

1. OBJECTIVES

To list and disclose the key commitments and guidelines applicable to actions related to the tax positioning of the business environments in places where Gerdau operates.

This policy states and reiterates Gerdau's commitment to complying with the laws and guiding principles on tax issues surrounding our business environments.

2. SCOPE

This Policy applies to all the Business Divisions of Gerdau, its employees, managers and third parties that represent Gerdau and its Subsidiaries.

3. DEFINITIONS

G20: is a group formed by the finance ministers and heads of central banks of the 19 largest economies in the world plus the European Union. This group meets regularly to coordinate global policy on trade, health, climate, and other issues.

OECD: Organization for Economic Co-operation and Development.

BEPS: Base Erosion Profit Shifting.

TFRM: is a state tax, which is due when the entity performs research, exploration or exploitation of mineral resources.

IPVA: Motor Vehicle Property Tax.

CBCR: country-by-country reporting.

ARM'S LENGTH: is an expression which is commonly used to refer to transactions in which two or more unrelated and unaffiliated parties agree to do business, acting independently and in their self-interest.

4. TAX GUIDELINES

In recent years, both social and government agencies have been concerned about issues related to international tax evasion by multinational companies. Governments are under tremendous pressure to honor public budgets and have strived to ensure transparency in commercial transactions. In this global scenario, the G20 nations requested the Organization for Economic Cooperation and Development (OECD) to analyze the international tax rules in order to remedy the deficiencies in the current tax system. The OECD launched a major effort, which was ramped up in the last five years, to formulate 15 Action Plans under the Base Erosion and Profit Shifting (BEPS) initiative, which is a package of recommendations to address reforms in the international tax system.

Gerdau S.A., being a multinational company, understands and recognizes that taxes play a key role in the economic and social development of countries where it operates.

In this complex scenario, Gerdau focuses its efforts on ensuring tax compliance by obeying the laws in the locations where it operates, without losing sight of its competitiveness and having transparency as one of the key drivers of its sustainability.

Gerdau regularly renews all certifications, in accordance with locally applicable tax rules.

5. TAX CONTRIBUTION

Gerdau pays multiple taxes resulting from its business activities, in all its operations worldwide.

Following are the main taxes paid by Gerdau in Brazil and abroad:

- Income taxes (corporate income tax, withholding income tax etc.)
- Property taxes (taxes on property, property transfers and capital)
- Taxes payable due to employment relations (taxes on employee payroll)
- Taxes on commercial transactions (domestic and international goods and services)
- Taxes on financial transactions
- Taxes associated with the environment (taxes on energy and others)
- Taxes associated with mining (TFRM and other related)
- Taxes associated with transportation (IPVA)

6. GUIDING PRINCIPLES

Gerdau complies with all applicable tax laws in the locations where it operates, and its relations with tax authorities are marked by transparency. Tax evasion or facilitation of such practice on behalf of Gerdau or third parties is prohibited and condemned.

In line with Gerdau's Code of Ethics and Conduct, this tax policy aims to comply, in good faith, with all the tax laws and obligations applicable in all countries.

The company has the following tax principles:

a) Recognize that all taxes payable to the public coffers are also elements of corporate social responsibility. In line with the transparency required in this relationship, Gerdau publicly discloses the following in its financial statements, market reference reports and investor relations website:

- Taxes payable and local tax rates.
- Main legal claims, lawsuits and discussions involving tax authorities.

b) Payment of taxes legally due or which are claimed on reasonable grounds.

c) Payment of taxes locally in the countries where its businesses and operations are located, that is:

- Where its business and commercial activities take place
- Where business value is created; and
- According to how the business is actually conducted.

d) Assume tax positions in accordance with the laws and regulations, with transparency in their application and by disclosing them.

e) Refrain from tax evasion, or artificial or high-risk transactions.

f) Prioritize tax operations that reflect economic substance rather than form.

g) Not use offshore entities without any business purpose and substance that are used to reduce taxes.

- h) Maintain open, transparent and respectful dialogue, seeking cooperation with tax authorities.
- i) Whenever appropriate, engage in the constructive, legal and transparent expression of its opinions on the formulation of tax laws and regulations through entities and segments that represent civil society.
- j) Defend itself and take all possible measures whenever it has a strong business, tax and legal position.
- k) Consider the interests of key stakeholder groups, such as shareholders, employees, clients, suppliers, lenders, authorities and communities where the company operates.
- l) Maintain appropriate people and resources, and keep knowledge, training and systems updated.
- m) Develop tax expertise and implications for the functions and businesses of Gerdau; and
- n) Obtain, use and allocate Tax Incentives announced by governments to their primary objective of encouraging investments and/or allocations of financial resources in compliance with laws and regulations, and observing the good standing of the entities that benefit from such Tax Incentives, in line with Social Responsibility guidelines.

7. TAX TRANSPARENCY

Gerdau adopts several measures to ensure that all of its tax-related actions and transactions are conducted in compliance with laws and OECD Guidelines.

Based on that, Gerdau has incorporated in its Code of Ethics and Conduct the principles it values, acting in good faith and complying with the law to build its business and reputation, in consonance with this Tax Policy. As such, these principles and positions directly influence our vision of tax transparency.

7.1 Transfer prices, Country-by-Country Reporting (CBCR) and Master File

In line with its global footprint, the Transfer Price practices are reflected in Gerdau's Policy on Related-Party Transactions, which establishes the procedures for such transactions.

In addition to these local studies, Gerdau, through Metalúrgica Gerdau S.A., prepares the CBCR and Master File - documents that demonstrate its transparency with tax authorities, in addition to other obligations. Such information is provided annually to Brazilian tax authorities.

Such related-party transactions must mandatorily:

- a) be analyzed regarding their suitability and opportunity for the Company or its Affiliates by the Statutory Board of Executive Officers or by the Board of Directors, as applicable.
- b) be carried out at market conditions, i.e., within the market parameters and subject to the same principles, rules and conditions applied to other transactions carried out by the Company with independent parties.

c) be supported by documentation attesting to their compliance with applicable legal procedures. Moreover, they must be conducted at market conditions, in line with the “arm’s length” principle and in compliance with local and international laws, in consonance with the guiding principles laid out by OECD/BEPS.

d) demonstrate consistency and isonomy among parties, operations and countries, while recognizing the differences in laws and transfer price requirements in specific countries, as well as differences in business situations, if any.

e) disseminate and provide clarifications on all applicable transfer price documentation requirements, including OECD’s Master File and Local File, as well as Country-by-Country Reports (CBCR), which we submit to all applicable countries through the Brazilian Tax Authority.

7.2 Tax Disputes

Due to the complexity of the company’s operations and various legal systems that it is subject to, differences may arise in the interpretation and application of tax laws. In case of any dispute, 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.

7.3 Interactions with governments and government officials

Due to the diversity of tax, environmental, legal and regulatory obligations, Gerdau interacts with public officials through its employees or third parties.

Employees and third parties representing Gerdau must always comply with anticorruption and money laundering laws and follow internal guidelines while interacting with public and political representatives.

Gerdau has defined in its Corporate Guideline of Relations with Public Agents how such contacts should take place, whether directly or through a representative.

7.4. Prevention of Corruption

Gerdau does not tolerate and prohibits its employees or third parties from acting in their own interest or benefit, engaging in any act of corruption or bribery with public officials or business partners.

The anticorruption laws of each country have extraterritorial jurisdiction, subjecting the company and/or its employees to fines and/or criminal penalties.

Following are the main tax-related rules in Gerdau’s Anticorruption Policy that must be observed:

7.4.1 Prohibition on Payments and Facilitation

Payments or benefits to public officials, directly or indirectly, to obtain any type of facilitation (licenses, permissions, authorizations, certificates and permits, or for speeding up processes or reducing fines, etc.), is prohibited.

Bribery or exchange of favors with suppliers, clients or other partners is also expressly prohibited by Gerdau. These actions must be reported and could result in rigorous sanctions and appropriate legal actions.

7.4.2 Accounting, Records and Internal Controls

The accounting records of Gerdau are transparent and accurate, faithfully reflecting the transactions carried out.

Internal controls are designed to ensure the accuracy of accounting and financial records and their compliance with regulatory requirements, applicable laws, generally accepted accounting principles and legal market practices.

7.4.3 Integrity in Relations with Third Parties

Gerdau is responsible for integrity in all its relations with third parties that act in its interest or benefit and may be held liable for actions supposedly taken on its behalf.

The areas responsible for these agreements must, therefore, adopt procedures to prevent corruption, fraud and wrongdoings by such third parties.

8. COMPLIANCE WITH LAWS AND REGULATIONS

Gerdau does not tolerate any type of involvement that is illegal or is associated with criminal actions. As such, the business areas establish adequate controls and instruct their professionals to not practice acts that violate the law.

Gerdau is committed and obliged to comply with all the laws applicable to its businesses. Note that Gerdau is responsible for acting with due rigor when it identifies situations that violate the law at its facilities and, depending on the nature and severity of the infraction, applying sanctions such as termination and/or possible criminal proceedings.

9. EFFECTIVE RATE OF INCOME TAX

The effective rate of income tax may be obtained, considering the different tax rates in the different countries where the company operates, through the consolidated Financial Statements by dividing the consolidated net income in the period by consolidated income tax. Also, pursuant to accounting laws, the company presents a reconciliation of the Income Tax, calculated at the nominal rate on net income and the actual Income Tax, in the Notes to the Financial Statements.

10. INTERNAL COMMUNICATION AND APPROVAL

Gerdau is committed to maintaining its tax-related actions:

- Within a strong tax governance, reporting and control structure, always in alignment with other policies and guidelines of the group.

- Guided by transparency and good faith in conducting its activities, in alignment with the Chief Financial Officer and Chief Executive Officer of the Group, as well as the Board of Directors and its Committees, as applicable.

11. VIOLATIONS AND FINAL CONSIDERATIONS

11.1. Employees who become aware of or suspect of any violation of this policy must report it to their immediate leader and/or the Ethics Channel and/or the Compliance area. Gerdau is committed to not retaliate against whistleblowers.

11.2 The Ethics Channel is also available on the company's website to receive reports from the public.

11.3 This Tax Policy was reviewed and approved at a meeting of the Board of Directors of the company held on December 6th, 2022.
