchasing on a project specific

basis. Vehicles used by Teamsters for material transport to the job site shall be in addition to the Vehicles limited by crew size when the Teamsters time is billable.

5. Rental equipment must be provided by Contractor at the least expensive rate available (monthly, weekly, daily, or hourly as appropriate). Contractor-owned rental equipment must be invoiced at Owner approved rates.
 6. All tools greater than \$2,500.00 in value, inclusive of pipe machines and welding machines. Third party rental tools must be provided by Contractor at the least expensive rate (monthly, weekly, daily, or hourly as appropriate). Contractor-owned tools must be invoiced per AK Steel Pricing Agreement.
 7. The usage of third party rental construction equipment must also be detailed showing each piece of equipment, usage and rate. Contractor may add a mark-up to the cost of such equipment. Rental equipment rates shall not exceed local prevailing rates.
 8. Delivery and pick up charges or fees for large rental equipment and mobile equipment (such as fork lifts, cranes, man lifts, etc) shall be reasonable and customary. Vehicles required for large equipment deliveries shall be in addition to the limitation in Section III.C.4 for the duration required for delivery or pick up.
- D. The following items are examples of inappropriate Equipment costs which should not be billed individually but should be included in Overhead:
1. Permanent job site facilities shall be considered Overhead.
 2. Vehicles, such as busses or vans, used solely for transportation of personnel shall be considered Overhead unless authorized by AK Steel Purchasing in writing on a project specific basis.
 3. Vehicles used to transport people on jobs where no labor or materials are required, such as a safety watch or crane operator, shall be considered Overhead.
 4. Any tools or equipment without rates established between AK Steel and Contractor. Contractor shall negotiate rates with AK Steel Purchasing prior to utilizing tools or equipment.

EQUIPMENT KEY REMINDERS:

Note 1: Vehicles used specifically to carry commonly used equipment, tools and materials for the support of the on-site services may be invoiced at previously agreed upon rates.

Note 2: Rates used must be those documented with AK Steel Purchasing prior to the start of any work.

Note 3: Rates should be for equipment maintained, un-manned, and un-fueled unless specifically authorized otherwise by AK Steel Purchasing.

Note 4: No markup of Contractor owned equipment rates is allowed.

IV. MARKUP

- A. Markup shall include all profits and overhead charges associated with procurement. All charges comprising the markup should be explicitly itemized. The markup percentage shall be applied in each section (Labor, Equipment, Materials) to each line item where Markup is permitted.
- B. Markup may not exceed Owner approved percentage. Markup shall not exceed 5% unless previously agreed to in writing.

V. OVERHEAD

- A. The following items are generally considered to be Overhead costs that are included in the Markup or are included in the Overhead built into the Labor rates and cannot be invoiced separately:
 - 1. All profit, fees, and the like.
 - 2. All home office overhead.
 - 3. All insurance.
 - 4. All home office staff including, but not limited to, clerical, secretarial, finance, accounting, tax, purchasing, warehousing, engineering, traffic, legal, payroll, computer services, corporate officers and their travel and subsistence expenses.
 - 5. All taxes, licenses, permits, federal, state, and local taxes, including taxes applicable to income and profit in Contractors home state and associated federal taxes for home office, but excluding sales and use taxes.
 - 6. All home office supplies, utilities, professional and trade associations and technical and trade journals.
 - 7. Labor relations for all necessary union meetings, pre-job conferences and or national association meetings.
 - 8. All home office costs associated with generating, maintaining and utilizing the critical path method for the job, including schedule development and reporting as required by Owner during the pre-outage, outage, and post-outage periods.
 - 9. Phone service for all field trailers and offices. This service is provided by AK Steel's subcontractor IBM Global and shall be billed to Contractor.
 - 10. Portable radios and cell phones for Contractor's personnel unless pre-approved in writing by AK Steel.
 - 11. All materials and supplies such as reproduction machines, paper, pencils, facsimile machines, office furniture and fixtures, portable computers, etc., necessary to set up and maintain all field office and staff trailers.
 - 12. Vehicles used in excess of those reimbursable.
 - 13. Cost for transportation of personnel.

14. All costs for the full-time Site Manager, regardless of title, associated with maintaining permanent site field offices when the onsite work force remains consistently above 12 people.
15. All costs associated with the full time site Safety Manager, regardless of title when the onsite work force remains consistently above 12 people.
16. Small tools, defined as any tool less than \$2500. Refer to Attachment "A" for a sample listing of items considered as small tools.
17. Consumables items: Refer to Attachment "B" for a sample listing of items considered as consumable items and are to be included in Overhead.
18. Standard Safety Supplies including the cost of all Standard Personal Protective Equipment (PPE), drug screening, safety training and other OSHA or Owner mandated safety requirements.
19. Any other like items noted above but not specifically mentioned shall be considered part of the T&M overhead.

INVOICE AND DOCUMENTATION SUBMITTAL PROCEDURES:

The supporting documentation for invoices can be formatted in whatever manner preferred by Contractor / Service Provider as long as it provides the required information detailed above, and is in a reasonable and readily understood form.

1. Submittal for Preliminary Review / Approval:

- a. A hard copy of the Supporting Documentation shall be submitted to the AK Steel Requester (name and contact information is at the lower left corner on Page 1 of the Purchase Order).
- b. The Requester will review the Supporting Documentation. If revisions or additional information is required by Requester, Contractor will revise its submittal until it is found satisfactory to Requester. When approved, the Requested shall receive the amounts for payment in the procurement system.

2. Final Submittal of Invoice and Documentation:

- a. Upon approval from the Requestor, the Invoice and the Supporting Documentation shall be emailed (preferred) or sent via US mail to AK Accounts payable as follows:
 - i. Mailing address – AK Steel Corporation
PO Box 8702
West Chester, OH 45071
 - ii. Adobe Acrobat (.pdf) files shall be emailed to apautoinv@aksteel.com.
- b. Contractor must retain invoice and supporting documentation copies on file for the documentation duration required by any agreements with AK Steel or, if no Agreements exist, for five (5) years following completion of the Services.

SAMPLE TIME SHEET

Company name and logo go here

Foreman's Daily Labor & Equipment Report									
Job Name and/or Number									
REQUIRED									
Initials of AK sponsor who authorized WTL or Call In									
DATE:									
AKS PO No.:									
Foreman's Name:									
Dept. Start Time:				Worked Through Lunch		Aot. Time IN OUT		Actual Hours Worked	
Call IN:								Total Hours	
								Assigned Truck #	
Badge #		Emp. #							0
NAME		Class.							0
Badge #		Emp. #							0
NAME		Class.							0
Badge #		Emp. #							0
NAME		Class.							0
Badge #		Emp. #							0
NAME		Class.							0
Badge #		Emp. #							0
NAME		Class.							0
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Badge #		Emp. #							0
NAME		Class.							0
Badge #		Emp. #							0
NAME		Class.							0
Badge #		Emp. #							0
NAME		Class.							0
TOTAL									

MATERIAL, EQUIPMENT & TOOLS:

Description	Enter # of hours on each job the equipment / tool was used

COMMENTS OR REMARKS CONCERNING THE JOB(S): (For Example, What necessitated WTL or Call In)

CONTRACTOR SUPERINTENDENT

Date

AK STEEL PROJECT MANAGER

Date

Signature is not a certification of hours worked

SAMPLE T&M FORM

AK STEEL CORPORATION

T&M NOT TO EXCEED CONTRACTOR CONTROL

Contractor: _____ Contractor Job No.: _____
 Supervisor: _____ Contractor Tracking No.: _____
 Date: ____/____/____ AKS Requisition No.: _____
 Turn: _____ AKS Purchase Order No.: _____ PO Amt: _____
 Plant Location: _____ (MID, MAS, DW, BW, CW, RW, ZW) _____
 Department: _____ AKS RMS or W.O. No.: _____
 AKS Requestor: _____ AKS Requesting Dept.: _____
 Scope of Work: _____

Craft Number: (enter the estimated number of people per shift in the box on line 1 and the actual max number on line 2)

LB	IW	EL	CP	OP	MW	PF	BL	TM	PA	BM	SM	AC	ENG	F	AF	GF	SI	PM	TOTAL	
																				*
																				**

ESTIMATED *

ACTUAL **

Start Date / Time: _____
Number of Working Days: _____
Required Completion Date: _____
Total Man-Hours: On-Site: _____
 Off-Site (Shop): _____
Labor Cost: On-Site: _____
 Off-Site (Shop): _____
Material Cost: _____
Equipment Cost: _____
Travel Cost & Per Diem: _____
Other Costs: (Identify them) _____
Total T&M Cost: _____

Partial Billing
 Final Billing

AKS APPROVAL TO PERFORM WORK: (Requires authorizing signature AND date prior to starting work.)

Signature: _____ Date: ____/____/____
 Print Name: _____

COMPLETE BELOW ONLY AFTER WORK IS FINISHED

Actual cost of work: _____ Actual Man-Hours: _____
 Clarifying Explanations of Unusual Circumstances: _____

AKS ACCEPTANCE OF WORK COMPLETION

CONTRACTOR CERTIFICATION OF COMPLETION

Signature: _____
 Print Name: _____
 Date: ____/____/____

Signature: _____
 Print Name: _____
 Date: ____/____/____

Receiving No.: _____
 Rev. 7/25/19

Purchase Order shall not be received in TEAMS (partial or final) until invoice, with all required documentation, has been audited and received by AK Steel.

SAMPLE FIRM PRICE FORM

AK STEEL CORPORATION

FIRM PRICE CONTRACTOR CONTROL

Contractor: _____ Contractor Job No.: _____
Supervisor: _____ Contractor Tracking No.: _____

Date: ____ / ____ / ____ AKS Requisition No.: _____
Work Location: _____ AKS Purchase Order No.: _____
AKS Requestor: _____ AKS Requesting Dept.: _____
Plant Location: _____ (MID, MAS, DW, BW, CW, RW, ZW)

<u>Scope of Work:</u>	<u>Firm Price Detail</u>
_____	Start Date / Time: _____
_____	Number of Working Days: _____
_____	Required Completion Date: _____
_____	Total Man-Hours: _____
_____	Labor Cost: _____
_____	Material Cost: _____
_____	Equipment Cost: _____
_____	Travel Cost: _____
_____	Sub-Contractor Cost: _____
_____	Firm Lump Sum Price: _____

AKS APPROVAL TO PERFORM WORK:

Signature: _____ Date: ____ / ____ / ____
Print Name: _____

CHANGE OF SCOPE SUMMARY: Any addition or deletion to the above scope of work must be approved in Summary of Scope Changes: _____

NOTE: Copies of Scope Change Requests and Owner Approvals MUST be attached to this form at time of acceptance by AK Steel.

Net Cost for Approved Scope Changes: _____

FINAL PURCHASE ORDER PRICE: _____

CONTRACTOR CERTIFICATION OF WORK COMPLETION

Signature: _____ Date: ____ / ____ / ____
Print Name: _____

AKS ACCEPTANCE OF WORK COMPLETION

Signature: _____ Date: ____ / ____ / ____
Print Name: _____

Receiving No.: _____

Rev 07/29/19

Purchase Order shall not be received in TEAMS (partial or final) until invoice has been received from Contractor complete with all necessary documentation such as Scope Change Requests & Approvals.

SMALL TOOLS

This list is not all inclusive but is considered to be representative of the kinds of small tools which Contractor / Service Provider will furnish as part of its overhead. Small tools are assumed to be under \$2,500.00 in cost and shall include tools of such value whether or not they are specifically itemized on the following list.

Adzes Allen Wrenches Anvils Augers Axes Portable Bandsaw Bars, Bucking Up Bars, Crow Bars, Claw Bars, Pinch Bars, Rivet Busting Bars, Wrecking Belts, Safety Benders, Hand Binders, Load Chain Blocks, Rope & Cable Blocks, Chain Blocks, Snatch Blocks, Tackle Boomers Braces Brands Buggies, Concrete Bull Points Calipers, Tube Calipers, Inside Calipers, Outside Calipers, Micrometer Caulking Guns Cement Joining Tools Clamps, "C" CO Monitor (personal) Chain Fall Concrete Floats, Steel Cutters, Bolt Cutters, Rt. (Bottles Only) Cutters, Pipe to 4"	Drills, Yankee Hand Edgers Emery wheel Stands Fire Extinguishers Fixtures, Lighting Flashers, Warning-Temporary Flatters Flaring Tools Forges, Blacksmith or Rivet Forks Fullers Gads Gauges, Drilling Gauges, Feeler Gauges, Wire Gauges, Center Guns, Alemite Guns, Paint Hammer, Sledge Hammer, Hand Hatchets Hats, Rain & Hard Heaters, All Types Hickeys Hods, Brick-Mortar Hoes Hoods, Sandblasting Hooks, Timber-Cant Hooks, Packing Horses, Mason Hose, Water Hose, Air Irons, Caulking Irons, Soldering Knives, Draw Knives, Putty Ladders, Step
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Cutters, Tube Cutters, Tin Snips Dolly, Rivet Drills, Bits Drills, Elect. (Under 1/4") Liners, Hard Hat Machinist Straight Edge Mats, Blasting Mattocks Mauls Mixer, Grout Nuts, Die Picks Planers Planes Pliers Plumb Bobs Post Hole Diggers Pots, Melting Pots, Fire Puller, Nail Pulleys Pumps, Small Hand Punches, Back Out Punches, Hob Punches, Gasket Reamers, Pipe Regulators, Gas Cylinder Rakes Rasps Salamanders Sanders, Electrical Saws, Electric Saws, Wood Hand Saws, Hacksaw Frames Scoops, Hand Scrapers Screwdrivers Screw Stop Shackles Sheaves, Steel Shovels, Hand Signs, Temporary Use Sockets	Ladders, Extension Ladles, Melting Levels, Hand Squares, Carpenters Spades Spikes, marlin Straight Edges Stamp Steel Stands, Flood Light Stocks, Pipe (to 2") Stoves, Oil Stoves, Electric Tachometer Lights, Flood Tamers, (Hand) Tarpaulins Tapes, Steel Measuring Taps, Pipe Tin snips Tongs, Rivet Tongs, Brick Tongs, Chain Tongs, Pipe Tongs, Heater Torches, Blow Torches, Gas Trowels, Cement Trucks, Hand Vises Washers, Common, Steel or Fiber Wheelbarrows-Rubber Tired Wire Twisters Wrenches, Rigid Pipe Wrenches, Monkey Wrenches, Spud Wrenches, Crescent Wrenches, Socket Wrenches, Ratchet Wrenches, Impact (Up to 1")
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CONSUMABLES AND SUPPLIES
CONSUMABLE CONSTRUCTION MATERIALS AND WORKMEN
SUPPLIES

This list is not all inclusive but is considered to be representative of the kinds of consumable items which Contractor / Service Provider will furnish as part of its overhead.

Abrasives	Hose & Fittings
Rags (paper, cotton, burlap)	(all steam and garden)
Bands (steel for banding machine)	Knives (putty)
Blades (hacksaw, bricksaw, circular saw, rip saw)	Ladders
Note: Blades for refractory and masonry work	Paint Pots
are not part of this list.	Paint brushes
Boots (rubber)	Paint Scrapers
Bricks (rubbing)	Paper (building, sandpaper)
Brooms	Paste (soldering)
Brushes (wire and cement)	Pins (draft)
Bucket (water & cement)	Postage
Chalk	Punches
Chisels (all types)	Rags
Clamps (Hose)	Rasps
Cleansing Powder	Rope (manila, sisal, jute wire, plastic)
Cloth (emery)	Safety Equipment (hats, boots, gloves, goggles,
Connectors (hose)	raincoats, etc.)
Coolers (water)	Sanding Discs
Cords (extension)	Sash Cloth
Cover Lens (welding hood & goggles)	Soapstone
Crayons	Spray Cans (form oil, concrete, curing)
Cutter (wheels)	Steel Wool
Dust masks	Stone (rubbing)
Engineering Consumables (stakes, tacks, flagging)	Sulphur
Files	Taps (bolt, pipe)
Flashlights	Tips (welders, cutting)
Flints	Torch (highway flare)
Flux (welding)	Twine (wrapping)
Friction Lighters	Waste
Glass Cutters	Wedges
Gloves	Welding leathers
	Wheels (abrasive)
	Whetstone

6

Chapter 6: Product/Process Changes & Deviation Requirements

Product / Process Change Requests

AK Steel must be notified promptly of any product and/or process changes by the Supplier in order to evaluate the impact on AK Steel operating efficiencies, cost, downtime, quality, and safety.

In particular, improvements/modifications that occur due to the following:

Modifications that may have occurred since the original contract agreement with AK Steel for products/services received or will be received by AK Steel.

Equipment/assemblies/products/services/parts/subassemblies/ raw material Suppliers/Sub-Contracting of previously manufactured products (i.e. work rolls) previously supplied to AK Steel and although currently performing as required, have subsequently undergone improvements/modifications which should be communicated to AK Steel for evaluation of the potential impact at AK Steel.

Therefore AK Steel requires you as a Supplier to notify your appropriate AK Steel Buyer and your AK Steel plant/Operating Department contact(s) of these modifications/improvements, if any have or will occur.

Deviation Requirements

AK Steel requires strict adherence to a formal deviation procedure when the following situations arise:

- AK Steel production schedules require shipment of new/revised materials prior to trial approval process or
- Supplier discovers any type of non-conformance in product which is urgently needed to meet the AK Steel production schedule.

In either situation, the Supplier MUST obtain prior approval from AK Steel before making shipments. An approved deviation is required before shipment of any product. The acceptance of a deviation will be dependent on the nature and extent of the non-conformance and will be authorized in writing to the Supplier. In the case where a deviation is required, the Supplier will notify AK Steel Purchasing of the situation with detail. Purchasing will document the deviation and submit to the affected manufacturing site (Operations) for approval. When approval is received, AK Steel Purchasing will notify the Supplier that the deviation has been granted.

The Supplier must include a copy of the approval with the shipment of product to the manufacturing site. Failure to follow this procedure may result in a product rejection and reflect on the Supplier's quality performance.

7

Chapter 7: Supplier Corrective Action

Supplier Corrective Action

If a corrective action is requested of a Supplier, they will be notified by AK Steel Purchasing through a Purchased Material Corrective Action Request (PMCAR) or a Supplier Corrective Action Request (SCAR). The Supplier is required to respond to this request on a timely basis and in detail. The Supplier's own corrective action form is acceptable provided it covers the following areas:

- Team - who is working on the issue, with leader's name / phone number.
- Problem Description – must reference the AK Steel PMCAR number.
- Containment – actions taken to prevent further defective material from being shipped to AK Steel including material in transit.
- Root Cause – complete with validation – what caused error to occur, what allowed it to go through your system undetected.
- Corrective Action(s) – list actions required.
- Verification – complete with timing /validation.
- Prevention – evidence of evaluation of “like and similar” processes / products.

If you do not have a corrective action form, use the AK Steel PMCAR format.



Note...

Timely **documented** corrective action to this report is required.

Upon notification of the non-conforming material:

- Containment action must be developed and implemented within 24 hours.
- Possible root cause(s) with timely planned corrective action(s) and responsibilities must be completed and submitted to AK Steel within 15 working days of the issuance of the Corrective Action Request unless otherwise specified in writing by AK Steel.
- Robust corrective actions should be targeted for verification/closure within 30 working days and all process documentation (Process Flow, FMEA, Process Control Plan, Operating Instructions) needs to be updated.

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Chapter 8: Supplier Containment

Level 1 and Level 2 Containment

In addition to the corrective action requirements listed in Chapter 7, Supplier may be placed on Level 1 or Level 2 Containment (Quality or Safety/Environmental) by AK Steel due to quality issues caused by a Supplier's goods or services or due to safety/environmental issues involving activities of the Supplier's employees while on AK Steel properties. Additionally, production, environmental, or sourcing problems could also lead to Supplier Containment.

Containment – Quality is a demand by AK Steel to a Supplier to put in place a redundant inspection process while implementing a root cause analysis and problem resolution. This redundant inspection is required to take place concurrent with any in-process monitoring / inspection in place.

A Supplier on Level 1 Containment - Quality may be required to perform 100% additional testing/inspection/sorting/observation on the material/services being supplied to AK Steel. This additional inspection is in addition to normal controls. This additional inspection/testing plan must be submitted to AK Steel for approval.

A Supplier placed on Level 2 Containment - Quality may similarly be required to provide 100% additional testing/inspection/sorting/observation by a Third Party inspection/testing group. The plan for this testing/inspection must be approved by AK Steel prior to shipping additional material to AK Steel.

In each instance, the Supplier shall ensure for proper job instructions, quality standards, boundary limits, tools/equipment, training, asset care, daily charting of key process variables, and all other requirements as necessary to perform the additional duties.

The Supplier shall hold daily meetings at the sort location to review results and ensure effective corrective actions. Results of the meetings and the additional inspection must be sent to the Buyer/Operating areas on an established frequency.

Suppliers will be responsible for all costs associated with the containment.

Lack of adequate inspection/documentation may result in AK Steel contracting out or performing the containment activity with incurred costs charged back to the Supplier.

Suppliers will remain on containment for a minimum of 30 days following verification of acceptable performance.



Note...

Suppliers doing business with AK Steel must agree to be bound by Level 1 and 2 Containment requirements. Based on evaluation by senior level AK Steel personnel, a Supplier may be placed directly on Level 2 Containment.

Level 1 Containment - Quality

This additional inspection/testing process is required to be performed by the Supplier's employees at the Supplier's location. The Supplier will be notified that they have been placed on Level 1 Containment - Quality status. This communication will be followed by a written notification including the need for 100% inspection, a containment plan, effective corrective action and the exit criteria. Suppliers are required to provide written confirmation of receipt of this notification, including containment activities, within 24 hours. While on Level 1 Containment - Quality, Suppliers will be restricted from bidding on or being granted new business for the material in question.

Suppliers placed on Level 1 Containment - Quality must:

- Immediately establish a separate containment activity area at their location.
- Start the 100% inspect/test activities and record results. At a minimum, Suppliers must record the material inspected/tested and the frequency of non-conforming material identified.
- Contain all suspect material in the supply chain (at Supplier's location, in-transit, at AK Steel).
- Conduct a daily review of the results of the test/inspection activities and verify the corrective actions are effective or plan required changes.
- Communicate results of the test/inspection to AK Steel on the agreed upon frequency.
- Provide key quality documents upon request for AK Steel review.

Level 2 Containment - Quality

This includes the same process as Level 1 Containment - Quality but with added inspection/testing process by a Third Party (if deemed necessary by AK Steel) representing AK Steel interests. The Third Party must be approved by AK Steel and will be paid for by the Supplier.

The Supplier will be notified that they have been placed on Level 2 Containment - Quality status. This communication will be followed by a written notification including the need for 100% inspection, a containment plan, and effective corrective action plan. Suppliers are required to provide written confirmation of receipt of this notification, including containment activities, within 24 hours.

Suppliers placed on Level 2 Containment - Quality must:

- Contact and issue a Purchase Order to an AK Steel approved independent (Third Party) sorting firm. The Supplier is responsible for providing all necessary information/training and locations for re-inspection activities. The Supplier is responsible for all cost associated with this re-inspection.
- Submit data to AK Steel as agreed upon.
- Meet the defined exit criteria.
- Request exit from Level 2 Containment - Quality.

Release of Containment - Quality

Suppliers shall remain on Containment - Quality until:

- They meet the exit criteria as defined in the notification letter.
- Provide supporting documentation on performance improvements and corrective actions taken.
- Formally request exit from Level 1 Containment which AK Steel approves.

Level 1 Containment – Safety/Environmental

Level 1 Containment - Safety is a requirement by AK Steel for the Supplier to take immediate steps to develop a plan of interim actions to be taken to improve their safety/environmental performance including pre-shift toolbox meetings, employee observations & contacts, thorough reviews of specific safety/environmental procedures, correcting unsafe acts and unsafe conditions, frequent safety/environmental audits & inspections, documenting safety activities and additional safety/environmental training/retraining, etc.

This action plan, including **specific action items** with time frames, must be provided to the specific facilities' AK Steel Safety Department for safety items or AK Steel Environmental Department for environmental items within 48 hours of receipt of notification of Level 1 (or Level 2) Containment to avoid further action by AK Steel.

Further action by AK Steel may include requiring a full time safety/environmental professional provided by the Supplier for the site, development of additional safety/environmental requirements by AK Steel. This individual is typically not billable to AK Steel.

The Supplier is required to perform a complete safety/environmental audit per their written Safety/Environmental program as approved by AK Steel for all operations at the AK Steel facility requesting the containment and providing a comprehensive audit report to AK Steel Management.

AK Steel Operations Department, Safety, Environmental, and Purchasing Management shall approve the audit report and subsequent corrective actions for deficiencies.

The Supplier shall be responsible for all costs associated with Level 1 Containment – **Safety/Environmental.**

Level 2 Containment – Safety/Environmental

The Level 2 Containment – Safety/Environmental requirements are identical to Level 1 Containment – Safety/Environmental with the additional requirement of a Third Party performing the Safety/Environmental audit per the Supplier’s written safety/environmental program as approved by AK Steel.

The Third Party auditors shall confirm all deficiencies identified in the safety/environmental audit report are complete.

The Third Party shall be responsible for the communication mentioned above.

AK Steel shall approve/provide the Third Party auditors.

The Supplier shall be responsible for all costs associated with Level 2 Containment – Safety/Environmental.

Release of Containment – Safety/Environmental

Suppliers shall remain on Containment – Safety/Environmental for a minimum of 90 days following the verification of acceptable safety/environmental performance and correction of all deficiencies indicated on the safety/environmental audit report provided.

Revocation Process

Suppliers that do not adequately respond to Level 1 and Level 2 Containment requirements of AK Steel or fail to meet the exit criteria defined will cause Suppliers to be removed from the AK Steel Approved Supplier List and product / services will be resourced.

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Chapter 9: Non-conforming Material

AK Steel expects Suppliers to ship defect free material. If non-conforming material is identified at any AK Steel site, the Supplier will be immediately notified of the non-conformance. Suppliers have the opportunity to mitigate and dispute the validity of the non-conformance. All validated non-conformances will affect the Supplier's overall performance rating.

Once disposition of the material is determined, a copy of a PMCAR (Purchased Material Corrective Action or SCAR (Supplier Corrective Action Request) will be sent to the Supplier. If so noted on the PMCAR or SCAR, the Supplier has responsibility to provide corrective action; See Chapter 7.



Note...

When non-conforming product is identified, Suppliers are required to notify all other AK Steel sites receiving similar material of the non-conformance issue.

Non-conforming Material in Transit or at an AK Location

- Current material held by Supplier is to be 100% evaluated for reported non-conformance (records of results must be maintained and available pursuant to containment (if any) as indicated above).
- Evaluation, including any containment restrictions, shall continue until material has been re-certified.

For material in-transit or at an AK Steel location(s), Suppliers shall contact each receiving AK Steel facility for determination of appropriate disposition per the following:

- Return to Supplier for evaluation.
- Accept at AK Steel site under deviation (reference Chapter 6 of this manual).
- Evaluate material at AK Steel site by Supplier personnel.
- Evaluate material at AK Steel site by Third Party personnel (Supplier responsible for all charges).
- Evaluate material at AK Steel site by AK Steel personnel (contact AK Steel Buyer for charges).

Disposition of Non-conforming Material

AK Steel shall contact the Supplier for disposition of suspect material.

In the event of shipment of suspect or non-conforming product to an AK Steel customer, caused by the Supplier's product, the Supplier will be debited for associated customer charges. Suppliers are expected to be involved with customer required sorting / on-site review as appropriate.

If Supplier evaluation proves to be ineffective (i.e., AK Steel continues to receive defective material from shipments), the Supplier will be placed on Containment Level 1 or Level 2 as defined in Chapter 8.

The Supplier will be responsible for "extraordinary" costs incurred because of the non-conformance.

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Chapter 10: Packaging/Labeling

All Suppliers are required to fully comply with AK Steel's requirements as defined in this manual and associated purchasing documents. It is the Supplier's responsibility to obtain and follow these requirements.

The selected transportation modes shall be appropriate for the movement of the product, as well as compliant with national and international transportation and safety regulations. Where AK Steel has preferred carriers for land, air, and ocean transport, these carriers must be reviewed with an AK Steel Purchasing Representative.

During transport, product must be secured in such a manner that shipments arrive intact and in good condition. AK Steel reserves the right to refuse loads if the shipment is deemed unsafe to offload or store. Examples of unsafe conditions may include, but are not limited to, rotted trailer floorboards, unstable stacks of pallets and general poor trailer, container or load conditions.

Documentation for each shipment is the responsibility of the Supplier and must be complete, timely, and legible. The Supplier is to provide all necessary customs and legal documents as required by each country. Shipping documents must be provided in a separate envelope. Requirements for documents such as Bills of Lading, Packing Lists, and Manifests are listed below.

Basic Packing List Requirements

Each shipment must be accompanied by a Packing Slip in a separate envelope that clearly and legibly displays:

- Sold to address
- Ship to address
- Ship from address
- Ship date
- AK Steel Purchase Order number or release number
- AK Steel Purchase Order line item number
- AK Steel door #, Requestor name, Requestor phone number
- AK Steel material description
- Quantity (units as specified by the Purchase Order)
- Weight of the shipment (gross and net)
- Manufacturer's lot number or heat number (when applicable)
- Chemical/physical analysis (when applicable)
- Carrier used
- Part # (when applicable)

Electronic packing slips, provided by an electronic document number, may be acceptable in some locations. Contact your local AK Steel Purchasing Representative to determine if this service is available. Shipping documents must be provided in a separate envelope.

Basic Bill of Lading Requirements

The Bill of Lading must be included with each shipment and reference:

- Bill to address (freight billing)
- Ship to address
- Ship from address
- Weight
- Freight pieces
- Description of product
- Carrier
- Any other regional requirements, such as country of origin.
- Part # (when available)
- Manufacturer's Lot # (when applicable)
- COA (when applicable)

Packaging Supplier Responsibilities

To ensure damage-free shipments, it is the Supplier's responsibility to design and develop packaging to withstand the given transportation mode. Dunnage design must allow easy access to material. AK Steel may assist with the design, however, accepts no responsibility for nonperformance. Once the packaging method has been accepted, the Supplier may not change without prior written approval from AK Steel.

Expendable Packaging Considerations

Though returnable packaging is preferred, some instances may require expendable packaging. In these cases, all expendable packaging must be readily recyclable or economically and legally disposed of in accordance with local legislation. AK Steel also encourages the use of post-consumer, recycled content in its packing materials.

Pack Quantity

Standard packaging quantities shall be based on aforementioned ergonomic standards (found in Chapter 14). It is the Supplier's responsibility to determine the packaged quantities and to communicate this standard quantity to the respective plant personnel for verification.

Additional protection

For some material, interior dunnage or bagging may be required to prevent damage resulting from contact or contamination. AK Steel will identify material which requires additional protection not provided with the standard packaging. If additional protection is deemed necessary, then the AK Steel Requestor should pre-approve dunnage prior to shipment.

Labeling and Identification

Incoming material shall be identified by the Supplier with a non-handwritten, identification label. Provision shall be made on the package system for the material identification and its contents. Regional requirements for hazardous material shipments must also be adhered to. Specific identification requirements and label locations shall be agreed upon with the receiving location.

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Chapter 11: Delivery

AK Steel has contracted with Ryder Integrated Logistics to manage its inbound freight for purchased goods that are bought on a collect freight basis. This program applies to both truckload as well as less-than-truckload freight.

When you have an item to ship to an AK Steel facility (or AK-designated consignee) that was sold to AK Steel on a collect freight basis, you will need to call Ryder Integrated Logistics at (866) 382-0666 to arrange for the cargo to be picked up and delivered. This phone will be answered on a 24/7 basis to accept new loads or to handle inquiries on existing loads.

When you call this number you will need to have the following information ready:

- Valid AK Steel Purchase Order number.
- Cargo description, including dimensions, weight, freight class.
- Any special instructions that you may have regarding the cargo.
- Your name, phone number, and FAX number (or email address).

Ryder will then arrange for a truck to pick up your load and deliver it to AK Steel.

New Purchase Order paperwork created by AK Steel will also state that freight for these items must be arranged through Ryder.

If you have any questions regarding this, please feel free to contact Ryder, at (866) 382-0666, or email aksteel@ryder.com.

Delivery Performance

AK Steel requires 100% On-Time delivery performance from its Suppliers. Any changes to the delivery schedule, unless presented in writing from an AK Steel facility, are not valid.

If material does not meet the delivery schedule in either quantity and/or date required as specified by the AK Steel manufacturing site, the Supplier will be notified of the non-conformance.

If this occurs, the Supplier will be required to submit corrective action.

It is the responsibility of the Supplier to make sure that all delivery notifications are accurately reported. These documents impact the individual Supplier performance record. If the Supplier disagrees, they must contact the issuing AK Steel site to resolve.

The Supplier will be responsible for "extraordinary" costs (premium freight, etc) incurred resulting from a delivery issue.

Recovery of Extraordinary Cost

The Supplier may be held responsible for extraordinary costs due to late delivery or the delivery of non-conforming material.

Extraordinary costs can range from the Premium Freight required to expedite shipment to the economic impact to AK Steel and AK Steel's customers.

Note: Suppliers will be charged back for all costs associated with non-conforming material. The burden of responsibility is on the Supplier to prove otherwise.

Settlement of extraordinary costs shall be addressed on a case by case basis.

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Chapter 12: Supplier Performance Metrics

AK Steel requires its Suppliers **to provide** 100% on-time, defect free material.

Prices

In order to effectively administer cost control programs and our pricing policy, it is necessary for AK Steel to clearly understand the inflationary pressures faced by Suppliers. Suppliers are expected to offer suggestions for ways that price increases may be avoided; these might include substituted products, alternative materials, and process improvements. The policy of AK Steel is to favor cost effective Suppliers by rewarding them with increased levels of business participation whenever possible.

Business Review Meetings

In order to ensure the collective resources of AK Steel and its Suppliers are effectively and strategically planned and utilized, AK Steel may invite selected Suppliers to participate in a Performance Review Meeting. AK Steel will share information on the state and direction of our business, discuss specific Supplier performance, and communicate all other known plans and/or factors. This will allow our Suppliers to best plan and utilize resources to supply AK Steel with the highest quality, least cost products and services.

Additionally, Suppliers needing to improve their performance at AK Steel may be notified of their standing recapping their performance based on past Purchased Material Corrective Action Requests (PMCAR) or Supplier Corrective Action Requests (SCAR), Containment Level 1/ Level 2 issues, lack of quality system registration, field failures, delivery issues, etc. and requesting an increased effort to rectify the situation and improve performance going forward.

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Chapter 13: Continual Improvement

Continual improvement is essential to successfully compete in today's business environment. All Suppliers shall continually improve in Quality, service (including timing and delivery), and cost to benefit AK Steel and the Supplier's own organization.

Continual improvement shall extend to all product characteristics with the highest priority on special characteristics. (Those characteristics that will have the most significant effect on the finished product produced.) Characteristics identified as "pass through" characteristics are required to have error proofing applied to process steps where possible. Where error proofing is not feasible, capability data must be available upon request.

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Chapter 14: Environmental, Health & Safety

We are steadfastly committed to providing a safe work environment, and expect all of our on-site Contractors and Suppliers to demonstrate an unwavering commitment to safety, at all times, while at our facilities. It is expected that all Suppliers to AK Steel locations conduct business in the same manner and that goods and services provided to these locations be delivered in a safe, ergonomic and environmentally friendly condition.

As an AK Steel on-site Contractor or Supplier, we expect your company to comply with all applicable state and federal OSHA standards, policies and procedures. In addition, we expect all of your employees to abide by AK Steel's Safety and Health Rules.

It is extremely important for your company to commit to a hands-on approach to safety. We encourage you to conduct routine safety audits at your company, and we expect you to take immediate corrective action when necessary.

At AK Steel, we value our business relationship with your company, and look forward to a safe and successful future.

Ergonomics

To ensure worker safety and loss prevention, package design shall consider all human interaction. For material to be considered to be packaged in a small container, it must be manageable by one person, eg. 50 lbs. maximum, for instance.

Supplier Containment – Safety

See **Chapter 8 – Supplier Containment** for details concerning Supplier containment for safety issues.

CMA & Safety Program Requirements

If you provide labor or services on AK Steel property you are required to complete our Contractor and Service Providers Master Agreement (CMA), and remain current on your insurance endorsement and certificates. You are also required to have a safety program in place and obtain Safety Approval through ISNetworld (www.ISNetworld.com) before performing any work activity for AK Steel. Suppliers that are not signatory to the CMA, are not current on their insurance certificates, or do not have an approved safety program will be eliminated from on-site use at AK Steel. If you have any questions concerning the CMA, contact AK Steel Risk Management at (513-425-5393). For information about safety approval, contact your local Safety Department Manager. Further information of Contractor Safety Requirements are described below:

Contractor Safety Requirements

AK Steel Department Management must assure that the following Contractor requirements are met prior to allowing any Contractor employees access to their departments.

All Contractors are required to meet and verify that the company and their employees meet the following requirements prior to accessing and/or working at AK Steel:

Requirements Summary

Contractor Company Requirements:

- CMA (Contractor Master Agreement) Approved
- Member of ISNetwork and Safety Approved
- Meet requirements for safety representation/qualification; safety contacts, observations, meetings, audits and inspections

Contractor Employee Requirements:

- 10-Hour OSHA Construction/General Industry Training. This card must be presented before taking the plant specific training class.
- AK Steel Core Safety Training
- Plant Specific Training
- Valid documentation of drug/alcohol testing within the last year.
 1. Proof of this test resulting in meeting AK Standards shall be presented before taking the plant specific safety class.
 2. Check with each plant to determine what the location specific requirements are for drug/alcohol testing.
 3. AK Steel has the right to perform drug/alcohol testing on any contractor at any given time.
- Upon successful completion of the course, the participants will be provided a Photo ID Card.
 1. This card shall be carried by the contractor at all times during their work at the facilities.
 2. This card must be presented upon request by any AK Steel employee or Security Personnel.

CMA and Safety Approval

All Contractors who perform **hands-on work** at AK Steel must have CMA **and** Safety Approval from ISNetwork prior to working on AK Steel property. A Sub-Contractor may work under their prime Contractor's CMA but must have their own Safety Approval, and their employees must comply with the Contractor Employee Requirements (see above).

Contractors can inquire about or verify CMA Approval status by contacting AK Steel Risk Management Department at (513) 425-5393.

Contractors can inquire about or verify Safety Approval status by contacting ISNetwork.

All Contractors and Sub-Contractors working in an AK Steel facility with a staff of 12 or more employees must have a full-time Safety Representative on site. The Safety Representative must meet all of the following requirements/qualifications:

- Capable of identifying existing and predictable conditions in the surrounding work environment that are potentially unsafe and/or unhealthy for their employees.
- Authorized to take immediate action to eliminate unsafe/unhealthy conditions.
- Have a recognized safety and health degree, professional standing, or extensive knowledge, training, and experience for the job.
 1. Completion of the OSHA 510 or 511 Course Training (30-Hour Training)
 2. Completion of the plant's Site Specific Orientation
 3. Drug and Alcohol Recognition Training
- Successfully demonstrate the ability to identify and resolve issues relating to safety and health in the workplace
- Attend and participate in the plant's Contractor monthly safety meetings
- In addition to the above requirements, any Contractor's new Safety Representative must schedule an interview with the AK Steel plant's Safety Manager prior to starting work.

All Contractors and Sub-Contractors must satisfactorily perform safety related requirements including, but not limited to, the following:

- Conduct pre-shift toolbox sessions
- Conduct formal monthly or more frequent safety meetings
- Conduct employee observations
- Correct unsafe acts and conditions
- Implement and maintain written safe job procedures
- Conduct periodic safety audits and inspections
- Document all safety related activities (those above and those not mentioned here)
- Submit a monthly observation report to the AK Steel Site's Occupational Safety and Health Manager
- Attend and participate in the plant's contractor safety meetings

Any injury, incident, or Near Miss – shall be reported immediately to the proper AK Steel Representative responsible for the job.

- A complete investigation into root cause and corrective actions must take place. The incident scene shall be left as is when the incident occurred, whenever possible, until AK Steel Safety Department clears the scene.
- A complete investigation including pictures, witness statements, and supporting documents must be completed as to the root cause of the incident as well as corrective actions to prevent reoccurrence of the incident in the future.
- Contact all appropriate AK personnel including AK Steel Purchasing Management.
- The contracting company's management team is expected to be involved on site for the investigation.
- Completed incident investigation report shall be provided to the AK Steel Representative within 4 hours of occurrence.

Pre-job or Pre-Task Requirements:

- All contractor and service providers job activity must be reviewed with the AK Steel employee (or representative) who requested the work to be completed. For service departments bringing contractors into production areas, the AK Steel representative must be familiar with the work areas and unique safety requirements.

- The specific job orientation must take place at the actual work site and must include a pre-job walk-through to identify both direct and indirect work hazards.
- Job Site Orientation (JSO Form Safety03) – must be completed with the contractor / service provider and the AK Steel Management representative or approved designee who requested the work.
- The JSO shall be completed at the job site, there are no exceptions in this rule.
 1. All contract workers and AK Steel Management representative or approved designee shall place their name (printed and signed) in the appropriate area on the JSO before work begins.
 2. If another contractor worker joins the work crew on the job described on the JSO, the AK Steel Management representative or approved designee must review the hazards of the job, both direct and indirect, with them before they start work.
 3. The completed JSO shall remain at the job site until the job is completed.
 4. Once the job is complete, all contractors shall sign out of the job by placing a current time in the provided box and an AK Steel Management representative or approved designee must complete the sign out verification.
 5. When all contractors are signed out of the job and the AK Steel Management representative or approved designee has the completed sign out verification, the JSO shall be forwarded to the Safety Department for auditing and retention.
 6. Any waiver requested to the above mentioned requirements must be submitted utilizing the AK Steel Job Site Waiver form (AKSF-21) to the Occupational Safety and Health Manager of the facility for approval prior to any work before being started.
 7. If a waiver is granted, it must be granted in writing (AKSF-21) and shall meet the following criteria to be exempt from requiring a JSO:
 - o Perform the same job(s) daily.
 - o The jobs they are performing are not affected by any jobs being performed by AK.
 - o Conditions and hazards do not change.
 - o Hazard controls are in place at all times.
 - o Does not require entering a Confined Space (GSO #4).
 - o AND, the contractor performing the work has a written job specific safety procedure.

Written Safety Procedures, including but not limited to, JSHA's, Pre-Job planning, Safety Task Assessments (STA), etc., must be completed. All tasks to be completed by a Contractor shall have a written procedure or pre-plan. If there is no formal written procedure, a temporary such as a STA card or form shall be used.

- The form shall cover the hazards that are present.

- The form shall cover the preventative measures taken to mitigate these hazards.
- Emergency contact numbers.
- Personnel Protective Equipment needed for the job.
- Permits or procedures needed for the task.
- This procedure must be readily available and presented upon request by any AK Steel Management Representative.

General Safety Orders (GSO)

- GSO #1 through GSO #5 – AK Steel will instruct the contractor through the JSO which GSOs apply to the job being performed.
- GSO #1 through #4 – AK Steel will establish the initial compliance with the specific GSO and then turn it over to the contractor.
- The Contractor will be required at all times to be compliant with all of the GSOs requirements.
- Any exception requested to the above mentioned requirements must be submitted in writing to the Occupational Safety and Health Manager of the facility for approval prior to any work being started. **If an exception is granted, it must be granted in writing.**

Contractor Access into the Plant

All Contractor employees **must enter the plant via the Contractor-designated gate(s) provided unless the Plant and/or Safety approve other arrangements through Plant Security.**

All Contractor employees must present his/her current AK Steel Contractor's badge to Security upon their request before access is allowed into the plant. Each Contractor employee must individually badge in and out in accordance with the plant's requirements.

All Contractors and/or Contractor employees must be able to provide documentation of a current drug screening (< 12 months) upon request by any Company Official or Company Designee.

Site Specific Orientation

All Contractor and Sub-Contractor employees are required to complete a Site Specific Orientation prior to conducting hands-on work. Ashland, Butler, Coshocton/Zanesville, Dearborn, Mansfield, Middletown, and Rockport have different site specific training; therefore, one plant's training will not be accepted for any other.

Contractors are responsible for scheduling this Site Specific Orientation through the respective plant's Safety Department or designated representative.

Contractors are responsible for scheduling AK Core Safety and Site-Specific Safety Orientation.

AK Steel Contractors' Badge

Prior to being issued an AK Steel Contractor badge, Contractor employees are required to provide the following:

- Documentation of completion of the OSHA 10-Hour Construction or General Industry Safety Course (if applicable).

- Documentation of a negative drug and alcohol test. These drug and alcohol screens will be performed on site at the AK Plant Medical Facility.
- Documentation of completion of the Site Specific Orientation.
- Contractor badges must be renewed annually.

Drug and Alcohol Testing

Minimal acceptable testing is annual in addition to the testing outlined below. Each worker is expected to present, on request to any Company official or Company designee a dated drug free certification card from a certified testing facility. A record of such tests is expected to be maintained by the independent testing laboratory.

All costs, such as for collection, analysis, reporting, maintenance of records, issuing cards and notification, shall be borne by Contractor for all participants. Obtaining the drug screen test shall be the responsibility of the Contractor for all of its workers and those of its Sub-Contractors and shall be performed on the Contractor's time.

AK Steel reserves the right to test any Contractor or Sub-Contractor worker on AK Steel premises. These drug and alcohol screens, including random, pre-hire, reasonable suspicion, and post-incident or accident, will be performed by AK Steel medical personnel or their representatives utilizing AK Steel chain-of-custody forms and according to AK Steel Policy. SAMHSA approved procedures, lab, and MRO will be utilized. These drug and alcohol screens may be performed on site at the AK Plant Medical Facility or at an AK Steel designated collection location.

Drug and/or breath alcohol screening will be performed for all mobile equipment accidents and for all injury or property damage incidents on AK Steel property or in which AK Steel property or equipment is involved.

Breath alcohol test cut-off limits are established in AK Steel Policy at 0.04%. Swab and/or breath analyzer alcohol tests will be used. If swabs are used for initial screens, breath analyzer confirmation is required for positives. Breath alcohol test results above 0% and below 0.04 % will result in Contractors not being allowed to work that scheduled turn. The Contractor may not return until a retest by AK medical personnel confirms no detectable BAC.

AK's D&A Testing will be testing at minimum for:

- Oxycodone
- MDA (Ecstasy)
- Barbiturates
- Benzodiazepine
- Cocaine
- Cannabinoids (THC)
- Methamphetamines
- Opiates
- Phencyclidine
- Methadone
- Breath Alcohol (BAT)

A non-negative quick test result will result in the immediate removal of the worker from the property and confiscation of the AK Steel Contractor badge.

A confirmed negative after a non-negative quick test result may result in the reinstatement of the worker. The worker will not be reimbursed by AK Steel for lost wages.

An adulterated or otherwise tampered sample will result in the immediate removal of the worker from the property, confiscation of the AK Steel Contractor badge, and barred from AK. Failure to provide a sample within three (3) hours will result in the immediate removal of the worker from the property, confiscation of the AK Steel Contractor badge, and barred from AK.

AK Steel will use a local independent Medical Review Officer (MRO), with knowledge of AK Steel operations that will review workers that are using a prescription identified as a controlled substance in 21 CFR 1308.11 Schedule 1, an amphetamine, a narcotic, or any other habit-forming drug and will, if warranted, indicate that the prescription usage is a "Safety Sensitive Concern".

The worker will be required to obtain documentation from the licensed medical practitioner, who prescribed the substance or drug, verifying the medicine will not adversely affect the worker's ability to safely and efficiently perform the contracted work. Until this is obtained, the worker shall not be issued/reissued an AK Steel Contractor badge; and the worker will not be reimbursed for lost wages.

The employee will also be required to sign the attached AK Steel form confirming that he/she will not take the Safety Sensitive Concern prescription within six (6) hours of starting work as well as during the work turn.

Exceptions

- All workers of outside companies including, but not limited to, sales representatives, technical personnel, account servicing representatives, vendors, customers, and consultants who are accompanied 100% of the time by AK Steel personnel, are not driving in the plant and are not performing hands on work are EXEMPTED from all training and drug and alcohol testing requirements.
- Workers of outside companies who are classified as travelers are EXEMPTED from the OSHA 10-hour training requirement but are still required to attend and successfully complete the plant's Site-Specific training (See definition of "traveler" below).
- All Foreman and/or Supervisors are required to have the OSHA 10-hour Construction or General Industry training regardless if they are local or travelers.
- All Department of Transportation (DOT) and non-DOT regulated over-the-road drivers that make deliveries or pick ups at AK Steel facilities are EXEMPTED from AK Steel's training requirements.
- Over-the-road drivers that make deliveries or pick ups at AK Steel facilities who do not fall under DOT regulations may be drug and alcohol tested in accordance with this procedure.

Definitions

Traveler - Anyone who is not a member of an affiliated local union. AK Steel further defines traveler as a person who has worked in the AK Steel facility no more than one time in a 12-month

period. If he/she has worked more than one time in a 12-month period at the AK Steel facility, they are considered a "local" and must have had the OSHA 10-hour Course.

Technical Personnel - are people who are educated in specialized areas such as engineering, computer technology, specialized pieces of equipment, and other specialized technical fields.

Emergency Situations - occurrences that might require exceptions to be given to the training requirements can only be approved through the AK Steel Plant Safety and Operations Managers.

AK STEEL

SAFETY SENSITIVE CONCERN CONFIRMATION

This is to confirm that I am taking _____ as prescribed by my personal physician and that I have been advised as to the side effects of such prescribed medication by my physician and the extent such side effects may have on my safe job performance.

In consideration of safety concerns from my taking this medication while working and being permitted access to the _____ Works, I confirm that I will not take this medicine within six (6) hours of commencing work as well as during the work turn.

Employee

Date

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Chapter 15: IMDS

International Material Data System (IMDS)

AK Steel supports the End-of-Life Vehicle Initiative being implemented by the major original equipment vehicle manufactures. The data to support this initiative is provided through the IMDS (International Material Data System).

Suppliers may be required to provide IMDS information for materials. This is in support of OEM's IMDS requirements for existing products.

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Chapter 16: Supplier Visits to AK

Suppliers are encouraged to visit AK Steel manufacturing facilities. This requires approval, in advance of the visit, to facilitate the participation of the appropriate level of AK Steel personnel. Visitors entering any manufacturing area are required to wear eye, foot, and hearing protection as well as any other specific safety protection designated by the AK Steel facility visited.

AK Steel sites usually maintain a supply of personal protective equipment for visitors. Levels of protection should be discussed with the appropriate operations and health and safety personnel in advance of the visit. Suppliers going into the plant must be on the alert at all times and obey all warning signs and plant visitor rules. AK Steel facilities and offices maintain a smoke free environment. Smoking is prohibited except in designated areas.

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Chapter 17: Diversity

AK Steel encourages the use of diverse Suppliers, both internally and in its Supplier base. AK Steel also encourages Suppliers to regularly provide diversity training to employees.

If you are a Minority Supplier and your product or service may provide a value to AK Steel you may contact the appropriate Buyer to review your qualifications and generate an interest in your product or service.

Once there is an agreement to go forward, you will be asked to submit a copy of your Minority Business Enterprise (MBE) / Women's Business Enterprise (WBE) Certificate obtained from your local National Minority Supplier Development Council (NMSDC) / Women's Business Enterprise National Council (WEBNC) affiliate.

You will also be required to submit a W9 form for your company, including a "remit to address" to the appropriate Buyer.

The Buyer will perform a credit check and various other qualification confirmations and request your addition to our Approved Supplier List.

For work or on-site services you will need a signed CMA contract and be Safety approved.

(See Chapter 14)

18

Chapter 18: AK Steel Corporate Policy 3.15 Entertainment & Gifts

Origination Date: 09/30/2004

Version: 5

Revision Date: 08/30/2013

PURPOSE

1. To establish the policy to be followed throughout AK Steel Corporation for offering and accepting gifts and entertainment.

DEFINITIONS

2. For purposes of this Corporate Policy, the term "AK Steel" and the term "Company" shall include AK Steel Holding Corporation and AK Steel Corporation, as well as their subsidiaries. The term "Employee" refers to all employees of the Company (salaried, whether exempt or nonexempt, and hourly), as well as its agents, legal representatives and consultants. The term "Nominal Value" means a fair market value of \$75.00 or less. *The use of "Supplier, Service Provider or Customer" means both existing and prospective relationships.*

POLICY

3. AK Steel's policy is to follow ethical standards of behavior in all of its business dealings. This requires, among other things, that AK Steel employees act in a fair and impartial manner when dealing with its suppliers, service providers and customers.
4. AK Steel Corporation values its relationship with its suppliers, service providers and customers and encourages appropriate social interaction to help build those relationships. Gifts and Entertainment may be used occasionally in recognition of the value of such a business relationship. They may not be used to curry favor or to influence decisions. No gift or entertainment *shall* be offered or accepted where any obligation might be incurred or implied or to induce improper action by the recipient.
5. Gifts of Nominal Value or less, and routine business entertainment, thus are permissible when freely offered by or to a supplier, service provider or customer and in accordance with normally accepted business practices and legal and ethical standards. Gifts in excess of Nominal Value may be permissible under appropriate circumstances, but must be promptly disclosed on an Entertainment and Gifts Reporting Form.
6. Certain gifts and entertainment are strictly prohibited. This includes any gift of cash, gifts or entertainment that violate the recipient's policy and gifts and entertainment from the same supplier, service provider or customer that in any one calendar year, individually or collectively, have a value in excess of \$500.
7. Specific laws apply to business interactions with both domestic and foreign government officials, agents and employees. You must consult with General Counsel before offering any gift or entertainment to any government official, employee or agent.

8. Any event that is sponsored by a supplier, service provider or customer is covered by this policy regardless of whether you are invited to attend individually or as part of a group, or, if you are invited by an employee of AK Steel to substitute for him or her at the event. Holiday parties and picnics that are hosted by suppliers, service providers or customers are considered to be entertainment for purpose of this policy. If an employee is having an on-going business relationship with a supplier, service provider or customer (for example, extended contract negotiations) that results in a series of meals, it is appropriate to alternate or reciprocate paying for such meals. If the meals are brought into the supplier's, service provider's or customer's place of business and are not lavish in nature, it is permissible to accept multiple meals under these circumstances.
9. Gifts or Entertainment that otherwise are permissible may be impermissible if received with too much frequency, whether from one or more suppliers, service providers or customers because of the appearance that the entertainment or gift is intended to curry favoritism or is simply excessive.

PROCEDURES

10. What are the guidelines for determining what gifts and entertainment are allowed?

As noted above, gifts or entertainment may be offered or accepted if they are freely offered or accepted by a supplier, service provider or customer in accordance with normally accepted business practices and legal and ethical standards. They must not violate the policy of the recipient's organization. They must not create any obligation, or induce any action that would not be in the best interest of AK Steel. They must not create either a conflict of interest or the appearance of such a conflict. In deciding whether to offer or accept gifts or entertainment, you are expected to use good business judgment.

11. What is allowed?

Subject to the \$500 annual limitation in paragraph 6 and the disclosure requirement for gifts or entertainment in excess of Nominal Value in paragraph 13, the following are examples of entertainment or gifts generally permissible if freely offered or accepted by a supplier, service provider or customer in accordance with normally accepted business practices and legal and ethical standards:

- No more than one meal per week from all suppliers and service providers and no more than one meal per quarter from any particular supplier or service provider.
- No more than three (3) entertainment events per year from any particular supplier, service provider or customer (this may include sporting events, theater or cultural events). Major entertainment events that may otherwise satisfy the \$500 annual limitation (e.g., Super Bowl, MLB playoffs and World Series, etc.) shall be precleared with the President through the Vice President of your business unit. To comply with such pre-clearance, the Entertainment and Gifts Reporting Form should be completed in advance of the event and be approved by the appropriate Vice President and also by the President.
- No more than two (2) recreational outings per year from any particular supplier, service provider or customer (this may include golfing, hunting, fishing, etc.; it may not involve an overnight stay paid for by the supplier, service provider or customer).
- Gifts with the supplier's, service provider's or customer's logo (for example, a T-shirt, cap or coffee mug).

- Supplier, service provider- or customer-provided transportation for an authorized Company business trip (such as travel to a supplier's, service provider's or customer's facility for a quality meeting).
- Food and refreshments provided by a supplier, service provider or customer before or after a business meeting.

12. **What is prohibited?**

As noted above, any non-disclosed gift or entertainment in excess of Nominal Value and any gift or entertainment in excess of the \$500 annual limit are clearly prohibited. There are other types of gifts or entertainment that also are clearly improper and therefore prohibited.

Generally speaking, these involve circumstances where the gift or entertainment is intended to improperly influence the recipient or to induce the recipient to engage in improper conduct or conduct not in the best interest of AK Steel. The most obvious example of this is a bribe or kickback, and such conduct is absolutely forbidden under any circumstances. Other items which may be less clear, but are prohibited because at a minimum they have a significant risk of being perceived as creating a conflict of interest or being outside of normally accepted business practices or legal and ethical standards include the following:

- Any gift or entertainment that violates the policy of the recipient's organization;
- Any gift or entertainment which is solicited rather than freely offered;
- Cash;
- Donations for parties, including going-away parties;
- Sponsorship of any Company event or recreational activity (*examples* - golf, softball, or bowling league);
- Use of supplier, service provider- or customer-provided condominiums or other lodging for nonbusiness purposes;
- Use of supplier, service provider- or customer-provided transportation to a recreational outing such as golf, fishing or hunting, unless it is routine, local ground transportation;
- Attendance at adult entertainment clubs or other inappropriate locations,
- Loans; and
- Discounts which are not available to all AK Steel employees or to the general public.

Gifts that are prohibited should be returned to the supplier, service provider or customer if possible. You should include a polite explanation that AK Steel does not permit you to keep the gift under this policy. If not, gifts should be submitted to the local AK Human Resources office so they can be donated to a charitable organization.

13. Disclosure

Employees shall maintain records of gifts, entertainment and meals provided by suppliers, service providers and customers and shall disclose any gift or entertainment in excess of the Nominal Value on the AK Steel Entertainment/Gifts Disclosure Form. *AK Steel employees are expected to honor the spirit as well as the "letter of the law."*

14. Questions/Exceptions

If you have any questions, please discuss them with your supervisor, the Chief Compliance Officer, or a representative of the Human Resources Department, the Internal Audit Department or the Legal Department. The AK Steel Chief Executive Officer, President or General Counsel may approve exceptions to the guidelines set forth above in appropriate circumstances.

PREPARED BY:

APPROVED BY:

/s/ Gregory A. Hoffbauer
Controller & Chief Accounting Officer

/s/ Roger K. Newport
Vice President - Finance & Chief Financial Officer