

FSRAFinancial Services Regulatory
Authority of Ontario

Ontario

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December 16, 2022

Attn: Alan Kestenbaum, CEO
care of: Paul Simon, General Counsel
STELCO Inc.
386 Wilcox Street
Hamilton, ON L8L 8K5paul.simon@stelco.comAttn: Al Kiel, Senior Partner
LifeWorks Inc.
16 York Street, Suite 3300
Toronto, ON M5J 0E6al.kiel@lifeworks.com**Re: Stelco Inc. Retirement Plan for Employees at the Pickle Line Department of
Lake Erie Works
Registration Number 1206457**

Enclosed, please find the Notice of Intended Decision (NOID) with respect to the above
noted registered Pension Plan.

Yours truly,

Mitzi D'Souza
Administrative Assistant, Pensions

Enclosure

c: David Pahn, Financial Services Regulatory Authority of Ontario

IN THE MATTER OF the *Pension Benefits Act*, R.S.O. 1990, c. P.8, as amended (the “Act”), in particular section 69(1) of the Act and section 24 of Ontario Regulation 255/17;

AND IN THE MATTER OF the Stelco Inc. Retirement Plan for Employees at the Pickle Line Department of Lake Erie Works, Registration Number 1206457 (the “Plan”).

NOTICE OF INTENDED DECISION

TO: LifeWorks Inc., in its capacity as appointed administrator of the Plan
16 York Street
Suite 3300
Toronto ON M5J 0E6

Attention: Al Kiel
Senior Partner

Administrator

AND TO: Stelco Inc.
386 Wilcox Street
Hamilton ON L8L 8K5

Attention: Alan Kestenbaum
Chief Executive Officer

Employer

TAKE NOTICE THAT pursuant to section 69(1) of the Act and section 24 of Ontario Regulation 255/17, and by delegated authority from the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario (the “Chief Executive Officer”), the Head, Pension Plan Operations and Regulatory Effectiveness, intends to order the wind up of the Plan effective December 31, 2022. Details of this intended decision are described below.

SI VOUS DÉSIREZ RECEVOIR CET AVIS EN FRANÇAIS, veuillez nous envoyer votre demande par courriel immédiatement à: contactcentre@fsrao.ca.

YOU ARE ENTITLED TO A HEARING BY THE FINANCIAL SERVICES TRIBUNAL (THE “TRIBUNAL”) PURSUANT TO SECTION 89(6) OF THE ACT. A hearing by the Tribunal about this Notice of Intended Decision may be requested by completing the enclosed Request for Hearing Form (Form 1) and delivering it to the Tribunal within

thirty (30) days after this Notice of Intended Decision is served on you. The Request for Hearing Form (Form 1) must be mailed, delivered, faxed or emailed to:

Address: Financial Services Tribunal
25 Sheppard Avenue West, Suite 100
7th Floor
Toronto ON M2N 6S6

Attention: Registrar

Fax: 416-226-7750

Email: contact@fstontario.ca

TAKE NOTICE THAT if you do not deliver a written request for a hearing to the Tribunal within thirty (30) days after this Notice of Intended Decision is served on you, an order will be issued as described in this Notice of Intended Decision.

For additional copies of the Request for Hearing Form (Form 1), visit the Tribunal's website at www.fstontario.ca.

The hearing before the Tribunal will proceed in accordance with the *Rules of Practice and Procedure for Proceedings before the Financial Services Tribunal* ("Rules") made under the authority of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended. The Rules are available at the website of the Tribunal: www.fstontario.ca. Alternatively, a copy can be obtained by telephoning the Registrar of the Tribunal at (416) 590-7294, or toll free at 1-888-333-9211.

REASONS FOR INTENDED DECISION

1. These are the reasons for the intended decision to order the wind up of the Plan effective December 31, 2022.
2. Stelco Inc. (formerly U.S. Steel Canada Inc.) is the employer that makes contributions to the Plan.
3. Pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended, and the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44, as amended, the Ontario Superior Court of Justice granted an order sanctioning a plan of compromise, arrangement and reorganization under which Bedrock Industries Canada L.P. ("Bedrock") acquired U.S. Steel Canada Inc. effective June 30, 2017.
4. On June 30, 2017, Bedrock, Stelco Inc., the Superintendent of Financial Services appointed under the *Financial Services Commission of Ontario Act, 1997*, S.O. 1997, c. 28, as amended, and Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance, entered into a Pension Agreement providing for, amongst other things, funding, administration and governance matters in relation to the main ongoing defined benefit pension plans sponsored by Stelco Inc., including the Plan. The Pension Agreement is implemented, in part, by Ontario Regulation 255/17.
5. The terms of the Plan were amended and restated effective June 30, 2017. As a result of these amendments, pensionable service for members of the Plan ceased to accrue on December 31, 2017.
6. Morneau Shepell Ltd. (now LifeWorks Inc.) was appointed as the administrator ("Administrator") of the Plan effective January 1, 2018, under section 8(1.1) of the Act.
7. Effective June 8, 2019, pursuant to the *Financial Services Regulatory Authority of Ontario Act, 2016*, S.O. 2016, c. 37, Schedule 8, as amended, the Financial Services Regulatory Authority of Ontario ("FSRA") became the regulator under the Act and the powers and duties previously vested in the Superintendent of Financial Services under the Act were vested in the Chief Executive Officer.
8. Neither the Administrator nor Stelco Inc. is authorized to wind up the Plan, pursuant to section 23 of Ontario Regulation 255/17 and the terms of the Plan.
9. Section 69(1)(i) of the Act provides that the Chief Executive Officer may order the wind up of a pension plan in prescribed circumstances. Section 24(1)1 of Ontario Regulation 255/17 provides such circumstances exist in relation to the Plan when the Plan's assets are equal to or exceed its wind up liability, including the liability for expected wind up expenses.

10. On October 31, 2022, the Administrator filed with FSRA an annual actuarial report for the Plan as at December 31, 2021, in accordance with section 21 of Ontario Regulation 255/17. This annual report stated that as at December 31, 2021, the Plan was fully funded on a solvency basis and the Plan's wind up ratio was 106.7%.
11. The annual report for the Plan filed by the Administrator on October 31, 2022, also stated that in September 2022, Plan assets were used to purchase deferred and immediate annuities on a buy-in basis for the members and former members of the Plan from an insurance company. In an email to FSRA on December 12, 2022, the Administrator stated that these annuities cover all known benefit obligations under the Plan.
12. On October 31, 2022, the Administrator filed with FSRA a quarterly actuarial report for the Plan as at September 30, 2022, in accordance with section 22 of Ontario Regulation 255/17. This quarterly report stated the Plan's wind up ratio as at September 30, 2022, was 110.7%.
13. Based on the information described above, if the Plan is wound up effective December 31, 2022, FSRA expects the Plan's assets will be equal to or exceed its wind up liability, including the liability for expected wind up expenses. As a result, the prescribed circumstances in section 24(1)1 of Ontario Regulation 255/17 have been established to order the wind up of the Plan effective December 31, 2022.
14. Such further and other reasons as may come to my attention.

DATED at Toronto, Ontario, December 16, 2022.



Jennifer Rook
Head, Pension Plan Operations and Regulatory Effectiveness

By delegated authority from the Chief Executive Officer