

Algoma Steel Group Inc.

Charter of the Audit & Risk Management Committee

1. Purpose

The Audit & Risk Management Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) of Algoma Steel Group Inc. (the “Company”). The members of the Committee, including the chair of the Committee (the “Chair”), are appointed by the Board on an annual basis (or until their successors are duly appointed) for the purpose of overseeing the Company’s accounting, financial controls and financial reporting processes and the audits of the financial statements of the Company and monitoring whether the Company complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

The Committee will also oversee the Company’s enterprise risk management (“ERM”) program to assist the Board in providing oversight of the ERM activities of the Company and its subsidiaries and to advise the Board with respect to the effectiveness of the ERM framework of the Company.

2. Composition

- The Committee should be comprised of a minimum of three directors and a maximum of five directors.
- The Committee must be constituted as required under each of the Business Corporations Act (British Columbia), National Instrument 52110 – Audit Committees, as it may be amended or replaced from time to time (“NI 52-110”), the Nasdaq Stock Market LLC rules (the “Nasdaq Rules”) and applicable rules under the U.S. Securities Exchange Act of 1934, as amended (the “SEC Rules” and, collectively with NI 52-110 and the Nasdaq Rules, the “Applicable Regulations”).
- All members of the Committee must (except to the extent permitted by the Applicable Regulations) be independent (within the meaning of the Applicable Regulations), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.
- No members of the Committee shall receive, other than for service on the Board, the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the Company or any of its related parties or subsidiaries.
- All members of the Committee must (except to the extent permitted by the Applicable Regulations) be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements). In addition, one member of the Committee must have accounting or related financial management expertise, qualifying as an audit committee financial expert (within the meaning of



the Applicable Regulations).

- Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.
- Any action taken by the Committee during a period in which one or more of the members subsequently is determined to have failed to meet the membership qualifications shall nevertheless constitute duly authorized actions of the Committee and shall be valid and effective for all purposes, except to the extent required by applicable law or determined appropriate by the Committee to satisfy applicable US or Canadian regulatory requirements.

3. Limitations on Committee's Duties

In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management of the Company as to the non-audit services provided to the Company by the external auditor, (iv) financial statements of the Company represented to them by a member of management or in a written report of the external auditors to present fairly the financial position of the Company in accordance with applicable generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. Meetings

The Committee should meet not less than four times annually. Meetings may be held in person, by telephone conference, video conference, or by other electronic or other communications equipment that permits all persons participating in the meeting to communicate with each other during the meeting, as needed to conduct the business of the Committee. The Committee should meet within 45 days following the end of the first three financial quarters of the Company and shall meet within 90 days following the end of the fiscal year of the Company. A quorum for the transaction of business at any meeting of the Committee shall be a majority of the members of the Committee or such greater number as the Committee shall by resolution determine, and the affirmative vote of the majority of those present shall be necessary for any action by the Committee. The Committee shall keep minutes of each meeting of the Committee.



A copy of the minutes shall be provided to each member of the Committee.

The Committee shall also meet not less than four times annually to specifically review enterprise risk management and risk related matters within the organization.

Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon two days' prior notice to each of the other Committee members. The members of the Committee may waive the requirement for notice. In addition, each of the Chief Executive Officer, the Chief Financial Officer and the external auditor of the Company shall be entitled to request that the Chair call a meeting.

The Committee may ask members of management and employees of the Company (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee shall have full access to information and records of the Company (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and shall be permitted to discuss such information and any other matters relating to the results of operations and financial position of the Company with management, employees, the external auditor and others as they consider appropriate.

The Committee or its Chair should meet every quarter with management and the external auditor of the Company in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee should meet with management and the external auditor to review and discuss the Company's annual audited financial statements and quarterly financial statements.

Subject to the Company's Articles, the Committee may form and delegate authority to individual members and subcommittees where the Committee determines it is appropriate to do so, provided that such delegation is consistent with applicable laws, rules and regulations and Nasdaq and TSX listing standards.

The Committee shall determine any desired agenda items and may seek input from Committee members and/or the Executive Management Team in doing so.

5. Committee Activities

The following shall be the common recurring duties and responsibilities of the Committee in carrying out its oversight functions. These duties and responsibilities are not intended to be exhaustive, and are set forth below as a guide to the Committee with the understanding that the Committee may, subject to the Articles, alter or supplement them as directed by the Board or as appropriate under the circumstances to the extent permitted by applicable law.



A. Disclosure

- Review, approve and recommend for Board approval the Company's quarterly financial statements, including any certification, report, opinion or review rendered by the external auditor and the related management's discussion and analysis and press release.
- Review, approve and recommend for Board approval the Company's annual financial statements, including any certification, report, opinion or review rendered by the external auditor, the annual information form, and the related management's discussion and analysis and press release.
- Review and approve any other press releases that contain material financial information and such other financial information of the Company provided to the public or any governmental body as the Committee requires.
- Satisfy itself that adequate procedures have been put in place by management for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and the related management's discussion and analysis.
- Review any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the Company and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.
- Receive periodically management reports assessing the adequacy and effectiveness of the Company's disclosure controls and procedures.
- Review and make recommendations to the Board in respect of the mandate of the Company's Disclosure Committee (the "**Disclosure Committee**").
- Review the Disclosure Committee's quarterly reports to the Committee pertaining to the Disclosure Committee's activities for the previous quarter.
- Prepare such disclosures and reports required to be prepared by the Committee by any applicable law, regulation, rule or listing standard.

B. Internal Control

- Review material prepared by management regarding the Company's financial strategy considering current and future capital and operating plans and budgets, the Company's capital structure, including debt and equity components, current and expected financial leverage, interest rate and foreign currency exposures and in the Committee's discretion, make recommendations to the Board.



- Review management's process to identify, monitor and manage the significant risks associated with the activities of the Company, as well as the steps taken by management to report such risks.
- Review the effectiveness of the internal control systems for monitoring compliance with applicable laws and regulations.
- Have the authority to communicate directly with the internal auditor and the Chief Risk Officer, if applicable.
- Have direct oversight over the Chief Risk Officer (and the Chief Risk Officer shall report directly to the Committee).
- Review the performance, compliance and financial risk practices of the Company's pension programs.
- Receive periodical management reports assessing the adequacy and effectiveness of the Company's internal control systems.
- Assess the overall effectiveness of the internal control and risk management frameworks through discussions with management and the external auditors and assess whether recommendations made by the external auditors have been implemented by management.

C. Relationship with the External Auditor

- Assess the qualifications and independence of the external auditor and be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management of the Company and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and each such registered public accounting firm must report directly to the Committee.
- Have the authority to communicate directly with the external auditor and arrange for the external auditor to be available to the Committee and the Board as needed.
- Advise the external auditor that it is required to report to the Committee, and not to management.
- Monitor the relationship between management and the external auditor, including reviewing any management letters or other reports of the external auditor, discussing any material differences of opinion between management and the external auditor and resolving disagreements between the external auditor and management.



- Review and discuss with the external auditor all critical accounting policies and practices to be used in the Company's financial statements, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the external auditor.
- Review and discuss with management and with the external auditor (a) any major issues regarding, or significant changes in, accounting principles and financial statement presentation with the external auditor and management, including any significant changes in the Company's selection or application of accounting principles, (b) any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company, and (d) the type and presentation of information to be included in earnings press releases and any financial information and earnings guidance provided to analysts and rating agencies.
- If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.
- Obtain and review a formal written statement, at least annually, from the external auditor delineating all relationships between external auditor and the Company, management or employees, actively engaging in a dialogue with external auditor with respect to any disclosed relationships or services that may impact or interfere with the objectivity and independence of external auditor and for taking, or recommending that the full Board take, appropriate action to oversee the independence of the external auditor.
- Establish policies and procedures with respect to the pre-approval of all audit and non-audit services to be provided by the external auditor.
- Pre-approve all audit and non-audit services to be provided by the external auditor, or delegate such pre-approval of audit and non-audit services to the Chair of the Committee; provided that the Chair shall notify the Committee at each Committee meeting of the audit and non-audit services they approved since the last Committee meeting.
- Review the performance of the external auditor, including the lead audit partner, and recommend any replacement of the external auditor when the Committee determines that circumstances warrant. In making its evaluation, the Committee should take into account the opinions of management and the internal audit group.
- Periodically consult with the external auditor out of the presence of management about (a) any significant risks or exposures facing the Company, (b) internal controls and other steps that management has taken to control such risks, and (c) the fullness and accuracy of the financial statements of the Company, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.



- Obtain and review a report, at least annually, from the external auditor describing (a) the external auditor's internal quality-control procedures and (b) any material issues raised by the most recent internal quality-control review, or peer review, of the external auditor's firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years respecting one or more independent audits carried out by the firm and any steps taken to deal with such issues.
- Review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the Company.
- Establish policies with respect to audit partner rotation in compliance with applicable laws and regulations.

D. Audit Process

- Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. Review, based on the recommendation of the external auditor and the person responsible for the Company's internal audit group, the scope and plan of the work to be done by the internal audit group and the responsibilities, budget, audit plan, activities, organizational structure and staffing of the internal audit group as needed. The Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable.
- Following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
- Review any significant disagreements among management and the external auditor in connection with the preparation of the financial statements.
- Where there are significant unsettled issues between management and the external auditor that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.
- Review with the external auditor and management significant findings and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.



- Review the system in place to seek to ensure that the financial statements, management's discussion and analysis and other financial information disseminated to regulatory authorities and the public satisfy applicable requirements.

E. Financial Reporting Process

- Review the quality and integrity of the Company's financial reporting processes, both internal and external, in consultation with the external auditor.
- Monitor and review the effectiveness of the Company's internal audit function, including ensuring that any internal auditors have adequate monetary and other resources to complete their work and appropriate standing within the Company and, if the Company has no internal auditors, consider, on an annual basis, whether the Company requires internal auditors, report to the Board on the internal auditors' performance and make related recommendations to the Board.
- Review all material balance sheet issues and all material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons.
- Develop and recommend to the Board for approval policies and procedures for the review, approval or ratification of related party transactions. Oversee the implementation of and compliance with such policies regarding related party transactions and review and approve all related party transactions required to be disclosed pursuant to applicable rules prior to the Company entering into such transactions.
- Review with management and the external auditor the Company's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with management, the ramification of their use and the external auditor's preferred treatment and any other material communications with management with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

F. ERM Program

- Ensure that management of the Company ("Management") has established an appropriate tone and culture with respect to risk identification, risk awareness, risk-taking and risk mitigation.
- Review, monitor, report and, where appropriate, provide recommendations to the Board on the Company's major enterprise and financial risk exposures and the guidelines, policies and practices regarding enterprise and financial risk assessment and management, including the Company's



processes for identifying, assessing and managing an effective and comprehensive risk management framework that covers operational, financial and strategic risks (including regarding those risks related to credit, liquidity, legal, regulatory and reputational matters, information security, cyber security and data protection), and crisis management and business continuity planning, and the steps taken by the Company to monitor and control such risk exposures.

- Receive reports from Management on potential emerging risks to the business and how these may interrelate with or compound known risks.
- Review and discuss with Management, at least annually, the Company's overall risk appetite and tolerance and make recommendations to the Board with respect thereto.
- Review, with legal counsel where required, such litigation, claims, tax assessments and other tax-related matters, transactions, material inquiries from regulators and governmental agencies or other contingencies which may have a material impact on financial results, the Company's reputation or which may otherwise adversely affect the financial well-being of the Company.
- Review and evaluate, at least annually, the Company's susceptibility to fraud and corruption and management of the Company's processes for identifying and managing the risks of fraud and corruption, and ensure that investigations are undertaken if fraud is detected.
- Review and discuss with management the Company's information governance policies and programs, privacy, information technology and cyber security risk exposures identified by the management, and the adequacy of the steps the Company has taken to monitor and mitigate such privacy, information technology and cyber security risks.
- Review and evaluate the Company's overall process for the identification and evaluation of principal business and operational risks and the prevention and/or mitigation thereof.
- Ensure that the due diligence appraisal process on all proposed strategic transactions, including acquisitions, disposals, and project developments includes the identification and assessment of risk exposures and their implications for the risk appetite and tolerance of the Company.
- Review and evaluate the development and implementation of appropriate policies, processes and systems to manage the Company's principal enterprise and financial risks within its approved risk tolerance, to monitor the effectiveness of such policies, processes and systems and to ensure that the Board receives sufficient information about the Company's risk exposures.
- Review the Company's public disclosures in respect of risk governance and the Company's principal risks.



- Annually, together with Management assess the overall effectiveness of the enterprise risk management frameworks through discussions with management, and, if applicable, the external auditor or internal auditor, and assess whether recommendations made by management and, if applicable, the external auditor or internal auditor, have been implemented by management of the Company.
- Perform a review and evaluation of the performance of the Chief Risk Officer.

G. Risk Management Compliance and Disclosure

- Monitor and review the Company's risk management compliance and obtain reasonable assurance that the risk management policies for significant non-financial risks are being adhered to.
- Review, provide input and approve the disclosure of risks in the documents sent by the Company to shareholders, made available to the public or filed with securities regulators.

H. Project Pre-Approvals and Approvals

- Review all project proposals and contracts that: (a) are not included in the approved business plan of Algoma; and are anticipated to have a value, in the aggregate, greater than \$10,000,000 or as otherwise specified in a policy of the Committee; or (b) determined by the Board or Management to warrant additional risk review due to complexity and/or increased probability of risk to the Company.

I. Insurance Coverage

- Review and monitor the adequacy of the Company's insurance coverage.
- Review with Management, annually, the Company's insurance coverage and insurance report, including its risk retention philosophy and resulting uninsured exposure, if any, and provide assurances and recommendations to the Board with respect thereto.

J. Other

- Identify and inform the Board of matters that may significantly impact on the financial condition or affairs of the business, including irregularities in the Company's business administration, and, where applicable, suggest corrective measures to the Board.



- Review the public disclosure regarding the Committee required from time to time by the Applicable Regulations.
- Review in advance, and approve, the hiring and appointment of the Company's Chief Financial Officer and the Company's Chief Risk Officer.
- Establish and oversee the effectiveness of procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, auditing matters, internal accounting controls or management of the Company's business under the Company's whistleblower policy, including the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Direct and supervise the investigation into any matter brought to the Committee's attention within the scope of the Committee's duties.
- Review with the external auditor, management and the legal advisors of the Company, as applicable, any other legal, regulatory or compliance matters as the Committee or the Board deems necessary or appropriate.
- Perform any other activities as the Committee or the Board deems necessary or appropriate.

6. Independent Advice

In discharging its mandate, the Committee shall have the authority to retain or terminate, at its sole discretion to assist the Committee as it determines to be necessary to permit it to carry out its duties, compensation consultants, independent legal counsel or other advisors (collectively, "Advisors"). The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any Advisor retained by the Committee. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to Advisor retained by the Committee. The Committee may select, or receive advice from, Advisors, other than inhouse legal counsel, only after taking into consideration the following factors:

- (a) the provision of other services to the Company by the person that employs the Advisor;
- (b) the amount of fees received from the Company by the person that employs the Advisor, as a percentage of the total revenue of the person that employs the Advisor;
- (c) the policies and procedures of the person that employs the Advisor that are designed to prevent conflicts of interest;
- (d) any business or personal relationship of Advisor with a member of the Committee;



(e) any securities of the Company owned by the Advisor; and

(f) any business or personal relationship of the Advisor or the person employing the Advisor with an Executive Officer of the Company.

7. Funding

The Company must provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of:

- Compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.
- Compensation to any counsel or advisors employed by the Committee under Section 6 above.
- Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

8. Annual Evaluation

At least annually, the Committee shall, in a manner it determines to be appropriate:

- Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this Charter.
- Review and assess the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee believes to be appropriate.

9. No Rights Created

This Charter is a broad policy statement and is intended to be part of the Committee's flexible governance framework. While this Charter should comply with all applicable law and the Company's Articles, this Charter does not create any legally binding obligations on the Committee, the Board, any director or the Company.

Dated as of June 18, 2024

