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## ELIMINATING FORCED LABOR FROM OUR SUPPLY CHAIN

Nucor strives to ensure that forced labor is eliminated from our supply chain. One historical area of focus is Northern and Northeastern Brazil (“Northern Brazil”), which is one of our sources 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 charcoal derived from sustainable forestry products. The charcoal production process in Northern Brazil is labor-intensive and often takes 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. Such practices are inconsistent with Nucor’s human rights and other labor policies and practices.

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 responsible for 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](http://nucor.com/governance/governance_documents/supplier_code_of_conduct)).

- Monitoring Listings of Brazilian Labor Ministry
  - The Brazilian Ministry of Labor publishes a “Dirty List” that contains the names of employers in Brazil who have been determined by the Ministry to have not maintained fair, ethical and legal working conditions.
  - Nucor retains a Brazilian law firm and through DJJ self-monitors the Dirty List. Any charcoal manufacturer listed on the Dirty List must be promptly removed as a supplier of charcoal by any pig iron manufacturer supplying Nucor with pig iron.
  
- 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”).
  - The ICC: Due to economic factors facing ICC members in Brazil the ICC disbanded and 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 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 inhumane labor conditions.
    - The National Pact has obtained the commitments of a significant percentage of 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 any manufacturers of charcoal-based pig iron in Northern Brazil to become Associates in InPACTO and signatories to the National Pact.
  - Nucor only purchases pig iron from producers in Northern Brazil that are verified as an Associate in InPACTO and meet all of Nucor’s requirements.
  - Nucor continues to monitor these manufacturers utilizing site visits and the other due diligence methods and procedures described herein.