

ELIMINATING FORCED LABOR FROM OUR SUPPLY CHAIN

Nucor continually strives to ensure that forced labor is eliminated from our supply chain. Historically, one area of focus has been Northern and Northeastern Brazil (“Northern Brazil”), which is one source of pig iron, a raw material used to make steel in some of our steel mills. Pig iron is an intermediate iron product created by smelting raw iron ore at high temperatures with a reducing agent. For pig iron produced in Northern Brazil, this agent is often charcoal. The charcoal production process in Northern Brazil is labor-intensive and traditionally had taken place in relatively remote and inaccessible areas. In the past some producers of charcoal created difficult working conditions, which included the use of forced labor and armed surveillance.

Nucor has taken a proactive approach to ensure that pig iron manufacturers in Northern Brazil making pig iron for use in our steel mills do not use charcoal that has been produced utilizing forced labor. Our practices include the following:

- Implementation
 - The David J. Joseph Company (“DJJ”), a wholly owned subsidiary of Nucor, is in charge of implementing Nucor’s policies with respect to our pig iron suppliers in Brazil. DJJ is one of the world’s largest scrap and scrap substitute brokers.
 - Nucor’s management and its board of directors review on an annual basis the implementation of, and risks associated with, Nucor’s pig iron procurement policies.
- Licensing and Certifications
 - Nucor requires that any pig iron sourced from Brazil come only from pig iron manufacturers that have been duly licensed by the Brazilian government.
 - Nucor requires that each Brazilian pig iron manufacturer who sells pig iron to Nucor certify that no involuntary labor was used in the manufacturing process. Such certification must be made annually as well as with respect to each shipment of pig iron to Nucor.
 - Nucor requires each pig iron manufacturer to sign and comply with Nucor’s Supplier Code of Conduct, which provides in pertinent part that “Suppliers must not utilize involuntary labor of any type.” The Code of Conduct may be found on Nucor’s website (nucor.com/governance/governance_documents/supplier_code_of_conduct)
- Monitoring Listings of Brazilian Labor Ministry
 - The Brazilian Ministry of Labor publishes a “Black List” that contains the names of employers in Brazil who have been determined by the Ministry to have kept workers in conditions analogous to slavery.
 - Nucor retains a Brazilian law firm to monitor the Black List. Any charcoal manufacturer listed on the Black List must be promptly removed as a supplier of charcoal by any pig iron manufacturer supplying Nucor with pig iron.

- While the Black List had been suspended by an injunction issued by the Supreme Court of Brazil, that injunction was lifted in March, 2017, and the Black List remains a tool in managing supply chain risk in Brazil.
- Third-Party Organizations
 - Since 2010 Nucor has required our manufacturers of charcoal-based pig iron in Northern Brazil to either belong to the Citizen's Charcoal Institute (the "ICC") or to become signatories to the National Pact to Eradicate Slave Labor in Brazil (the "National Pact"); however, both of these entities have experienced significant changes.
 - The ICC: Due to the depressed economy in Brazil as well as the world-wide recession in the steel industry, all but two of the pig iron manufacturers who were members of the ICC permanently closed their facilities. Accordingly, the ICC, itself, closed its doors in 2015.
 - The National Pact:
 - The National Pact was launched in 2005 and marked the first time that the business sector of Brazil and several non-governmental organizations collectively agreed to address the problem of forced labor in the supply chain of certain industries in Brazil.
 - The National Pact is a voluntary letter agreement that contains a set of commitments by its signatories to promote the regularization of labor conditions in Brazilian industry, including a commitment to break commercial ties with entities found to have subjected their workers to conditions analogous to slavery.
 - By 2014 the National Pact had obtained the commitments of over 400 Brazilian companies and non-governmental organizations, which together accounted for over 35% of Brazil's GDP. In May of 2014 the Steering Committee of the National Pact created the Institute of the National Pact for the Eradication of Slave Labor ("InPACTO"), which is an institute charged with effectively managing and sustaining the operations of the National Pact.
- Nucor's Pig Iron Suppliers in Northern Brazil
 - Because membership in the ICC is no longer an option, Nucor requires all of any manufacturers of charcoal-based pig iron in Northern Brazil to become Associates in InPACTO and signatories to the National Pact.
 - As of 2017, due to economic, political and social pressures, only one merchant charcoal-based pig iron producer remains in Northern Brazil. This sole remaining merchant producer has been verified as an Associate in InPACTO and is not on the Black List.
 - Nucor continues to monitor manufacturers utilizing the methods and procedures described herein.