

CODE OF ETHICS FOR SUPPLIERS



Act big, think steel





*CODE OF ETHICS
FOR SUPPLIERS
GERDAU CORSA*



Act big, think steel



GERDAU CORSA



CODE OF ETHICS FOR SUPPLIERS

In company(ies) identified as: Gerdau Corsa SAPI de C.V.. and/or their affiliates and subsidiaries (hereinafter referred to as "GERDAU CORSA") we are committed to compliance with anti-corruption legislation in Mexico and in countries where we have commercial presence, including the Foreign Corrupt Practices Act (FCPA), the Convention of the Organization for Economic Cooperation and Development to Combat Bribery of Foreign Public Officials, (often referred to as the OECD Anti-Bribery Convention), and other anti-corruption and anti-bribery laws (together "anti-corruption laws").

Similarly, all directors, executives, employees, officials, and representatives, partners of the Mexican "Gerdau Corsa" companies, whether conducting business in the ordinary or extraordinary course of commercial activities with or on behalf of it, regardless of their nationality, are obliged to fully comply with the FCPA, the Anti-Bribery Law, the OECD Convention, and other current anti-corruption laws applicable in Mexico.

We observe compliance with anti-corruption legislation in Mexico and across countries where we have business presence, including the Foreign Corrupt Practices Act (FCPA), the Convention of the Organization for Economic Cooperation and Development to Combat Bribery of Foreign Public Officials,(often referred to as the OECD Anti-Bribery Convention), and other anti-corruption and anti-bribery laws (together "anti-corruption laws").

Similarly, all directors, executives, employees, officials, and representatives, partners of the Mexican "Gerdau Corsa" companies, whether conducting business in the ordinary or extraordinary course of commercial activities with or on behalf of it, regardless of their nationality, are obliged to fully comply with the FCPA, the Anti-Bribery Law, the OECD Convention, and other current anti-corruption laws applicable in Mexico. We are committed to conducting business in a manner consistent with the highest ethical standards and in observance of legal requirements.

Therefore, we ask from you, our supplier, ethical commitment with our "Gerdau Corsa" companies to nurture a transparent, fair, quality relation, free from any act of corruption.

For "Gerdau Corsa" our relationship with suppliers must be based on integrity, honesty and transparency. Therefore, and under principles of the code of ethics of "Gerdau Corsa", we are sharing the "Code of ethics for Suppliers" with you, which will govern the relation with all suppliers who provide Goods and Services across all operations of "Gerdau Corsa".

Please read this CODE OF ETHICS FOR SUPPLIERS carefully, and if you agree with it, please sign the attachment of receipt in agreement with behaviors and how to handle as supplier of "Gerdau Corsa".





CODE OF ETHICS

The “Code of Ethics” is underpinned by the following pillars; their aim is for the business relationship to develop in an environment of transparency, integrity, and with assurances for all parties involved.



I. WORK CONDITIONS

a. Human rights: The supplier must ensure compliance with the “International Bill of Human Rights” for all stakeholders.

b. Forced labor, human trafficking, minimum age:

- i. The supplier must ensure that they do not engage in or support human trafficking.
- ii. Meet minimum age for employment according to applicable local and federal laws.
- iii. The supplier must ensure that they do not engage in physical abuse or forced labor with their employees.

c. Freedom of association: The supplier must respect freedom of their employees regarding freedom of association and union affiliation.

d. Payment and work hours: The supplier must guaranty conformity with work hours and other benefits and payment in conformity with local and federal laws. Likewise, must ensure payment of salaries in accordance with applicable local and federal laws, including among others, payment of vacations, rest days, maternity and paternity leave, among others.

E.- Discrimination The supplier must ensure that they neither practice nor encourage discrimination against anyone in accordance with Convention 111 of the International Labor Organization (ILO), including: “race, color, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity of treatment in employment and occupation.”

F Compliance with current Labor Law: As per articles 13 of the Federal Labor Law, and since the Supplier has

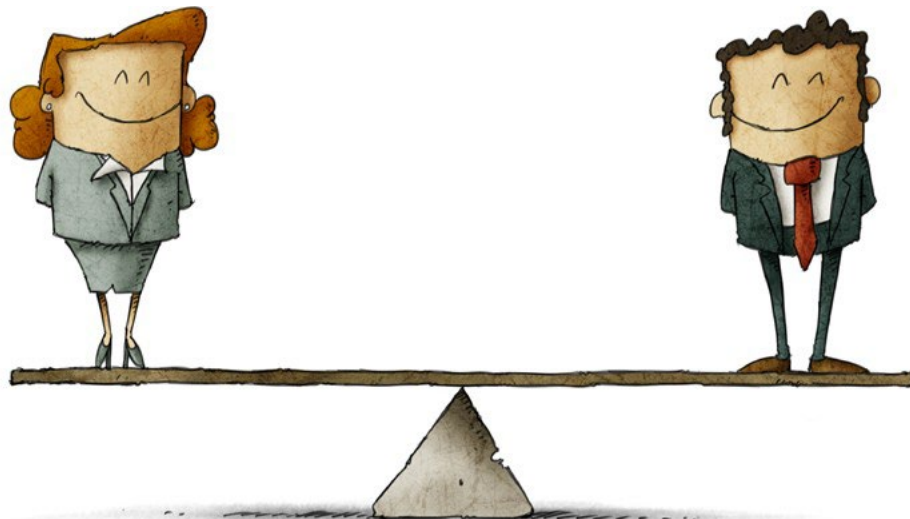
necessary resources to comply with obligations derived from relations with their employees they shall not be considered as intermediaries, and by no means shall business relation with "GERDAU CORSA" imply labor relations between employees, workers and/or executives of one PARTY with the other.

The Supplier shall hold Gerdau Corsa free from any controversy arising from concepts mentioned. It is expressly stipulated in writing that there is no subordination or labor relation; thus, "Gerdau Corsa" shall not undertake any responsibility derived from the Federal Labor Law, Social Security Law, INFONAVIT, SAR, etc., regarding the Supplier, its personnel or personnel subordinated or subcontracted by the latter, which shall in all cases, hold "Gerdau Corsa" harmless from all claims that might be filed against it by personnel of the Supplier.

Moreover, "Gerdau Corsa" shall not be responsible for accidents or risk eventually suffered by the Supplier or Personnel hired or subcontracted by it, for the supply of goods and services; similarly, it shall hold "Gerdau Corsa" free from any later claims that such people might file against it.

g. Own Resources: The Supplier agrees to supply goods and services to "Gerdau Corsa" with their own materials, tools, materials and workers; therefore, as of this moment, they agree to hold "GERDAU CORSA" harmless from claims filed by any company, worker, labor union or entity (including but not limited to: Secretaria de Hacienda y Crédito Público (SHCP, in English Secretariat of Finance and Public Credit), Instituto Mexicano del Seguro Social (IMSS, in English Mexican Social Security Institute), Instituto del Fondo Nacional de la Vivienda para los Trabajadores (INFONATIV, in English the Institute of National Housing Fund for Workers).

The Supplier must ensure that it has trained and qualified personnel meeting the requirements for supplying goods and services to "Gerdau Corsa". This personnel should work under their complete and exclusive direction, supervision, and economic dependence. The Supplier is responsible for complying with labor or other obligations with personnel hired or employed to carry out the supply of goods and services.





II. 2.- HEALTH, SAFETY AND ENVIRONMENT

The Supplier shall meet administrative, safety-related as well as environmental standards which “Gerdau Corsa” has or will have in place during the business relation. By virtue of the above, the Supplier ensures that personnel employed to supply goods and services are familiar with these provisions, thus ensuring their proper compliance and adequate execution.

a. Health and safety conditions: The supplier shall ensure a safe and healthy environment for employees. This includes necessary actions to reduce and prevent accidents on the workplace and have necessary procedures and protocols in case of emergency. Likewise, they must supply all necessary personal protection equipment to their employees according to the level of risk they are exposed to during the performance of activities.

b. Manual for contractors: All personnel of the supplier at “Gerdau Corsa’s” facilities must be familiar and comply with the Company’s Manual for Contractors.

c. Medical attention: The supplier shall ensure medical treatment for their employee in case of incident or accident.

Likewise, the Supplier ensures strict compliance with all applicable safety and environment-related standards as well as guidelines set forth by “Gerdau Corsa” in this regard, as per definition in the *Environmental Guidelines for Contractors and Service Providers* and will make sure that all their personnel is familiar with such guidelines.

The Supplier will not leave substances or material hazardous to flora, fauna, human or animal health, an shall not discharge pollutants into the atmosphere, bodies of water or soil. As a result, the Supplier shall strictly comply with provisions issued by the Federal Economic Competition Commission (in Spanish, COFECE), National Institute for Transparency, Access to Information and Personal Data Protection (in Spanish, INAI), Secretariat of the Environment and Natural Resources (in Spanish, SEMARNAT) and National Anti-corruption System (in Spanish, SNA), among others.



III. COMPLIANCE

A. Prevent all acts of corruption and/or bribery:

In my capacity as Third-Party Supplier, I commit, towards the company or companies of "Gerda Corsa" (as appropriate in each case), not to directly or indirectly offer, deliver, or agree to deliver any item of value that could be perceived as an act of corruption and/or an attempt to compromise the independence of judgment or influence a commercial or business decision to be made by any of the directors, executives, employees, officials, representatives, or partners of "Gerda Corsa".

B. Proper and transparent behavior with Public Officials:

In my capacity as a Third-Party Supplier, I commit to interact transparently and ethically with officials of the public administration, whether federal, state, or municipal, with whom I must interact because of my own activities to provide management services, consultancy, promote legal proceedings or mediation, processes to import or export products, in any matter requested by the company or "Gerda Corsa" companies as the CLIENT.

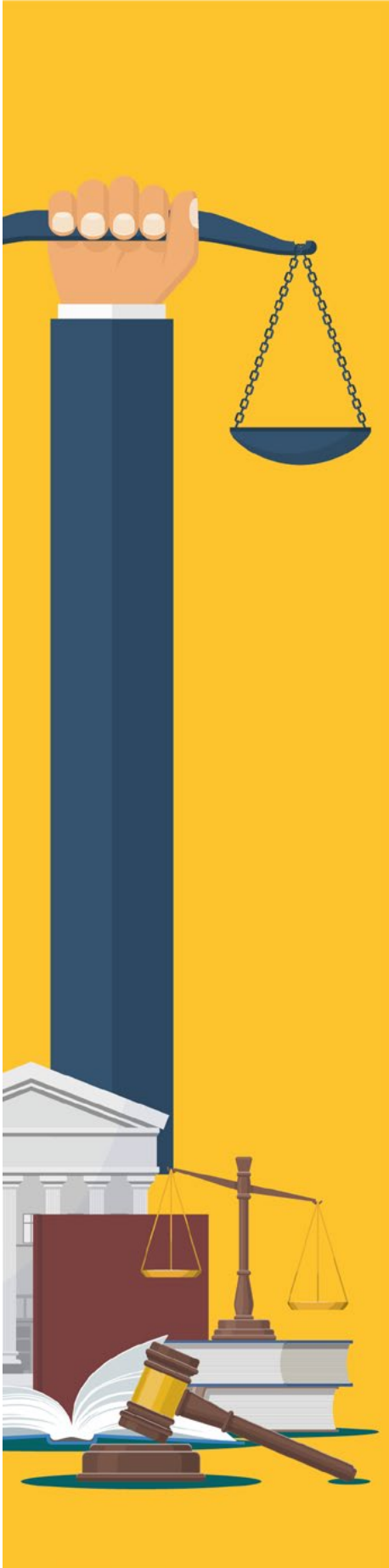
Interaction with public officials must be always proper and transparent. Therefore, any business activity involving the Third-Party Supplier in

an interaction or relation with a public official must, as minimum, meet the following general prohibitions:

- (i) Any item of value delivered as payment, whether directly or indirectly, must: (a) be based on a legal and legitimate reason, (b) comply with and be in accordance with applicable and current legislation, and (c) be paid to the institution, entity, or body for which said public official works.*
- (ii) The Items of Value delivered as payment should not be used:*
 - (a) to carry out, exercise, or encourage undue influence or to ensure the performance or execution of unlawful or improper conduct or activities, (b) to obtain, gain, secure, or retain a commercial or business opportunity.*

The safeguarding and collection of documentation will be the responsibility of the Third-Party Supplier before directors, executives, employees, officials, and/or representatives and partners of the "Gerda Corsa" company involved in said commercial relationship, and it must be recorded according to applicable standards decided by the company.





C. Prevent conflicts of interest:

In my capacity as a Third-Party Supplier, I commit to conduct myself in accordance with the best ethical interests of my client, in this case, "Gerdau Corsa" companies; thus, I must ensure that business decisions I make align with business opportunities and that such decisions should not be influenced or affected by personal, family, or friendship relationships or interests with individuals acting as directors, executives, employees, officials, representatives, or partners of "Gerdau Corsa" companies.

Directors, executives, employees, officials, representatives, or partners of "Gerdau Corsa" companies shall not use resources and means of the company or their professional position or standing for their benefit or to benefit their families, friends or any other activity or relation external to "Gerdau Corsa".

D. Gifts and entertainment:

In my capacity as a Third-Party Supplier, I shall not give gifts or offer any other item of value which might give rise to preference in the business relation with the collaborator from "Gerdau Corsa". Improper gifts and entertainment generate conflicts of interest between the Parties.

Solid relations with suppliers are essential for any company. In some cultures, more than in others, gifts and entertainment are courtesies that contribute to the strengthening of these relations.

In general, for "GERDAU CORSA" giving and receiving gifts and entertainment is allowed so long as they are appropriate, this is, that they do not give rise to a feeling of obligation to do something in return. In other words, they must not generate favoritism.

Generally, appropriate gifts are those of moderate value, typically featuring the corporate brand and distributed broadly to all audiences.

In my capacity as a Third-Party Supplier, I shall not give, offer inappropriate gifts and entertainment which might have negative consequences for "Gerdau Corsa", such as unduly influencing (or the mere appearance of unduly influencing) business decisions or giving rise to a conflict of interest.

Due to the content of this section, it is necessary for the supplier of "Gerdau Corsa" to maintain a business relationship that is transparent and free from commitments, except for providing, performing, and fulfilling a quality and fair service for "Gerdau Corsa". This situation should be highly valued and sufficient for any collaborators of "Gerdau Corsa" who have a direct or indirect relationship with the supplier.



E. Proper subcontracting with “Gerdau Corsa”:

“Gerdau Corsa” may only establish a business relationship or subcontract third parties when there is a legitimate reason to do so, and such relationship should be limited to the delivery of the required goods or services.

Therefore, in my capacity as a Third-Party Supplier, upon request from “Gerdau Corsa” company or companies, I agree to undergo a due-diligence procedure to gather more information on my activity as supplier and behavior in the market where I do business.

In my capacity as Third-Party Supplier I shall enter a written agreement upon request by “Gerdau Corsa” to govern the current contractual relation if one does not yet exist; moreover, consideration must always:

- (a) be according to market situation and value of similar services or products,*
- (b) be justifiable and commensurate with the service or product acquired,*
- (c) align with the terms specified in the respective contracts,*
- (d) not be motivated by a desire or intention to exert improper or illegal influence or to secure a business opportunity or engage in unlawful conduct or activities,*
- (e) not seek to be more than a payment for the fair market value in exchange for the service or product or with the purpose of obtaining and retaining a business or commercial opportunity.*

F. Comply with safety for “Gerdau Corsa”:

“Gerdau Corsa” companies want to have a work environment in which all collaborators feel safe at work. Health and safety are of the utmost importance to “GERDAU CORSA”. For this reason, we have adopted a policy that declares that the life and integrity of individuals take priority over any other objective in our relationship.

In my capacity as Third-Party Supplier of “Gerdau Corsa” I shall aid the Company or companies of “Gerdau Corsa” so that all activities in which my services and personnel are involved may be performed according to this Value, performing with Safety inside and outside “Gerdau Corsa’s” facilities.

G. Compliance with current legislation:

In my capacity as Third-Party Supplier I shall comply with current legislation in fiscal, civil, mercantile, and labor matters, among others applicable to my activity, and I commit to conduct myself in all business dealings with “Gerdau Corsa” company or companies within the framework of the law.



J. Confidentiality of information:

In my capacity as a Supplier for “Gerdau Corsa” all the information I receive from them must be treated as Confidential Information. This includes verbal, written, and graphic information, as well as documentation received or obtained through any means, including but not limited to optical and electromagnetic media, from the beginning of the business relationship between the Parties and their related entities, and any information received or obtained in the future.

In my capacity as Supplier of “Gerdau Corsa” I shall not expressly use, transmit, disclose and/or disseminate, totally or partially to third parties, in any form or location, as it is the property of each of the Parties. Confidentiality obligation is also applicable to all personnel, either mine or subcontracted, as well as to any individual or company who, resulting from work, employment, position or business relation, has access to it.

IV. VALIDITY

This Code of Ethics for Suppliers will have an indefinite validity starting from May 30, 2019, and may undergo modifications in the event of changes in the current law or as required by the business of “Gerdau Corsa”, with the intention of improving its content if necessary.

V. REPORTING NONCOMPLIANCE

Any violation of the Code of Ethics for Suppliers or illegal or unethical behavior can be reported confidentially and anonymously to:

- Via the site of the Channel of Ethics of Gerdau www.gerdau.com
- By phone: **+55 51 33231901**
- Via email: canal.etica@gerdau.com.br





ACKNOWLEDGEMENT OF RECEIPT CODE OF ETHICS FOR SUPPLIERS “GERDAU CORSA”

Upon signing this document, I expressly declare that:

- a. I have received the Code of Ethics for Suppliers from “Gerdau Corsa”.*
- b. I agree with the principles and behaviors that I must observe, as outlined in this Code of Ethics for Suppliers.*
- c. I agree to ensure “Gerdau Corsa” that all employees, whether direct or subcontracted, will be aware of and comply with this Code of Ethics for Suppliers, starting from the date of this acknowledgment.*
- d. I am aware that signing this Acknowledgment does not bind “Gerdau Corsa” to establish any kind of business relationship with the signing company.*

Informed of the content and scope, it is signed:

Company name of the Supplier: _____

Taxpayer Record Number (RFC, in Spanish): _____

Signature: _____

Name of the Legal Representative: _____

Date: _____

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