

GENERAL CONDITIONS FOR THE SALE OF ROLLING MILL ROLLS and CASTED&FORGED PRODUCTS

1. PURPOSE

1.1. These General Conditions are applicable to the **SALE** of rolling mill rolls and casted & forged products and comprise the terms and provisions specified in this instrument, in addition to those prepared as quotation, **ORDER** and/or invoice submitted by the **SUPPLIER** to the **CLIENT**.

1.2. Those engaging the services of the **SUPPLIER** shall be previously and expressly aware of General Conditions for Sale of Rolling Mill Rolls and Casted & Forged Products herein, available for consultation on www.gerdau.com/gerdausummit.

1.3. These General Conditions shall prevail over any general sale condition of the **CLIENT**, even if the **SUPPLIER** does not complain specifically about any existing contradictory condition in such document.

1.4. No change made unilaterally by the **CLIENT** to these General Sale Conditions shall be accepted; therefore, any verbal or written statement made by the **CLIENT** shall not add to, change or affect in any way the terms and conditions herein set out. Any changes agreed with the **SUPPLIER** shall be valid solely for the specific **ORDER** referred to by the supplier.

1.5. The scope of the **ORDER** establishes the limit of the **SALE**. Any request exceeding such limit can be fulfilled by the **SUPPLIER**, provided there is an amendment to the **ORDER**, as instructed in the prior item.

2. DEFINITIONS

2.1. The following definitions shall be adopted for the construal of these General Sale Conditions:

- a) **SUPPLIER: GERDAU SUMMIT AÇOS FUNDIDOS E FORJADOS S/A**, headquartered in Pindamonhangaba, State of São Paulo (SP), or any of its subsidiaries.
- b) **CLIENT**: party requesting the supply of **PRODUCT(S)**, as specified in the **ORDER**, responsible for their **PAYMENT**.
- c) **PARTIES**: jointly, the **SUPPLIER** and the **CLIENT**.
- d) **THIRD PARTY(IES)**: any individual or legal entity other than the **SUPPLIER** or the **CLIENT**.
- e) **ORDER**: instrument drawn up by the **CLIENT** to the **SUPPLIER** that documents the request for supplying the **PRODUCT(S)** subject of the **SALE**. It also comprises other documents such as **PROJECT, SPECIFICATIONS**, correspondence, minutes of meetings, instructions and information related to the **PRODUCT(S)** or **SALE**.
- f) **PRODUCT(S)**: rolling mill rolls and casted & forged products manufactured by the **SUPPLIER**.
- g) **SALE MANAGER**: agent of the **SUPPLIER** appointed to follow up the **SALE**.
- h) **SALE**: comprises all procedures and activities taken part in by the **PARTIES**, from the first contact of the **CLIENT** with the **SUPPLIER**, to the installation of **PRODUCT(S)** and respective **PAYMENT**.
- i) **SPECIFICATIONS**: descriptive information of the **PRODUCT(S)** for the sale and attached to the **ORDER**, which shall contain technical details, requirements, regulations, standards and any other information necessary for manufacturing the **PRODUCT(S)** related to the **SALE**.
- j) **PROJECT**: set of documents that include details supplementary to the **SPECIFICATIONS**, needed to fulfil the **ORDER**, such as plant drawings, cuts, equipment, structures and other technical drawings and information.
- k) **SCHEDULE**: chronological schedule for carrying out the **SALE**, prepared by mutual agreement of the **PARTIES**, which details the terms of the several phases of the work to be performed by the **SUPPLIER**, the **CLIENT** and/or **THIRD PARTIES**, so that the **PARTIES'** objective is attained.
- l) **ORDER FULFILLMENT ACTIVITIES**: activities necessary to fulfil the **ORDER** and complete the **SALE**.
- m) **DELIVERY**: delivery of the **PRODUCT(S)** being **SOLD** by the **SUPPLIER** to the **CLIENT**.

- n) **BILLING:** any documents with instructions requesting the **PAYMENT** (ex.: Bill, Invoice, Debit Note, Credit Note, etc.), issued by the **SUPPLIER** and submitted to the **CLIENT**.
- o) **PAYMENT:** cash owed by the **CLIENT** to the **SUPPLIER** as a result of the **SALE** to be made in accordance with the **BILLING** terms.
- p) **AS BUILT:** updating of drawings, **SPECIFICATIONS** or **PROJECT(S)**, due to changes made during the phase of manufacturing, construction or assembly of the **PRODUCT(S)** to be **SOLD**.
- q) **SAP:** business management system adopted by the **SUPPLIER**, intended to unify the systems and software related to the supply, acquisition of inputs, accounting and payments.
- r) **DAYS OFF:** days when work is not legally required, namely, Saturdays, Sundays and holidays, which have an impact on the **SALE**.
- s) **CONSECUTIVE DAYS:** days used for determining the sale period. It includes working days and **DAYS OFF**.
- t) **INFORMATION TECHNOLOGY (IT) RESOURCES:** software, hardware, Intranet, Internet, Extranet and other IT systems.

3. OFFERS

3.1. Offers of the **SUPPLIER** shall only be those made by means of a written instrument and addressed to a specific **CLIENT**. Offers are valid and binding for a period informed in the document, as of the issue of said instrument by the **SUPPLIER**. After the aforementioned period, if the offer is not accepted in writing by the **CLIENT**, the **SUPPLIER** reserves the right to consider, reject, change or accept any reply or counter offer by the **CLIENT**.

4. DELIVERY

4.1. **DELIVERY** of the **PRODUCT** shall be made according to the sale modality agreed, consistent with the Incoterms 2010 classification or its most recent version. It can also be made CFR = Cost and Freight, as set out in the **ORDER**, as mutually agreed between the **SUPPLIER** and the **CLIENT**.

4.2. The period for **DELIVERY** of the **PRODUCT** shall start when the **CLIENT** receives the **ORDER** confirmation from the **SUPPLIER ORDER ACKNOWLEDGEMENT**, provided there is no pending information from the **CLIENT** to be given to the **SUPPLIER** regarding the **ORDER**.

5. SALE WITH RETENTION OF TITLE

5.1. The **SUPPLIER** shall retain the ownership of the **PRODUCT(S)** being **SOLD** until all the **BILLING** amounts and any late payment charges have been settled.

5.2. If the retention of title depends on any registration in the **CLIENT**'s territory so as to produce the legal effects guarantee **PAYMENT**, the **CLIENT** undertakes to inform the **SUPPLIER** in advance of said requirement in writing, describing the applicable procedures and documents necessary.

5.3. If the **SUPPLIER** believes that the retention of title is not sufficient to guarantee **PAYMENT** in the **CLIENT**'s territory, it is at the **SUPPLIER**'s sole discretion to accept alternatives to ensure **PAYMENT**.

6. WARRANTY AND LIABILITY

6.1. The **SUPPLIER** undertakes to meet the technical specifications in the **ORDER** and to warrant metallurgical quality of the material used during the useful life of the roll, bearing in mind the application/use of the **PRODUCT(S)**, as follows:

- (i) Working Rolls – 5-year warranty period
- (ii) Back up Rolls – 10-years warranty period
- (iii) Rings - 10 years warranty period
- (iv) Forged bars - 5 years warranty period
- (v) Casted Sleeve - 5 years warranty period
- (vi) Forged and cast parts through drawing/specification - 5 years warranty period

6.2. The **SUPPLIER**'s liability for the **PRODUCT(S)** is limited to repairs and/or replacement of the product, if it is unmistakably verified that:

- a) the **PRODUCT(S)** does/do not match the terms set out in the **ORDER ACKNOWLEDGEMENT** and the **SPECIFICATIONS**; and/or
- b) the product and/or its components are faulty.

6.3. If the **SUPPLIER** finds that any of the situations set out in items "a" and "b" above took place, the **SUPPLIER** shall opt for:

- a) repairing or replacing the **PRODUCT(S)**;
- b) reimbursing the **CLIENT** for the amount related to the defects verified; or
- c) reimbursing the **CLIENT** for the total amount of the **PRODUCT(S)**.

6.4. The **SUPPLIER** shall not be liable for any loss or damage, or any other type of burden incurred by the **CLIENT** or **THIRD PARTIES** due to the direct or indirect storage, transportation, exposure, handling or use of the **PRODUCT(S)**.

6.5. The **SUPPLIER** is not obliged to provide any type of assistance and/or warranty to the **CLIENT**, if:

- a) the **CLIENT** and/or any **THIRD PARTY** carry out on their own the maintenance of and/or modify the **PRODUCT(S)** and/or any of their components;
- b) the **CLIENT** and/or any **THIRD PARTY** make use of the **PRODUCT(S)** or any of their components in violation of the **SUPPLIER**'s instructions.
- c) it is a case of normal wear and tear from the use of the **PRODUCT(S)**;
- d) the **CLIENT** is behind on the **PAYMENT**; or
- e) the warranty period expired.

LIMITS TO LIABILITY

a) If the **SUPPLIER** violates any of its obligations regarding the **ORDER**, the agreement or any legal provision, due to any of its acts or omissions and/or of its agents, the **SUPPLIER** shall be liable for paying all compensatory damages and losses provenly caused to the **CLIENT**, observing the following limits:

(i) Any damages that might be owed by the **SUPPLIER** related to the **ORDER** or any executed Agreement shall always be of a compensatory nature and are limited, together with all complaints, sanctions, actions and/or causes, of any type or nature, to 100% of the total amount effectively paid by the **CLIENT** up to the date of the event that caused the damage.

(ii) The **SUPPLIER** shall not be liable, for any reason and in any circumstance, and shall be exempt from any responsibility, for the award of any indirect damages, nonpecuniary damages, damages to third parties and loss of profit.

(iii) The nature of the financial compensation is on product credits.

7. PRICE AND PAYMENT

7.1. For the supply, the **CLIENT** shall pay the amounts specified in the Purchase Order to the **SUPPLIER**.

7.1.1. The negotiated prices are fixed only for the quantities agreed in the purchase order and may be reviewed by the **SUPPLIER** according to the market conditions.

7.1.2. In the cases where an Agreement was executed with a term higher than 12 months, the amounts stipulated shall be adjusted every 12-month period as of the signature of the agreement.

7.2. The agreed price is the only remuneration owed by the **CLIENT** to the **SUPPLIER**. The price includes the expenses arising out of personal transport, food, personal protective equipment (PPE) and salaries of the **SUPPLIER**'s personnel; social, labor, social security, insurance charges, and compulsory and voluntary union dues, including premiums for shifts, night shifts, health hazard and dangerous work; all federal, state and municipal taxes that may be levied on the **SALE** and the circulation of **PRODUCT(S)**; use of material and equipment; insurance; expenses with construction and sale of fixed assets; as well as all other appliances and devices needed for the aimed **SALE**, assembly and installation of the **PRODUCT**, as applicable; management fees, profit and financial charges during the period of **PAYMENT** and, also, everything else defined in the **ORDER** as an obligation of the **SUPPLIER**.

7.3. **PAYMENT** shall be made by the **CLIENT** through one of the following modes, at the discretion of the **SUPPLIER**:

- a) Deposit in a checking account to be named in the **BILLING**; and/or
- b) Stand-by Letter of Credit

7.4 If the **CLIENT**'s **PAYMENT** owed to the **SUPPLIER** is delayed, the following penalties shall be added to the overdue amount:

7.4.1 For a **CLIENT** located in Brazil:

- a) a fine of four percent (4%) applicable to the overdue amount in each month of default; and
- b) one percent (1%) monthly late-payment interest, calculated proportionally up to the effective date of **PAYMENT** of the overdue amount.
- c) 7.4.2. For a **CLIENT** located abroad, a fine of four percent (4%) levied on the overdue amount in each year of default, calculated pro rata.

7.5. If the **CLIENT** realizes that the **BILLING** has any error, fault and/or discrepancy, the **SUPPLIER** shall be informed within forty-eight (48) hours of receiving the **BILLING**. In this case, the **SUPPLIER** shall specify the new payment date on the **BILLING** to be sent again to the **CLIENT**, with no surcharge.

7.6. In the case of item 7.4, if no error, fault and/or discrepancy is found by the **SUPPLIER** in the **BILLING**, the **CLIENT** shall pay all the charges set out in item 7.3 above for any late **PAYMENT**.

8. FORCE MAJEURE EVENTS AND EXCESSIVE BURDEN

8.1. Any of the **PARTIES** is entitled to suspend compliance with their contractual obligations if they become impossible to fulfil or excessively expensive due to unpredictable events, or those beyond their control, such as strikes, boycotts, fire, war (declared or not), civil wars, riots and civil commotion, embargoes, power supply rationing or cutting off, arbitrary governmental acts, among others.

8.1.1. The Party wishing to resort to this clause shall promptly communicate the fact, in writing and, later, inform the end of the circumstances of force majeure/fortuitous event.

8.1.2. If the power supply is cut off for over forty-five (45) **CONSECUTIVE DAYS**, any of the **PARTIES** shall have the right to end the agreed **SALE**, upon giving a prior notice of ten (10) **CONSECUTIVE DAYS** to the other Party.

8.2. If there are significant changes in the Brazilian or international markets after the **ORDER** is made (including, but not limited to currency depreciation) that affect the inputs and/or services needed to fulfil the **ORDER(S)**, the conditions initially agreed shall be reviewed by the **PARTIES**, with the purpose to reestablish the pre-existing balance.

8.3. Without prejudice to item 8.2 above, the **SALE** price shall be changed in accordance with surtax mechanisms (ferroalloy, energy, gas, freight) included in the **ORDER** or previously agreed with the **CLIENT**, and it shall also be adjusted every twelve (12) months according to the variation of the General Market Price Index (IGP-M/FGV) determined in the period, or the variation of another official Brazilian index to be negotiated between the parties.

8.4 The **PARTIES** mutually undertake to make their best efforts to reduce the damage that the commercial relationship or one of the **PARTIES** may suffer due to an economic unbalance resulting from force majeure events or excessive burden.

9. ORDER CANCELLATION AND SUSPENSION

9.1. If the **CLIENT** cancels the **ORDER**, either fully or partially, the amounts below shall be payable by the **CLIENT** to the **SUPPLIER** as a cancellation fine, in addition to reimbursing all costs so far incurred by the **SUPPLIER**:

- a) If the cancellation is requested more than eight (8) months prior to the delivery date, the **CLIENT** shall pay twenty percent (20%) of the outstanding balance owed.
- b) If the cancellation is requested between six (6) to eight (8) months prior to the delivery date, the **CLIENT** shall pay thirty percent (30%) of the outstanding balance owed; and.
- c) If the cancellation is requested between four (4) to six (6) months prior to the delivery date, the **CLIENT** shall pay forty percent (40%) of the outstanding balance owed; and.
- d) If the cancellation is requested less than four (4) months before the delivery date, the **CLIENT** shall pay one hundred percent (100%) of the outstanding balance owed.
- e) All orders that include components or accessories linked/associated with the supply shall be subject to a compensation of 100% in the event of cancellation.

9.1.1. In the event of partial cancellation, the amounts mentioned in item 9.1 above shall be calculated proportionally.

9.2. The **SUPPLIER** can suspend the manufacturing or delivery of the **PRODUCT(S)**, upon prior communication to the **CLIENT**, if any problem is found with the documentation for shipping the **PRODUCT(S)**, as long as this problem has not been caused by the **SUPPLIER**.

9.2.1. The suspension mentioned in item 9.2 shall last until the documentation for shipping the **PRODUCT(S)** is in order, and the **SUPPLIER** shall not be liable for any fine or penalty as a consequence.

10. SUPPLIER'S OBLIGATIONS

10.1. Hiring all the staff needed to carry out the **SALE**, as well as making the payments and bearing all employment-related charges, especially, for any labor claims or lawsuits that might be filed by its employees and subcontractors, and be responsible for all subsequent costs without getting any help from the **CLIENT**.

10.2. Keeping a professional with powers to represent the **SUPPLIER** in all the acts related to the **SALE** in the administrative/technical supervision of the **SALE**, from start to end of the **ORDER** period.

10.3. Complying and enforcing compliance by its employees of all regulations and standards regarding hygiene, health and safety in force at the facilities of **SUPPLIER** and the **CLIENT**, as the case may be.

11. CONFIDENTIALITY

11.1 The **PARTIES** shall maintain secrecy about the **PROJECT**, **SPECIFICATIONS**, and all written technical information, drawings and plans of one another to which they have access due to their commercial relationship. The **SUPPLIER** and the **CLIENT** must maintain the confidentiality of said information on all

occasions, and the information must not be, without the prior and written authorization of the other party, disclosed to any person or company, except for their employees or agents who may need the information for the sale, installation, assembly, inspection, repair or technical assistance of the **PRODUCT(S)**. The employees of the **PARTIES** shall be aware and advised of the confidential nature of the information. Confidentiality must be maintained by all involved persons for a period of five (5) years after the contractual relationship ends, or until the information enters the public domain through no action of the parties.

11.2. The **PARTIES** undertake to inform the other party, in writing, if they receive from **THIRD PARTIES** any notice, official letter or subpoena regarding the **ORDER(S)**.

12. TERMINATION

12.1. The **PARTIES** may terminate this **ORDER** instrument promptly and legally, at any time, upon written communication, regardless of any court or out-of-court procedure, and the other party shall not be entitled to any damages, in the event the Parties:

- a) assign, transfer or pledge to **THIRD PARTIES**, partially or in whole, the rights and obligations undertaken in the **ORDER**, without the prior and express authorization of the other party. This provision is not applicable if the **SUPPLIER** assigns, transfers or pledges any rights and obligations to companies of the same group, in the event of corporate reorganization or disposal of equity control;
- b) fail to comply with any contractual clause or the other party's instructions and the rules of good technical standards, if such noncompliance is not remedied within thirty (30) consecutive days of the receipt, by the non-complying party, of the notice sent by the other party describing in detail said noncompliance. In such cases, termination of the agreement shall be with cause, ensuring that the parties have the opportunity to confront each other and a fair hearing; and,
- c) start bankruptcy, court or out-of-court reorganization, dissolution proceedings, or are declared insolvent.

13. FINAL PROVISIONS

13.1. The **CLIENT** shall not be compensated for losses resulting from error, fault or mistake of its proposal, or for losses caused by inefficiency of its management or by extraordinary expenses due to force majeure or fortuitous events.

13.2. Should one of the **PARTIES** allow, to the benefit of the other party, even by omission, the noncompliance with all or part of this Instrument or with any clause and condition of the **ORDER** and the **BILLING**, such fact shall not result in waiver, exemption and, in any way, affect or impair the clauses and conditions of said documents, which shall remain unchanged as if no forbearance had been granted.

13.3. Any and all communications involving contractual responsibility shall only be valid if made in writing, delivered by postal service, addressed to the **SUPPLIER'S SALE MANAGER** and accepted by such manager.

13.4. The **ORDER** shall not operate as exclusivity, partnership or association of any kind.

13.5. The **ORDER** is binding upon the **PARTIES**, their heirs and/or successors as to the compliance of their contractual obligations.

13.6. The provisions herein can only be amended by written agreement entered into by the **PARTIES**. Forbearance actions shall not operate as a contractual novation.

13.7. The General Sale Conditions herein, the **ORDER**, and any agreements to be executed by the Parties shall be ruled and construed according to Brazilian laws and, for international contracts, the United Nations Convention on Contracts for the International Sale of Goods – CISG (Vienna, 1980).

13.8 All disputes arising from or related to the General Sale Conditions herein shall be finally settled by arbitration, in accordance with regulations of the Arbitration and Mediation Center of the Brazil-Canada

Chamber of Commerce. Disputes shall be resolved by an arbitration court comprising three (3) arbitrators (ARBITRATION COURT”), and the **PARTIES** shall elect one arbitrator each, both of whom shall choose the third arbitrator, who shall act as the **ARBITRATION COURT** chairman. The arbitration shall be held in Portuguese, in the city of São Paulo, S.P., and the losing party shall be responsible to pay all costs of the arbitration proceeding, except if otherwise stipulated by the **ARBITRATION COURT**.

For the exclusive purpose of granting urgent measures and/or implementing the arbitration award, the courts of the Judicial District of São Paulo, State of São Paulo, are elected, waiving any other, however privileged it is or might be.

14. ETHICS AND COMPLIANCE

14.1 The **CLIENT** undertakes to strictly observe and comply, at all times, with all applicable regulations and laws applicable to its, in particular the Brazilian Anti-Corruption Law, the Foreign Corrupt Practices Act, and the UK Bribery Act. To any other anti-corruption law or law on conflicts of interest.

14.2 The **CLIENT** declares that, directly or indirectly, (i) does not offer, donate, receive, promise, pay or authorize payment in cash or any other financial means that constitutes an illegal practice or corruption under the laws of any country; And / or (ii) does not give or does not agree to give or receive benefits, gifts or anything of value, characterizing bribery, conflict of interest or corruption with any person or entity, public or private, for the purpose of obtaining any type To its or to third parties (including the **SUPPLIER**) and / or its business.

14.3 The **CLIENT**, including its partners, employees and representatives, shall not (i) induce an employee or representative of any of the **PARTIES**, or an official of a government agency or agency or office thereof, or candidate / political party, to obtain any advantage Or undue benefit; (li) influence the action or omission of any of the persons named above to obtain any advantage or illicit benefit; And / or (iii) obtain or maintain activities through conduct or unlawful practices or unfair competition in connection with the **CONTRACT** of any party with either or both **PARTIES**.

14.4 The **CLIENT** declares that it will not directly offer or donate, donate, receive, transfer, maintain, use or hide resources that result from any illegal activity, nor will it hire as an employee or in any way maintain a professional relationship with physical persons Or legal entities involved in criminal activity, corruption, money laundering, drug trafficking and / or terrorism.

14.5 The **CLIENT** declares and warrants that it is not, as well as its representatives, partners or administrators (i) listed in any governmental entity, nor is it known or suspected of terrorism and / or money laundering practices; (li) subject to restrictions or economic and business sanctions by any governmental entity; And / or (iii) banned or prevented, in accordance with any law that is imposed or supervised by any governmental entity.

14.6 The **CLIENT** states and warrants that (i) its current representatives are not government officials or government employees; (li) immediately inform, in writing, any appointment of their representatives as public officials or government employees.

14.7 The **CLIENT** declares that: (i) it is fully responsible for any undue acts and / or non-compliance with the documents cited or the laws and regulations in force in the countries where they operate, by its employees, subcontractors or representatives; And (ii) that it will be fully responsible for the acts practiced by its employees, representatives and subcontractors, for the veracity of the information provided and for the possible tangible or intangible damage caused by fault or malice.

14.8 Failure by the **CLIENT** to comply with the obligations of this clause shall be considered a serious breach of this **AGREEMENT** and shall confer on the **SUPPLIER** the right, acting in good faith, to immediately terminate this **AGREEMENT** without any encumbrance or penalty, Which has not complied with such liability for damages, under the terms of applicable law.