



# CODE OF ETHICS AND CONDUCT FOR THIRD PARTIES

## LETTER FROM THE CHIEF EXECUTIVE OFFICER



For Gerdau, **DO WHAT IS RIGHT** is a non-negotiable principle. It was from this principle that our Code of Ethics and Conduct for Third Parties was formed. For Gerdau, no result is justified if not obtained fairly.

Establishing partnerships with integrity and trust is essential for the sustainable development of businesses and communities in which Gerdau operates. In this sense, Gerdau seeks alignment

between principles and commitments presented in this Code and behavior of any third parties with which it interacts. Gerdau believes in shaping the future and that, together, we can build a fairer society with greater competitiveness and better results for everyone.

This Code reflects the ethical model that supports a loyal, transparent and long-lasting business relationship, with all parties aware of and

committed to pursuit of these requirements.

Gerdau expects all business partners to act in accordance with the concepts proposed by this Code, guided by it or in line with its corporate policies and culture.



*Gustavo Werneck*

**Gustavo Werneck da Cunha**  
Chief Executive Officer



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**The Code of Ethics and Conduct for Third Parties was reviewed and approved by the Board of Directors, on 10/27/20, with immediate effect.**

Questions regarding this Code of Ethics and Conduct for Third Parties should be submitted to the Corporate Compliance area: [compliance@gerdau.com.br](mailto:compliance@gerdau.com.br)

## 01 CODE OBJECTIVE

The Code of Ethics and Conduct for Third Parties establishes guidelines for Gerdau's relationship with third parties, defined in this code as its suppliers, service providers and customers; establishes Gerdau's main commitments to issues related to ethics and compliance with laws; defines how third parties are accountable to ensure compliance with these commitments; and highlights unacceptable behaviors, which are subject to contractual review, including employment termination.

## 02 GERDAU COMMITMENTS

Gerdau has, among its principles, "Generate value for all", "Do What is Right" and "Diverse and Inclusive Environment", considering: (a) respect for human rights, cultural diversity and interest of all audiences; (b) optimize the use of natural resources, minimizing impact on the environment, preserving the integrity of the planet for future generations without neglecting the economic and financial profitability of our business; and (c) corporate governance practices, ensuring our participation as an active agent in the development of our society.

These commitments are formalized in Gerdau's Sustainability Policy - ESG - which guides our activities and includes aspects of integrity, value chain management, and efficiency in the use of natural resources, social responsibility, quality and safety of production processes.



## 03 CONDUCT EXPECTED FROM GERDAU'S THIRD PARTIES

- Maintain ethical behavior, unblemished reputation and transparent posture;
- Promote and ensure the safety of all parties;
- Meet all practices described in this Code;
- Comply with all laws and regulations relating to their businesses;
- Maintain confidentiality of information in case of access to critical Gerdau data;
- Treat everyone fairly, with dignity and respect;
- Avoid situations that may generate conflicts of interest with Gerdau;
- Protect the relationship and reputation of all parties;
- Report any violation or suspected violation of ethical rules, either by their own professionals or by Gerdau representatives.

## 04 SAFETY AT WORK

Gerdau's highest priority is safety of people. In the work environment, everyone should feel safe to carry out their activities. Gerdau maintains a policy focused on people's lives and integrity, values that transcend the company's other objectives and priorities.

HEALTH AND SAFETY are everyone's responsibilities. Our third parties are also required to meet these principles, complying with all legal requirements and implementing good health and safety practices for their respective employees and subcontractors, including appropriate equipment, training on safety procedures, using proper PPE and promoting a safety culture.

Third parties with access to Gerdau's facilities must ensure their teams and subcontractors meet all safety procedures, adhere to the Service Provider Manual, and provide pertinent certificates and any other legal requirements.



## 05 RESPECT

In its relationships, Gerdau expects everyone to respect all audiences, and discourages and does not tolerate any practices of moral or sexual harassment, discrimination of any nature, intimidation, disrespect for Human Rights, or non-compliance with labor obligations.

Gerdau reiterates the importance of attitudes of respect for human beings and will not tolerate situations that may represent an infraction. Any agreement will be immediately terminated for degrading situations, such as child labor, forced or slave-like labor or practices against human rights.

## 06 PRESERVATION OF THE ENVIRONMENT

Gerdau recognizes that an ecologically balanced environment is a common asset for society, essential to the quality of life, and must be promoted and preserved for generations to come.

Our third parties are also required to comply with this commitment by meeting all environmental laws and regulations, maintaining an active and engaged posture in environmental issues and mitigating risks that may impact the environment.

## 07 SOCIAL RESPONSIBILITY

Gerdau is committed to the social development of the communities in which it operates. In this sense, the company strives for ethical and sustainable relationships, focused on the common good.

In developing a network of solidarity, Gerdau requires our third parties to be active agents in understanding and supporting the social, economic and environmental needs of the communities around us.

## 08 RELATIONSHIP WITH THIRD PARTIES

Gerdau seeks to maintain solid, long-lasting relationships with its customers, suppliers and partners. This trust is reflected in transparency, ethics and professionalism of the parties, always respecting market practices and guaranteeing free initiative and competition.



Gerdau seeks and values third parties who share its principles and strives to promote them. Since Gerdau maintains this commitment, its third parties are also required to

- **Base their practices on ethical principles and in compliance with anti-corruption laws, ensuring fair competition and respect for all parties involved;**
- **Do not tolerate child labor, slave-like labor, and non-compliance with current legislation, anti-corruption laws and environmental laws;**
- **Ensure safety of people;**
- **Base their negotiations on business needs, respecting legal, technical, commercial, professional, reputational and/or ethical criteria;**
- **Do not allow, accept or contribute, in any way, to practices involving corruption, bribery, money laundering and/or conduct contrary to the laws and the provisions of this Code;**
- **Ensure the highest quality of the products or services provided, operating with clarity in any commercial and production situations;**
- **Meet agreements in accordance with the best commercial practices, complying with competition laws and without discrimination;**
- **Respect freedom of choice.**

## 09 CONFLICT OF INTEREST

A conflict of interest is defined as a situation in which a professional or third party acts or is influenced to act against the objectives of the party involved (Gerdau), making an inappropriate decision, prioritizing personal or third parties' interests, rather than the company's interests. This situation may generate financial, reputational or business impact.

Gerdau maintains an internal process for communicating and monitoring these situations and, if confirmed, especially in the event of damage to Gerdau, the company may terminate the relationship with that third party. So, therefore, third parties are required to report any conflict of interest to Gerdau, or any suspicion that may affect the transparency of the business.

Attention should be paid to relationships with employees with family ties, vendor that is owned by a former Gerdau employee, vendor who has hired former Gerdau employees in key function,



provision of private services, promises of employment, undue courtesies or favors, use of inside information obtained in activities with Gerdau and/or other interests that may generate undue benefits to the parties.

## 10 GIFTS AND ENTERTAINMENT

The offering of gifts or entertainment may generate a conflict of interest. These events must be limited to immaterial values, with an institutional objective and that does not represent any kind of reciprocity. If the third party understands some courtesy is necessary, and to prevent any doubt, it is recommended that BEFORE any action or offer, to get in contact with the Gerdau manager to ask if the courtesy meets the corresponding Guidelines.



## 11 FIGHT AGAINST CORRUPTION, MONEY LAUNDERING AND CRIMINAL ACTIVITIES

Gerdau does not tolerate any type of relationship involving illegal or criminal activities. Everyone is required to strictly comply with anti-corruption and anti-money laundering laws, and is prohibited from offering, promising, making, authorizing or providing (directly or indirectly through third parties) undue advantages, payments, gifts or transfer of money for anyone, whether a public agent or not, to illegally influence or reward any action or decision for the benefit of their employer or to Gerdau.

Signs of irregularities with an impact on the reputation of third parties may result in contractual review and application of sanctions, including contractual termination. In this sense, it is important to mention:

- Third parties representing Gerdau before Agents or Public Bodies must be aware and comply with Gerdau Guidelines for Relationship with Public Agents;
- Agreements bind everyone to comply with all anti-corruption laws;
- Third parties must be committed to fight against corruption and money laundering, aware of prevention practices of any transaction that may pose a risk of illegal or criminal involvement;
- Gerdau prohibits and condemns illicit trade activities, and only supports the legal sale of its products;
- In its Compliance process, Gerdau, in addition to requesting the “term of commitment against anti-corruption practices” from its third parties, may carry out due diligence activities, reputational analysis, and links with accredited entities (OFAC, UN). Depending on these results, Gerdau may request additional inquiries, contractual review or termination.



## 12 FRAUD

Any kind of illegality or fraud, including but not limited to falsifying records, manipulating prices, undue benefits to Gerdau employees or representatives, undue favoritism or misappropriation of assets will not be tolerated, and may result in penalties such as interruption of relationship or other appropriate measures.

Our third parties are required to operate in compliance with Gerdau's Code of Ethics and Conduct through their culture, promoting a structured, controlled environment and training their respective employees, representatives and subcontractors to ensure ethical, legal and professional behavior.

## 13 COMPETITION PRACTICES

Gerdau believes in and practices free and fair competition, and considers its business relationships as essential. Gerdau operates in an ethical manner, and with respect to competition, adheres to "antitrust legislation", and does not condone or accept its third parties engaging in practices contrary to free competition, such as cartel formation, market division, price manipulation or predatory conduct.

## 14 CONFIDENTIALITY OF INFORMATION

Third parties are required to maintain confidentiality and secrecy of all Gerdau information to which they may have access, including documents, databases, financial or accounting information, projects or any materials filed and registered in any way, whether original or not, protecting them and not disclosing them to other third parties or using them for other purposes.

In addition, third parties must comply with all local data protection laws and regulations, according to their responsibility attributed by law or by agreement.

Depending on the nature of the negotiation, the third party must align the prohibitions, limitations and Guidelines involving data confidentiality with Gerdau's Information Security area.

## 15 EXTERNAL COMMUNICATION

The third party should not engage in public discussions that may be understood as an expression of Gerdau's opinions or points of view, unless previously approved by Gerdau. This includes comments on public social networks, business forums or other social media channels.

## 16 GERDAU TRADEMARK

The use of Gerdau's image, name or brands is not allowed, except if previously and formally authorized, for exclusive use in the development of its professional activity.

## 17 REPORTING CONCERNS

In case you become aware or suspect any violation to this document, illegal practices, fraudulent bids, improper use of information, bribery, fraud of any kind or other situation contrary to ethics, whether by a Gerdau employee, representative or by any third party, please report that to the corresponding channel:

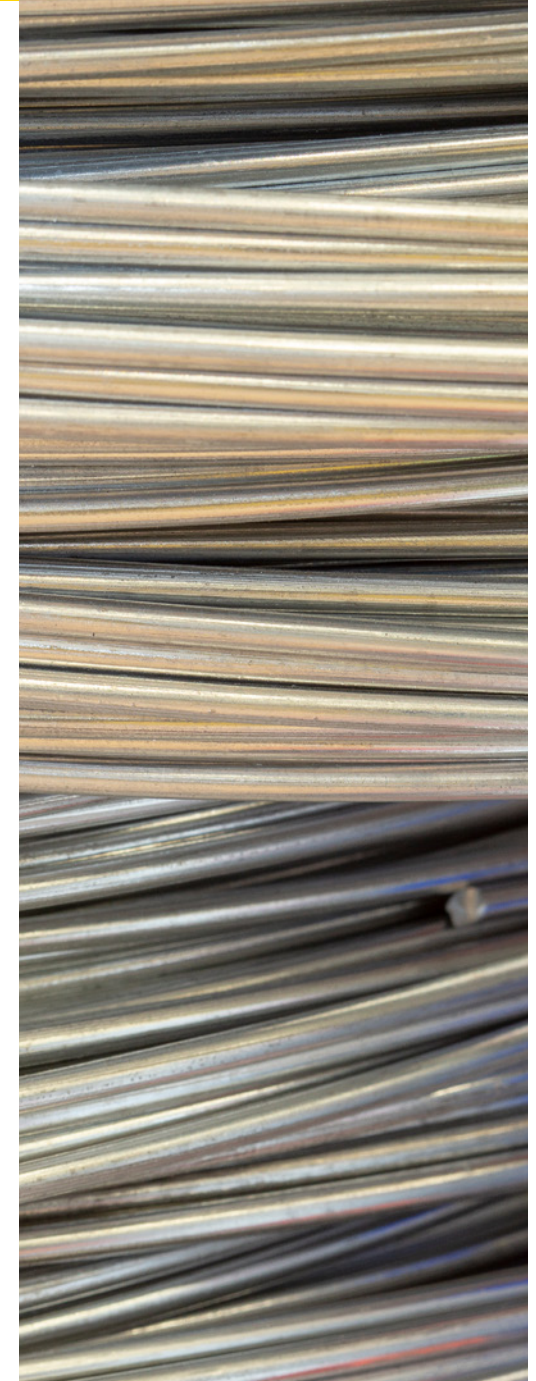
**Gerdau website:** ([www.gerdau.com](http://www.gerdau.com))

About Us – Ethics and Compliance;

**By telephone:** 1-800-732-7116

**By e-mail:** [canal.etica@gerdau.com.br](mailto:canal.etica@gerdau.com.br)

The Ethics Helpline guarantees confidentiality and investigation of all occurrences without retaliation





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