



Lab
Global

Gerdau Corsa

Disclosure Report

Date Submitted: January 7th, 2025



Disclosure Materials

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire that B Lab deems relevant for public stakeholders, then, as a condition of their certification, the company must:

- 1) Be transparent about details of the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue
- 3) Demonstrate that management practices are in place to avoid similar issues from arising in the future, when necessary.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit and integrity of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to a background check by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company



Disclosure Questionnaire

Industries and Products

	Yes	No
Please indicate if the company is involved in production of or trade in any of the following. Select Yes for all options that apply.		
Animal Products or Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Biodiversity Impacts	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Chemicals	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Alcohol	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Firearms Weapons	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Mining	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Pornography	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Tobacco	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Energy and Emissions Intensive Industries	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gambling	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Genetically Modified Organisms	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Illegal Products or Subject to Phase Out	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Industries at Risk of Human Rights Violations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Monoculture Agriculture	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Nuclear Power or Hazardous Materials	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Payday, Short Term, or High Interest Lending	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Water Intensive Industries	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tax Advisory Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Outcomes & Penalties

	Yes	No
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Breaches of Confidential Information	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Bribery, Fraud, or Corruption	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company has filed for bankruptcy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Consumer Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Financial Reporting, Taxes, Investments, or Loans	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Labor Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Large Scale Land Conversion, Acquisition, or Relocation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Litigation or Arbitration - General - Detailed	<input checked="" type="checkbox"/>	<input type="checkbox"/>
On-Site Fatality	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Penalties Assessed For Environmental Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Political Contributions or International Affairs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Recalls	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Significant Layoffs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Violation of Indigenous Peoples Rights	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>



Practices

	Yes	No
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company prohibits freedom of association/collective bargaining	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company workers are prisoners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Conduct Business in Conflict Zones	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Confirmation of Right to Work	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Does not transparently report corporate financials to government	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Employs Individuals on Zero-Hour Contracts	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Facilities located in sensitive ecosystems	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ID Cards Withheld or Penalties for Resignation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
No formal Registration Under Domestic Regulations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
No signed employment contracts for all workers	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Overtime For Hourly Workers Is Compulsory	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Payslips not provided to show wage calculation and deductions	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Yes	No
Sale of Data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tax Reduction Through Corporate Shells	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers cannot leave site during non-working hours	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers not Provided Clean Drinking Water or Toilets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers paid below minimum wage	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers Under Bond	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Supply Chain Disclosures

	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Child or Forced Labor	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Negative Environmental Impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Negative Social Impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Litigation, Arbitration, Penalties, and/or Regulatory Complaints

Gerdau Corsa reported having one penalty filed against the company related to the following issue: Environment. This case had repercussions in the last five years.

Legal disputes, arbitration, penalties and regulatory complaints can adversely affect external stakeholders by disrupting customer service, causing uncertainty and financial negative impacts for suppliers and employees, and diminishing investor confidence. Additionally, these issues may damage the company's reputation, and result in broader economic and regulatory repercussions. Certified B Corps must make their involvement in Litigation, Arbitration, Penalties, and Regulatory complaints transparent under their B Corp Profile.



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Environmentally Intensive Industries

Water Intensive Industries	
Topic	Water Intensive Industries
Summary of Issue	<p>Gerdau Corsa is Long Steel producer company. The company has 3 manufacturing plants, 2 warehouses, 4 recycling plants and 1 office.</p> <p>Steel making is a water intensive industry as a result of the cooling process required in the production of molten steel, casting and rolling it into semifinished long steel products.</p>
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	By 2023, Gerdau Corsa has committed to not exceeding 1.2 m3 of water per ton of steel produced, setting this figure as the main KPI which was never exceeded in the reported year.
Impact on Stakeholders	<p>As a water intensive industry, manufacturing poses risks such as water stress or depletion of local water sources if water use is not appropriately managed.</p> <p>The primary sources of water for Gerdau Corsa include ground water, and (supplied) treated water. The company's facilities are located in water stressed regions, according to Aqueduct, a World Resource Institute (WRI) tool.</p>
Implemented Management Practices	<p>The initiatives that Gerdau Corsa has implemented to reduce the impact of high water consumption are: water recirculation at the Sahagun plant, where 98% of the water used for processing is recirculated; a treatment plant that cleans all the water consumed and thus has achieved zero discharges of wastewater; a rainwater collection system which is channeled to the storage lagoon and can later be used in the manufacturing process.</p> <p>At the La Presa plant, water from a sewage treatment plant is used, which considerably reduces any impact from extraction and avoids taking drinking water away from the population, and Tultitlan has implemented the washing of mobile equipment using Kärcher, and the number of buckets of water for cleaning is limited.</p> <p>About Sahagún plant, the treatment system is zero discharge, and at Plant la Presa the water used for the process comes from a waste water treatment plant.</p>



	<p>Other strategies have also been adopted, such as the installation of dry urinals and smart handwashing sinks in around 87% of the facilities, and Training has been reinforced for all employees, placing greater emphasis on environmental issues and water care.</p> <p>Gerdau Corporate level practices:</p> <ul style="list-style-type: none">-The company has Sustainability policy including an internal environment guideline in order to have a management system with the best practices in the market. Water intensity KPIs are checked by the leadership annually.-Gerdau produces an annual integrated report in which the company discloses their performance in relation to water use and other environment indicators. This report also summarize Gerdau’s programs related to managing environmental impacts.
Report	https://ri.gerdau.com/en/corporate-governance/annual-reports-and-forms/



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Environmentally Intensive Industries

Topic	Energy and Emissions Intensive Industries
Summary of Issue	As a company in the steel manufacturing industry, Gerdau Corsa operates in an industry that is energy and emissions intensive. Energy and emissions intensity is mainly due to the melting of scrap into molten steel and processing it into semifinished long steel products.
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	Gerdau Corsa has determined that for the year 2023 the energy intensity has been 5.18 GJ of energy consumed per ton of steel produced, and with this an emissions intensity indicator of 0.53 tons of CO2 per ton of steel produced was obtained.
Impact on Stakeholders	<p>Steel manufacturing is an energy intensive industry contributing to global greenhouse gas emissions.</p> <p>The Energy Sources come from natural gas (Iberdrola), Carbon and energy that is supplied by the state-owned company CFE. By 2023, 34% of total energy consumption came from electricity supplied by the Federal Electricity Commission (CFE), of which 18% is from renewable sources.</p> <p>The energy supplied by Iberdrola represents 14% of total consumption. Natural gas constitutes 38% of energy consumption, the highest percentage. Diesel and coal consumption is low compared to other energy sources (1% and 13%, respectively), and those mentioned sources do not include renewable energy.</p> <p>Currently, only 18% of electricity coming from CFE is renewable. This implies that the energy mix is predominantly of fossil origin, highlighting the need to increase the share of renewable sources also by CFE.</p>
Implemented Management Practices	Gerdau's production operations are classified as Users with a High Energy Consumption Pattern (UPACE), so every year Gerdau has to report to the Government Authorities on its energy consumption (CONUEE, COA). Likewise, due to its commercial activity, it is also subject to annual reporting in the National Emissions Registry (RENE). Due to its level of emissions, the Sahagún Plant was included in a Pilot Program of the Authority known as the Emissions Trading System, which was in the pilot phase during 2023 and is expected to formally

enter into force between 2024 and 2025.

Gerdau Corsa implements the following practices in order to maximize energy efficiency and minimize emissions in steelmaking:

- Purchase of clean energy;
- On-site renewable energy generation project (photovoltaic panels);
- Energy Efficiency Campaigns, including reduction of energy consumption during peaks of energy demand, and monitoring precursors on a daily basis in critical processes;
- Internal goal to reduce its polluting emissions by 10% by 2031.

For the moment, they have operational control to avoid energy consumption during peak consumption hours, and efforts have been made such as energy saving projects in lighting in a program "Ideas Verdes". The implementation of an energy management system is planned for subsequent years, whose efforts and benefits are still being measured. It is planned to implement more clean energy alternatives, one of these is the implementation of our energy management system, accompanied by real-time monitoring systems, the obtaining of nuclear energy, more installations with photovoltaic systems, the acquisition of IRECs

Gerdau Group has structured a medium and long term strategy to be part of the solutions for a low GHG emission economy that is part of their Annual Report stating their performance in energy, GHG intensity and other environmental indicators, as well as summaries of Gerdau's programs for managing environmental impacts (link below).

The company has adopted the use of the Marginal Abatement Cost Curve (MACC) and rely on the support of specialized consultants and study the scenarios of productive and technological changes with the lowest effective cost of carbon. Since 2020 they have published verified data related to their GHG emissions and have implemented improvements each year in the management of this data. The group has a system to calculate and manage this information and the leadership team checks the GHG emissions intensity periodically. In addition, they have an integrated policy and a Sustainability policy as well as an internal environmental guideline; aiming to have a management system with the best practices in the market.

The Group compares their performance with others in the industry and their emissions intensity is less than half of the average energy consumption and emissions of the global steel



	industry (20,99 GJ/t energy industry average consumption and 1,91tCO ₂ eq average global emissions- World Steel Association 2023 see link below).
Report	<p>Gerdau Corporate Anual Report 2023 (https://www2.gerdau.com.br/wp-content/uploads/2024/07/gerdau-annual-report-en-2023.pdf)</p> <p>Gerdau Corsa environmental report 2023 - pg RS y Medio Ambiente (https://www.gerdaucorsa.com.mx/sobre-nosotros/responsabilidad-social)</p> <p>World Steel Association 2023 (https://worldsteel.org/wp-content/uploads/Sustainability-indicators-report-2023.pdf)</p>



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: On-the-job Fatality

Issue Date	April 2022
Topic	Incidents causing contractor fatality
Summary of Issue	A contractor fell from 14 meters while performing his work related tasks.
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	Over the last 5 years Gerdau Corsa has had one onsite fatality involving a contractor.
Impact on Stakeholders	Fatalities and accidents have emotional, mental and financial implications to family members, friends and colleagues of the people involved in the occurrence.
Resolution	The fatality was brought to the attention of the Ministry of Labor and Social Security (STPS), as part of their standard procedure. A formal internal investigation was carried out with the appropriate authority. No sanctions were applied by the authorities towards the company. Gerdau Corsa has voluntarily reinforced new practices and procedures to increase safety of workers.
Implemented Management Practices	<p>Gerdau Corsa has implemented the following management practices to avoid the occurrence of such incidents in the future:</p> <ul style="list-style-type: none">- Investments were made to reinforce the risk conditions of roofing work;- Preliminary risk analysis procedure was updated and a new and best format version for roofing work was designed;- Updated protocol was implemented for the entry of contractors for roofing work;- Updated training for leaders in risk analysis procedures;- Qualified support to approve plans for work at heights;- Supervising work at height with the support of technology (drones, cameras);- Adapting the risk analysis format to address our internal policy (DC25), including lifeline calculation topics for proper execution of work on the roof, complying with current Mexican regulations;- Requesting references from contractors for previous specialized work; as well as a risk matrix for planned activities and an emergency response plan.



Related Incidents (Yes/No)	No.
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Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Litigation and Arbitration

Issue Date	2019-2023
Topic	Litigation related to labor issues
Summary of Issue	In the last 5 years, the company has had 31 litigation cases involving former employees and contractors (20 cases by contractors, 11 by gerdau employees). The main claims filed against the company refer to dismissals based on violations of Gerdau's code of conduct, compliance policy and internal labor regulations and demands for payment of full compensation and, in some cases, reimbursement.
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	The financial amount paid in cases ruled against the company corresponds to approximately USD 180,000. The requested value in pending cases is of approximately USD 320,000.
Impact on Stakeholders	The primary impacts related to labor litigation is a financial impact on former employees, contractors and the company.
Resolution	11 cases were ruled against the company and 20 cases are pending resolution.
Implemented Management Practices	Gerdau Corsa claims to act under the federal labor law and ensure compliance with appropriate labor regulations in Mexico. The company also reinforces the code of conduct and compliance, provides training on rules of conduct and internal work guidelines.
Related Incidents (Yes/No)	No



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Penalties

Issue Date	2022-2024
Topic	Penalty related to Environmental Issues
Summary of Issue	<p>In 2022, the company responsibly approached the General Directorate (Government in environmental matters) stating that it had identified problems at a plant related to soil contamination. The company has proposed a remediation plan and completed its implementation in September 2024. As the company responsibly approached the authority, the company was not penalized or fined for this soil remediation process.</p> <p>In 2023, the company was inspected by the environmental authority. The company demonstrated compliance in that inspection. However, the authority identified poor management of non-hazardous waste and remnants in a loading and unloading area. The company immediately complied with the collection and cleaning of remnants, correcting the irregularity. The company was forced to pay a fine for environmental issues.</p>
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	The financial amount involved in the case corresponds to approximately USD 2,500.
Impact on Stakeholders	Improper waste management can contaminate the soil, leading to negative impacts on wildlife and ecosystems, and contamination of water sources. Communities living near affected areas or using resources coming from these affected areas are also put at risk.
Resolution	The company was required to pay a fine.
Implemented Management Practices	<p>Gerdau Corsa has identified the soil contamination in October 2022 and proposed a remediation plan to the local authorities. In October 2023, the action plan started to be implemented. The company adopted measures to treat the affected area and continuously controlled for the the level of lead identified in the soil to measure progress. The company has finalized its remediation and informed the local authorities in September 2024. In addition to that, the company has also developed mitigation strategies to avoid future contaminations, this includes:</p> <ul style="list-style-type: none">- Construction of concrete slabs to prevent the absorption of

	<p>polluting dust originating from the steelmaking process by the soil;</p> <ul style="list-style-type: none">- Construction of a dust storage facility to eliminate the risk of soil contamination caused by the spreading of dust collected from the smoke plant, improving storage conditions.- The company carries out awareness and training campaigns on waste management and there is a surveillance program and frequent tours to avoid improper waste management. Also waste management evaluation and 5s program have been implemented.
Related Incidents (Yes/No)	No



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Recalls

Issue Date	May - Oct 2023
Topic	Recalls due to product defect
Summary of Issue	The products were withdrawn from the market because they had a crack in the radius that forms between the web and the flanges of the beams, this crack had the potential to spread and fracture. For this reason, the clients were contacted to notify them of the situation and the products that were identified with this condition were withdrawn before putting any structure at risk. Between May and October 2023, Gerdau Corsa replaced their clients' affected products.
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	The financial amount involved in the case corresponds to approximately USD 1,094,801.5, which corresponds to approximately 0.00038 % of the company's annual revenue.
Impact on Stakeholders	Beams with manufacturing defects can put the structure in which they are being used at risk. This can potentially result in harmful accidents involving those working on these projects and eventually those using these structures.
Resolution	The company replaced all defective products.
Implemented Management Practices	Gerdau Corsa was able to identify the issue before most of its customers had started using the defective product. Only two clients had started using the affected beams. In those instances, the components were immediately identified and replaced before continuing with the work. No incidents related to this matter were identified.
Related Incidents (Yes/No)	No.