



**ESSAR Steel Algoma
Code of Business
Conduct**

2009

ESSAR Steel Algoma Code of Business Conduct

2009 Edition

A Message from the Chief Operating Officer

Essar Steel Algoma Inc., a division of Essar Steel Holdings, is dependent upon its corporate reputation for continued success. We rely upon the integrity, professionalism and ethical behaviour of all employees to preserve and sustain our reputation. This Code of Business Conduct has been developed within the context of our defined corporate culture and core values, and sets out the standard of behaviour required of every Essar Steel Algoma employee. Working within this code is a condition of continued employment.

This Code is not meant to cover every eventuality, but rather to serve as a guide for all employees. When an employee is in doubt of the appropriate course of action or the proper interpretation in any situation, the matter should be discussed with their immediate supervisor, a human resource representative or the Vice President Legal where appropriate.

This Code will also serve to inform our suppliers, customers and other stakeholders of the standard of fair and ethical conduct one can expect from every interaction with Essar Steel Algoma.

Please read the enclosed document carefully, review it annually and keep it handy for future reference. I am confident all employees will adhere to the Code and maintain the highest standards of integrity, professionalism and ethics.

A handwritten signature in black ink, reading "Armando Plastino". The signature is written in a cursive, flowing style.

Armando Plastino
Chief Operating Officer
ESSAR Steel Algoma Inc.

The Essar Global Vision

We will be a respected global entrepreneur through the power of positive action.

The Essar Global Mission

We are committed to innovative growth through our personal passion, reinforced by a professional mindset, creating value for all those we touch.



People

Walking shoulder to shoulder.
Sometimes being the champion.
Sometimes being the cheerleader.
United by values.
This is people at Essar.



Progress

Being intuitive about opportunity.
Celebrating achievement.
Running at the leading edge of technology.
Taking on world challenges.
This is progress at Essar.



Power

A voice that is heard around the world.
Turning success into respect.
Letting knowledge do the talking.
Transforming talent into leadership.
This is power at Essar.



Passion

An imagination that expands the universe.
Letting courage be the breath of life.
Using ambition to create energy.
This is passion at Essar.

We are the **people** that have always believed that with true **passion** comes **progress** and the **power** to make things happen.

CODE OF BUSINESS CONDUCT

TABLE OF CONTENTS

| <u>SECTION</u> | <u>PAGE</u> |
|-------------------------------------------|--------------------|
| Introduction | 6 |
| Laws and Regulations | 6 |
| Accounting Records and Practices | 6 |
| Outside Activities | 7 |
| Company Assets | 7 |
| Intellectual Property | 7 |
| Work Product | 7 |
| Surveys | 8 |
| Relationship with Customers and Suppliers | 8 |
| Dealings with Public Officials | 8 |
| Standard of Integrity | 9 |
| Work Environment | 9 |
| Confidentiality and Insider Trading | 10 |
| Conflict of Interest | 10 |
| Electronic Communications | 11 |
| Reporting of Violations | 14 |
| Conclusion | 16 |
| Waivers | 17 |

INTRODUCTION

Although the matters dealt with in this code do not cover the full spectrum of employee activities, they are indicative of Essar Steel Algoma Inc.'s commitment to the maintenance of high standards of conduct and are descriptive of the type of behaviour expected from employees in all circumstances. In addition, employees must also recognize and comply with Essar Steel Algoma's Employee Conduct Rules.

Each representative of the Company, including but not limited to, officer, manager and employee of the Company, must demonstrate that, in all business relationships, he or she is candid, beyond reproach, free of inappropriate influence, and respectful of other stakeholders and of their legitimate interests.

In keeping with the spirit of the Code, the following questions should be considered before making any business-related decisions:

- A) Does this decision comply with the Company's internal rules and regulations?
- B) Does this decision comply with the letter and spirit of the Code of Business Conduct?
- C) Can the decision be justifiably viewed as the most appropriate course of action?
- D) Could this decision, if made public, compromise the Company or be harmful to its reputation or its standing in the community?

Violations of this Code may result in disciplinary action being taken, up to and including dismissal. By extension, if a person in authority knows, or ought reasonably to have known, that a violation of the Code may have occurred and fails to take appropriate action, the person or group that has condoned the behaviour, as well as the alleged perpetrator, may be subject to sanctions under this Code.

LAWS AND REGULATIONS

Although an employee is not expected to know all the laws and regulations that govern the Company's activities, an employee should recognize and be familiar with the basic legal requirements applicable to his or her area of accountability.

At all times, employees will comply with the letter and the spirit of applicable laws and regulations in Canada and in any other jurisdiction in which the Company carries on business.

ACCOUNTING RECORDS AND PRACTICES

Every transaction between the Company and its stakeholders

must be evidenced by the appropriate accounting and supporting documents and must be reflected in the Company records promptly, accurately and completely. No asset, liability or transaction is ever to be concealed from management, internal or external auditors or other persons, including governmental, regulatory and tax authorities.

OUTSIDE ACTIVITIES

The Company encourages political, community and charitable activities by its employees, which could include elected or appointed and paid or voluntary participation in public or civic affairs, but acting on their own behalf and not as representatives of the Company. That said, these outside activities should not result in inferior job performance, time away from work, or conflicts of interest.

COMPANY ASSETS

Company assets must be used only for business purposes. Theft, pilferage, willful damage or the misuse of corporate resources and property is prohibited. This includes employee use of e-mail accounts and Internet access. (See “Electronic Communications” for full details.)

INTELLECTUAL PROPERTY

Employees must hold in strictest confidence, and not use, except for the benefit of the Company, or disclose to any person, firm or corporation without written authorization of the Essar Steel Algoma Board of Directors, any confidential information of the Company. It should be understood that “Confidential Information” means any Company proprietary information, technical data, trade secrets or know-how, including, but not limited to, research, product plans, products, services, customer lists and customers, markets, software developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, finances or other business information disclosed to the employee by the Company either directly or indirectly in writing, orally or by drawings or observation of parts or equipment. Confidential information does not include any of the foregoing items which has become publicly known and made generally available.

WORK PRODUCT

All work product produced during the course of employment, with or without the use of Essar’s facilities and resources is and remains the sole and exclusive property of the Company. Work product includes all documents, reports, photos, maps, drawings, field notes, patents, trademarks, copyrights and any data or document of any kind.

SURVEYS

From time to time employees will be called upon to participate in surveys with outside agencies and organizations. Only those surveys that are relevant to the business and whose results will be shared with the Company should be completed and both the content and act of participation must be pre-approved by the appropriate level four manager of the department.

RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

Commercial Decision Making—Company policy is to make commercial decisions, acting in the Company’s best interest, avoiding completely any illegal understandings or agreements with any other person, organization or company.

Employees will not engage in conduct which violates any laws, in particular those competition laws which prohibit any kind of understanding or agreement with others regarding prices, terms of sales, division of markets, allocation of customers or any other practice which illegally restrains competition or is otherwise prohibited.

Relationships with Suppliers—Suppliers, whether they are bidding on a multi-million dollar contract or a small job, will be dealt with in a fair manner. Whether they receive or do not receive the order, they will be given every reasonable and fair opportunity for success. Employees will avoid doing anything that would give a potential supplier any preferred treatment when bidding for business.

DEALINGS WITH PUBLIC OFFICIALS

All dealings between employees and public officials are to be conducted in a manner that will not compromise the integrity or reputation of any public official or employee.

Dealings with government representatives and agencies are to be “open and honest” and “official and formal.” Any response to or from a government contact must be handled through established corporate channels.

Only those employees authorized to do so may communicate directly with the government, the media or public groups concerning Company business and affairs. The reason for this is that external stakeholders may perceive that public comment by individuals may be considered as Company policy when in fact it is not.

STANDARD OF INTEGRITY

Employees are forbidden to participate, whether directly or indirectly, in any bribes, kickbacks, indirect contributions or similar payments. This is true, whether or not such payments might further the business interests of the Company. Maintenance of a high standard of integrity by all employees is of the utmost importance.

WORK ENVIRONMENT

The Company expects each employee to work safely and to take all reasonable steps to protect the environment. Employees can expect to be treated with respect and to work in an environment free of discrimination or harassment.

Safety – Employees are expected to comply with all safety laws, regulations and departmental “work safe” procedures. Constant vigilance in safety matters, both for themselves and others is to be a top priority for every employee.

Environmental Protection – The Company is committed to preserve and enhance the environment in the communities where it operates through responsible and environmentally oriented operating practices. The Company works closely with government and other groups on programs aimed at reducing emissions and the use of toxic substances in industrial processes. Employees are encouraged to participate in undertakings geared to improving the environment in both their workplace and their community.

Discrimination and Harassment – The Company is committed to creating and maintaining a working and business environment which is free from discrimination and harassment of any kind, including age, race, colour, religion, creed, sex, nationality, ethnic or place of origin, citizenship, language, political belief, marital or family status, pregnancy, sexual orientation, disability and any other prohibited ground of discrimination or harassment. The Company will not tolerate less than equitable treatment of employees of any kind.

Sexual harassment may exist when unwelcome advances, requests for favours, or other forms of conduct of a sexual nature or related to a person’s sex interferes with an individual’s performance; creates a hostile or abusive work environment; or affects decisions about that individual. The Company will not tolerate sexual harassment of any kind.

The Company will take very seriously any allegation of discrimination or harassment. If a person in authority knows, or ought reasonably

to have known, that discrimination or harassment may have occurred and fails to take appropriate action, the person or group that has condoned the discrimination or harassment, as well as the alleged perpetrator, may be subject to sanctions under this Code of Business Conduct.

CONFIDENTIALITY AND INSIDER TRADING

Employees shall not use for their own financial gain, or disclose for the use of others, inside information obtained as a result of their employment with the Company. Employees may find themselves in violation of applicable security laws if they misuse information not generally known to the public.

Employees should be prepared to explain their transactions in securities (and debt instruments) of Essar Steel Algoma and related companies on the basis of personal investment considerations. Officers and directors of the Company are subject to insider trading reporting requirements when applicable. In addition, all representatives of the Company privy to confidential financial data are subject to the Company's Insider Trading Policy.

CONFLICT OF INTEREST

A conflict of interest exists or a perceived conflict can exist if one has a direct or indirect financial or personal interest in a decision being made. Employees must act in the best interests of the Company at all times. Judgments must be, and must be seen to be, independent of any personal interests arising from familial relations, business dealings, social ties, or other personal considerations.

Employees should avoid acquiring any interest or participating in any activities that would:

- Deprive the Company of the time or attention required to perform their duties properly;
- Interfere with or affect their judgment or ability to act solely in the best interest of the Company;
- Otherwise conflict with the best interests of the Company.

A conflict of interests can arise when an employee has a personal interest, direct or indirect, in a supplier, customer or competitor of the Company or when an employee is engaged in outside employment or participates in an outside organization which may interfere with

the employee's regular duties or affect the employee's working effectiveness. Employees are required to disclose promptly and in writing to their Vice President or to the Vice President Legal any such actual or potential conflict.

After an employee has disclosed a potential conflict, a determination will be made as to whether the employee should divest his or her interest or have his or her job function realigned.

Modest gifts, entertainment and other benefits may be given to persons with whom the Company has business dealings or accepted by Company employees when they are: (i) reasonable in amount; and not made with the intent to influence the recipient within his or her area of responsibility; (ii) consistent with generally accepted business practices and not in contravention of any law or regulation; (iii) not in the form of cash, bonds or negotiable securities and (iv) so limited in value that they are not an attempt to buy the recipient's favour as a bribe, payoff or other improper payment.

Any personal benefits received that exceed \$50 must be immediately reported to the employee's Vice President or to the Vice President Legal.

ELECTRONIC COMMUNICATION

The Company provides internal electronic mail and Internet electronic mail as an efficient means of business communication, and where required, provides Internet and Intranet access as a research and information tool. While the Company acknowledges that occasional personal use of e-mail and the Internet may not be inappropriate periodically, these tools are owned by the Company and were brought into the Company to improve customer service and increase productivity. Personal use of e-mail or the Internet should in no way adversely affect work performance or productivity.

Violation of the provisions of this policy may result in disciplinary action being taken against the user, up to and including dismissal. Some activities (among others) that will result in discipline are pornography, gambling, harassment or any illegal activity.

Company Property — All computer equipment and accessories, personal computers, laptops, servers, and handhelds (purchased by Es-sar), including without limitation to, any and all communications, documents, data, intellectual property developed, information and messages accessed, created, stored, sent, received or viewed using such equipment are the exclusive property of the Company.

Representative of the Company—When surfing the Internet or sending e-mail from the Company computers, users are reminded that they are representatives of the Company to the outside world. Simply connecting to a website causes the user's name and the Company Internet address to be recorded on that remote computer. Views expressed in e-mail by a user may be perceived as the views of the Company. Accordingly, users should identify themselves properly (i.e., they should ensure that a personal view is not interpreted as being that of the Company). All use of e-mail and the Internet should involve good judgment, common sense and careful discretion.

Style of Communication—Users should assume that their message may be seen by people other than the intended recipient and that a hard copy may be printed out for file records. Highly informal e-mail messages may be embarrassing to the sender and to the Company; accordingly, e-mail should be composed with this caution in mind.

Insecurity of E-Mail—Keep in mind that the Internet is a public and insecure medium and users have a responsibility toward ensuring that Company and client information is protected. Since the sender has no guarantee of privacy and no control over whether an e-mail message is copied, modified or forwarded to a wide audience without his/her knowledge or consent once the message has been sent, steps must be taken to protect sensitive material. In order to maintain confidentiality, before sending sensitive documents to customers as enclosures via Internet e-mail, transmission of such documents must be pre-cleared with the customer receiving the material so that he/she understands potential risks. If desired, arrangements may be made for the documents to be encrypted so that they cannot be intercepted during transmission. For assistance with sending encrypted confidential documents by e-mail, contact the Information Technology (IT) Department.

All external e-mail messages must include a caution which reads as follows:

CONFIDENTIALITY NOTE: This e-mail message is privileged, confidential and subject to copyright. As such, if you are not the intended recipient, please delete this message without retaining, distributing or copying all or any portion of its contents and notify us immediately of your receipt by return message to the sender. Any unauthorized use or disclosure is prohibited.

Although it has many advantages, e-mail can be abused more readily than other forms of communication. Forgery (or attempted forgery) of e-mail messages is prohibited. Attempts to read, copy, 12

modify, or delete e-mail messages of other users without their permission (other than authorized monitoring by the Company) is prohibited.

Users should also be mindful that e-mail messages, even when deleted from their files, may remain in the memory of a computer or in the Company tape back-ups until they are overwritten. E-mail messages may have to be produced in litigation and may be capable of being retrieved even if they have been deleted.

Inappropriate Material—Users are prohibited from accessing, posting, storing, downloading, transmitting and/or distributing information from inappropriate sites which might be illegal, threatening, abusive, libelous, defamatory, obscene, or viewed as offensive to others (e.g., pornography, racist literature and hate literature). Users are cautioned that accessing material which may be offensive to others may be in violation of the Company's sexual harassment policy. Sending harassing, threatening or other objectionable messages via e-mail is prohibited, as is sending unsolicited junk mail, for profit messages or chain letters.

Monitoring of System—E-mail sent within the Company is secure, although the Company does not consider e-mail to be private communication by employees and reserves the right to monitor all Internet use and read all aspects of any e-mail sent or stored within the system without further notice to the user. In addition, the Company has an Internet monitoring system in place which is able to track websites which users have visited.

Downloading Programs—Because of the prevalence of viruses on the Internet, downloading of any executable programs, except as expressly approved by the IT Department, is prohibited. When approved by the IT Department, downloading of materials must be done on your specific PC's hard drive, and not to the Company's network servers, unless otherwise authorized/instructed by IT.

Purchases—Personal purchases are not permitted over the Company Internet connection and Company purchases are only to be made in accordance with Purchasing Department policy.

Copyright—The normal laws of copyright apply to all materials on the Internet. Copying or distributing such materials without the prior consent of the owner of the copyright or license may constitute infringement. Users should treat the Internet the same way they would treat other sources of information.

Accessing Remote Systems—Use of the Company computer systems in attempt to gain unauthorized access to other systems is

prohibited.

Vacation Alert—It is recommended that employees use the “Out of Office” feature in e-mail to automatically advise others when they are away from the office for extended periods of time. Details on using this feature can be obtained by contacting the IT help desk.

Changing Passwords—Employees are advised to change their system passwords on a regular basis.

REPORTING OF VIOLATIONS

Employees must report others who commit unethical or illegal acts, and ask questions when in doubt. Employees are encouraged to identify themselves to assist in addressing their concerns, however they may choose to remain anonymous and the Company will respect their choice. It is Company policy that no retaliation will be permitted in respect to reports made in good faith. The Code is intended to serve as a guide for employee actions and decisions and for those of co-workers. Employees who believe that they or another employee are in violation of the policies stated in the Code have several options.

Concerns may be reported to one or a number of individuals including:

- a) The employee’s supervisor or manager
- b) A Human Resource representative
- c) The Manager of Internal Audit
- d) The Vice President Legal

These contacts may have the information that employees need, or may be able to refer the matter to an appropriate source. There may, however, be times when employees prefer not to go to their manager or supervisor, or they may want to report a concern about their manager’s or supervisor’s conduct.

Confidential and Anonymous Reporting—Essar Steel Algoma has also established another communication channel that employees may use when they have specific concerns or when they want to report an actual or potential violation. Essar employees may report these matters directly to the Audit Committee of the Board of Directors by letter or e-mail. Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review.

- Letter: Employees may write directly to the Audit Committee of the Board of Directors about a specific concern or to report a violation. These letters should be addressed to: The Audit Committee, Essar Steel Algoma Inc., 105 West Street, Sault Ste. Marie, Ontario P6A 7B4.

- E-mail: Employees may also contact the Audit Committee by e-mail at acommitt@essar.com. Although e-mail from an employee's office or home computer is not anonymous, they may request that their identity be kept confidential.

When employees are uncertain about any situation, they should ask for guidance. They may use whatever method of communication with which they feel most comfortable. The important thing is that they get the guidance they need, report what they know, and get their questions answered.

Treatment of Reports and Complaints—When employees contact their manager, supervisor, Human Resources representative, the Manager of Internal Audit or the Vice President Legal, they can expect the following:

- Their question, report or complaint will be taken seriously;
- Information will be gathered in response to their questions or concerns;
- Their question, report or complaint will be forwarded to appropriate Essar Steel Algoma management for follow-up;
- Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review;
- Complaints and concerns relating to accounting, internal accounting controls or auditing matters will be reviewed under the Audit Committee's direction or by such other persons as the Audit Committee determines to be appropriate;
- Employees are obliged to cooperate with investigations relating to violations and complaints and must always be truthful and forthcoming in the course of these investigations;
- Prompt and appropriate corrective action will be taken when and as warranted; and
- Employees will not be subject to retribution if reporting was done in good faith. (see "Retaliation is Prohibited" section below.)

The office of Essar Steel Algoma Inc.'s Vice President Legal will maintain a log of all reports and complaints related to accounting, internal accounting controls, and auditing matters; track their receipt, investigation and resolution; and prepare a periodic summary of reports and complaints for the Audit Committee.

Retaliation is Prohibited—Employees will not be discharged, demoted, suspended or suffer any adverse treatment if they provide information or assist in an investigation regarding conduct they reasonably believe is unethical or that constitutes a violation of law, this Code or Essar Steel Algoma's other policies. This includes giving information in connection with an authorized investigation. However, Essar reserves the right to discipline employees who make an accusation without a reasonable, good faith belief in the truth and accuracy of the information or if they knowingly provide false information or make false accusations. "Good faith" does not mean that they have to be right, but it does mean that they believe they are providing truthful information. Employees who believe that they have been unfairly or unlawfully retaliated against, may file a complaint with their manager or supervisor, the Human Resources Department or the Vice President Legal.

For a more detailed accounting of the notification process and the established procedure for responding to, and keeping records of complaints, see the Whistleblower Policy and Procedure posted to Essar Steel Algoma's intranet under 'Corporate Policies'.

Presumption of Innocence—An employee against whom a report or complaint has been made will be presumed innocent unless the investigation reveals a violation has occurred.

Disciplinary Process—As noted previously, a violation of law, this Code or other Essar policies may result in disciplinary action up to and including termination and/or legal proceedings.

CONCLUSION

Compliance with the letter and the spirit of the provisions of the Code of Business Conduct is a condition of employment for all employees, as well as a condition of contracting for suppliers. Contravention of this Code may result in disciplinary action including dismissal or termination of the contractual relationship. For more serious breaches, civil action on behalf of the Company may follow and possible criminal prosecution by the appropriate authorities.

A compliance certificate is to be completed at least once each year by certain employees as determined by the Chief Operating Officer and the Vice President Legal. These employees are required to certify to compliance on an annual basis as follows on the Compliance Certificate enclosed.

The Chief Operating Officer, with assistance from the Vice President Legal, will enforce this Code of Business Conduct to ensure, so far as possible, that all employees and suppliers are aware of and comply with these ethical guidelines. This ethical assurance program includes the following: (i) distributing copies of the Code to employees, key suppliers and contractors; (ii) overseeing the administration of on-going communication, training and education; (iii) monitoring compliance with the Code, and (iv) reporting annually to the Audit Committee of the Board of Directors.

WAIVERS

Waivers of this Code for employees may only be granted by Essar Steel Algoma Inc.'s Vice President Human Resources. However, any waiver of this Code for Essar Steel Algoma executive officers or directors may only be made by the Essar Steel Algoma Board of Directors and will be disclosed by Essar Steel Algoma to the extent required by law, regulation or applicable policy.



ESSAR Steel Algoma CODE OF BUSINESS CONDUCT

COMPLIANCE CERTIFICATE

I have carefully read the Essar Steel Algoma Inc. Code of Business Conduct in its entirety.

I understand the Code fully.

I hereby agree to comply with the full provisions of the Code.

Employee Name (Please Print)

Name of Supervisor

Signature

Date

Supervisors / Managers

I have discussed the Code's provisions, their interpretation and their applicability with all employees for whom I am directly or indirectly accountable. These employees understand and are in full compliance with the Code to the best of my knowledge, information and belief.

Signature

ESSAR 
STEEL

