



B Lab Statement on Gerdau Corsa's B Corp Certification

B Lab's independent Standards Advisory Council has rendered the following decision and guidance regarding eligibility for B Corp Certification for companies involved in large amounts (>5% of annual revenue) of pending tax litigation:

"Companies that have pending tax litigation of >5% of annual revenue are required to have a tax disclosure statement in line with the Baseline Requirements for US\$5billion+ on their B Corp Profile. This statement will outline the company's strategy for tax litigation and disputes, inclusive of their approach to tax risk and compliance, and their most material litigation topics related to tax. The company would also need to demonstrate that their tax department and other related departments involved in tax litigation, receive regular training on the ethical implications and impacts of responsible tax practices."

Gerdau Corsa is required to disclose a summary of how it complies with the above requirements as a part of its B Corp Certification. For more information on the review process, please refer to B Lab's position statement on Companies that are Involved in Substantial (>5% of Annual Revenue) Amounts of Pending Tax Litigation and B Corp Certification [here](#).

Summary of company

Gerdau Corsa is a steel manufacturing company based in Mexico. The company is part of the group Gerdau. With a history spanning more than 120 years, Gerdau is one of the leading producers of long steel in the Americas, and of special steel in the world.

Summary of Gerdau Corsa's tax litigations

As of the end of the year 2024, Gerdau Corsa is involved in tax litigation corresponding to more than 5% of the company's annual gross income. The audits carried out by the tax authority correspond to the fiscal years 2011, 2012, 2014 and 2015 regarding the tax obligations of SIDERTUL and ACEROS CORSA, companies that are currently merged with GERDAU CORSA., among the concepts reviewed by the authority are income tax (ISR) and value added tax (VAT). The total amount of tax litigation is approximately \$4 billion MXN, which includes tax credits (that are not considered definitive) and the deductibility of expenses incurred by GERDAU CORSA. All cases are pending resolution.

Gerdau Corsa's policies and practices

In alignment with the requirements and principles stated in B Lab's position statement for companies that are involved in substantial amounts of tax litigation, Gerdau Corsa has a formal [tax policy](#) whose main objective is to publicize the company's commitment to compliance with all local tax laws applicable to its business operations. As part of that commitment and in recognition of the role that taxes play in contributing to a healthy society, Gerdau Corsa prohibits and condemns any and every practice that purposely aims to facilitate tax evasion, aggressive



tax avoidance, or tax strategies that do not have a reasonable basis for being sustained by applicable tax authorities.

To ensure legal compliance and in line with OECD's guidelines, Gerdau Corsa includes in its tax policy minimum expectations and principles to govern their strategies when it comes to:

- Transfer prices, Country-by-Country Reporting (CBCR) and Master File
- Tax Disputes
- Interactions with governments and government officials
- Prevention of Corruption

Given the nature of its operations and its presence in different jurisdictions, divergence in the interpretation and application of tax requirements may occur. In case of legal disputes, possibly involving litigation, Gerdau is committed to acting transparently and in good faith in the administrative and legal proceedings, in accordance with local laws. Gerdau consistently addresses all disputes based on technical and legal grounds. Whenever tax deficiency notices conflicting with the company's technical position are served, Gerdau will resort to strictly legal defense mechanisms and all the guarantees required by law.

In addition to the tax policy, the company also has developed internal guidelines and procedures to be followed to avoid similar tax litigations from happening again, which includes documenting all transactions and keeping evidence of tax compliance.

The tax team also receives regular training on the most updated changes that could affect the company's operations and tax payments.

Any misconduct can be reported using Gerdau's anonymous channels including an online [complaint mechanism](#) where any person can file a complaint for the company's investigation and a hotline. For more information, please check the [company's webpage](#).

B Lab's Public Complaints Process

Any party may submit a complaint about a current B Corp through [B Lab's Public Complaint Process](#). Grounds for complaint include:

1. Intentional misrepresentation of practices, policies, and/or claimed outcomes during the [certification process](#), or
2. Breach of the core values articulated in our [Declaration of Interdependence](#) within the B Corp Community.