

Miguel Burnier Iron Ore Mine Audit Packet

March 2025



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Gerdau's Miguel Burnier Iron Ore Mine Completes IRMA Audit

Brazilian Mine achieves IRMA 50 when audited against the world's only equally governed mining standard

20 March 2025 – Today the Initiative for Responsible Mining (IRMA) released the audit report of Gerdau's Miguel Burnier iron ore mine against the IRMA Standard for Responsible Mining. The Miguel Burnier Mine is located in Brazil's Minas Gerais state in the municipality of Ouro Preto. Independent audit firm SCS Global Services assessed the Miguel Burnier Mine at IRMA 50 when measuring its performance against the Standard's best practice social and environmental criteria.

IRMA 50 means that SCS Global Services verified that the Miguel Burnier Mine at least substantially met all 40 critical requirements of the IRMA Standard, as well as at least 50% of the Standard's criteria in each of the four principle areas: social responsibility, environmental responsibility, business integrity and planning for positive legacies. The full audit report is available on the [Miguel Burnier Mine audit page](#) on the IRMA website.

"This report demonstrates that mines can point to transparent, independent evaluations of their environmental and social performance," said **Aimee Boulanger, Executive Director of IRMA**. *"Through detailed IRMA audit reports, mining companies, communities and companies that purchase mined materials can gain the information they need to decide what is going well — and what may require more attention — at specific mines."*

As the IRMA Standard is [recognized](#) and adopted around the globe, these audits are important steps in a deepening dialogue between mining companies and those affected by their operations. Because the IRMA process is always improving from the experience of the most recent audit, audit results should be reviewed and interpreted accordingly.

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“If the results do not fully reflect the experience of communities or other affected groups, we want to hear from them,” Ms. Boulanger said. “We will help them communicate with the company to better understand its performance, and with the auditors on any issues they feel were overlooked in the review. This is a cornerstone of our own commitment to transparency. We invite anyone who has criticisms of our work to join us in making it better. Finding ways to improve is built into our system — and a measure of its success.”

Wendel Gomes da Silva, Mining and Raw Materials Director at Gerdau, said: *“Miguel Burnier’s IRMA 50 achievement, and the sharing of the audit results that explain our performance against the 400+ IRMA requirements, is a sign of our commitment to transparency, to more responsible mining practices, and to open dialogue with all affected stakeholders and rightsholders. In its 124-year history, Gerdau is commitment to be part of the solutions to society’s challenges and to have a positive impact on the regions in which it operates.”*

Including the Miguel Burnier Mine, [23 industrial-scale mines worldwide are within the IRMA independent assessment system](#). After an initial self-assessment, a participating mine engages a third-party audit firm — trained and approved by IRMA — to conduct a detailed independent evaluation, including on-site visits to the mine and nearby communities. Following the release of the initial audit, a surveillance audit checks on the mine’s performance. Three years after the initial audit, the operation is fully audited again.

The independent IRMA system is the only global mining standard that provides equal power to the public sector (communities and Indigenous rights holders, mine workers, and environmental and human rights advocates) alongside the private sector (mining companies, mined materials purchasers and investors).

For More Information:

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IRMA Initiative for Responsible Mining Assurance

- Miguel Burnier Mine audit packet:
<https://responsiblemining.net/miguelburnier-packet>
- Miguel Burnier Mine IRMA audit page:
<https://responsiblemining.net/miguelburnier>

March 2025

Questions & Answers

IRMA audit of Gerdau's Miguel Burnier operation

Do IRMA audits certify these mining operations as “responsible”?

IRMA audits don't yield “certification”, nor do they declare at what point a site becomes a “responsible mine”. The IRMA system is built to facilitate transparent conversation about mine impacts, at a table where civil society and labor have voice equal to the private sector, and to create greater value for all stakeholders.

In doing this audit, Gerdau volunteered their Miguel Burnier operation to be measured against a standard more rigorous, requiring more public engagement, and more transparent sharing of results than any other global standard. It is an act of leadership and commitment to increase dialogue across diverse stakeholder sectors and community members.

IRMA doesn't use the word “sustainable” but rather brings attention to best practices for more responsible mining practices. The IRMA process also creates incentives for reducing waste, supporting a circular economy, addressing inequity in the use and benefits of mined materials, and supporting innovation that reduces the need for new extraction.

What do IRMA achievement levels mean?

IRMA recognizes four levels of achievement for an independent audit. IRMA Transparency means a mine has been independently audited against all relevant requirements in IRMA's Standard and has publicly shared its audit scores and the basis for auditors' findings. By sharing such extensive information, a mine provides diverse stakeholders with the information needed to understand the mine's operations and encourage improvement as needed.

IRMA 50 and IRMA 75 indicate a mine has been independently audited and met at least 50% or 75% of the possible score within each of the four principle areas of the IRMA Standard—business integrity, positive legacies, and social and environmental responsibility.

[A mine receiving IRMA 50, IRMA 75 or IRMA 100 must at least substantially meet all IRMA's critical requirements.](#) IRMA 100 indicates an independently audited mine meets all requirements applicable to the mine operation. To date, no mine has achieved the level of IRMA 100.

What does IRMA 50 mean for the Miguel Burnier Mine?

The Miguel Burnier operation achieved IRMA 50 which means it has been independently audited and has achieved an average score of at least 50% when measured against the requirements of the IRMA Standard for Responsible Mining.

The audit occurred over a span of twenty months, starting on June 28, 2023, with the announcement of the independent, third-party audit. Gerdau decided to use IRMA's Corrective Action Period for a period of nine months (January 12, 2024 to October 11, 2024). This postponed the release of the audit report as the operation sought to make improvements. These improvements required reassessment by auditors. The operation must undergo a surveillance audit in 12 to 18 months from the date this initial report has been released, as part of [IRMA's independent assessment cycle](#).

What confidence can I have that the audit report is accurate?

The information in this audit report represents the work of an independent audit firm to measure a mining company's performance against IRMA's Standard for Responsible Mining. The Standard includes more than 400 requirements – it's more rigorous and detailed than any other mining standard in the world. It's also the only audit of large-scale mines that involves public notice and active encouragement of workers and community members to participate in the audit.

Auditors review thousands of pages of documents shared by the company, spend a week or more on site of the mining operation, and speak with workers and community members without the company present. Auditors consider the feedback from workers and stakeholders alongside evidence provided by the site to enable a balanced perspective of the mine's performance. Auditors consider this collective information to help determine a rating for each requirement. Their rationale is documented, including a reference to the evidence that was considered. Approximately half of IRMA's requirements include an expectation of the auditors to seek additional perspectives from workers, community members and others on a site's performance.

If you have questions or concerns that information in the report isn't accurate, or if you have information and opinions different than what you read here, we encourage you to contact IRMA to make it more accurate:

<https://responsiblemining.net/feedback>

Companies participating in IRMA audits are sharing a broad range of information with more transparency than has ever been done. Their effort is a work in progress and will further improve as communication increases with the people who are potentially most impacted by their operations.

Does an IRMA audit mean a mine is “safe”?

An IRMA audit does not declare a mine “safe” or “unsafe”. An IRMA audit measures how an operation’s performance compares to best practices at a moment in time and transparently reports the results to the public. The audit reports provide unprecedented transparency so that stakeholders can make informed decisions as they engage with the mining company on areas for improvement that are most important to them.

How does IRMA compare to other standards and how does achievement in IRMA differ?

IRMA’s audit reports offer more independently verified information and insights into a mine’s performance than any other system. The IRMA Standard requirements are detailed, specific and comprehensive, providing clear visibility into a mine’s operations. This level of transparency is new for the industry and provides immense value for civil society, labor unions, investors, and purchasers alike.

Audits which lack specificity and clear reporting create opacity and potential risks, as it becomes difficult to objectively assess which mining operations truly align with best practice. Transparency is the first critical step toward the IRMA’s ultimate goal: to drive value for improved practices in mining.

I’m a mining company contemplating doing an independent audit – if I do one, will civil society appreciate my effort, or just further criticize our work? Is this level of transparency going to be appreciated or just create greater risk for us?

Trust is deeply broken between many mining companies and the stakeholders, community members and Indigenous rights holders impacted by their operations. Key to building trust is sharing information, being responsive to concerns about impacts, and demonstrating timely responsiveness to community and worker concerns.

Changing the current context won’t happen overnight. We appreciate the effort of companies voluntarily stepping forward during this time of change and uncertainty to increase sharing of information, making commitments to improve practices, and showing positive progress.

Many stakeholders, community members and Indigenous rights holders don’t trust auditors or audit processes, broadly speaking. Could there have been “cheating” or inappropriate influence of auditors involved in this process?

IRMA and approved firms are aware of some stakeholders’ deep distrust of audit processes. This can happen when “independent audits” are actually consulting work

done by experts hired to serve a particular company. IRMA audits are different from these type of consulting contracts in several ways.

To date, IRMA has approved, trained, and works closely with three firms (applications for new firms to join are always being accepted). While the mining company must pay for the costs of the audit, the right to do an IRMA audit is conferred by IRMA. IRMA can remove that right to audit if a firm has not met expectations in terms of competency, has not demonstrated freedom from conflict of interest, and is not working in service to the IRMA system and its commitment to all stakeholders, community members and Indigenous rights holders.

IRMA-approved audit firms must be accredited to ISO 17021 or a similar standard for third-party auditing and are required to meet strict requirements associated with maintaining impartiality and managing conflict of interest. Audit firms cannot provide consulting or internal auditing services to a site being audited, they must have systems to assess and mitigate risks to impartiality and must conduct an internal review of the audit methodology and report by someone not involved in the audit to verify compliance. Accredited audit firms are trained by IRMA, assessed annually by an external accreditation body, and also by an independent oversight body that specifically considers expectations for the IRMA assurance process. Audit firms that fail to properly manage and preserve impartiality could lose their accreditation and therefore their license to operate.

Why would a mining company agree to do a rigorous audit like IRMA?

It's best to ask this question to each mining company engaged to hear their perspective. To date, the first mining companies engaging in IRMA audits have done so because their local community members have asked them, or a customer or investor has asked. Mining companies are evaluating which standards systems bring the greatest value for the time and effort to engage. While the IRMA process is more rigorous, which requires more time and financial investment to participate—and while the high-bar requirements don't yield an easy pass, mining companies are finding that this type of robust assessment is better informing specific improvements and supporting better relationships with communities, customers and investors.

How can community members and other stakeholders use this report?

Community members, NGOs, workers and other stakeholders can use the audit findings to engage directly with Gerdau.

An IRMA audit report is a tool that helps increase access to information about the impacts of a mining operation. It assists rights-holders by putting them on a more equal information footing when engaging with an operator directly, or in public.

The findings of an IRMA audit report can internationally amplify the voices of rights-holders that participated in the audit. The findings of an audit report provide data on a company's practices that can be cross-referenced with other sources of information by interested stakeholders including metals purchasers.

IRMA is the only voluntary mining standard in the world actively reaching-out to potentially impacted communities to encourage them to use the IRMA system as a tool to drive more responsible business practices, and to train and support them on how to do this.

How can governments/regulators use this report?

A voluntary initiative like IRMA will never replace, nor be as valuable, as the role that governments serve, and the laws they set which apply to all operators. Where mining companies have agreed to do an independent IRMA audit, they are often sharing information on performance beyond legal compliance. We encourage mining companies and their regulatory government agencies to communicate together about the information shared in the IRMA audit report.

IRMA staff offer our time in direct support to government staff who want to learn more about the IRMA Standard and cross-stakeholder definitions for best practices to drive more responsible mining practices. We support governments doing gap analysis work to measure where IRMA goes beyond regulatory structure and considering the opportunity and value to strengthen laws using the IRMA Standard as a template.

How can purchasers of mined materials, like a car maker, or investors in mining companies use, these audit reports? What can companies buying materials from this operation say about their sourcing?

Purchasers of mined material, and investors in mining companies, can use IRMA audit reports to better understand environmental and social impacts at operations that supply minerals for their products or in which they invest. We encourage purchasers and investors to look beyond an IRMA achievement level and take an in-depth look at audit reports to understand the scores and performance for each chapter. IRMA reports can provide significant insights into a broader effort of due diligence to understand risks in the supply chain and support mining's customers and investors to be active participants in reducing potential impacts.

In being audited, Gerdau and other companies doing IRMA audits are sharing with purchasers, investors, workers, and civil society metrics on their performance for more than 20 different areas of impact. This means that interested readers can understand more, and ask for further insights, so that performance isn't just about single issues like greenhouse gas emissions, or worker health and safety, or protecting water resources—but can be evaluated against a comprehensive range of issues relevant for large-scale mining.

As purchasers and investors learn more about mining companies' operations, they can encourage sites to further share information on impacts, seek context and ask for improvement in areas of challenge, and value areas of strong performance. They can appreciate the effort Gerdau has made to be audited and can encourage in further dialogue between the company and its stakeholders, community members and Indigenous rights holders.

In terms of specific sourcing claims, IRMA has a new Chain of Custody Standard (responsiblemining.net/coc) which provides a way to independently audit a purchaser's supply chain and ensure claims of responsible sourcing can be verified.

If I have questions or feedback about this report, who do I contact?

IRMA's intention is to increase direct dialogue and information sharing between mining companies and diverse stakeholders, community members and Indigenous rights holders affected by the operations.

If you have questions about the mining operations' practices in this audit report, we encourage you to directly contact Gerdau at:

prosasdevizinhos@gerdau.com.br

If you have questions about the process that auditors followed or the evidence they reviewed, contact the audit firm SCS Global Services at:

feedback@scsglobalservices.com.

If you have questions about the IRMA Standard and the metrics there for measuring mining company performance, or IRMA rules for auditing, or IRMA's governance, accountability or other aspects of how the IRMA system works, please contact IRMA using the information below.

IRMA staff are dedicated to helping all stakeholders and community members get answers to questions related to this audit report. Please contact us if you need help getting answers to questions.

For more information

IRMA Miguel Burnier mine audit page: <https://responsiblemining.net/MiguelBurnier>

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JUNE 2023

Background

IRMA's assessment process

The IRMA independent mine assessment process

The Initiative for Responsible Mining Assurance (IRMA) oversees the only independent, comprehensive process for assessing individual mines' performance against an equally governed, consensus-based standard — the widely recognized IRMA Standard — and for measuring mines' subsequent progress in reducing social and environmental harm.

How the IRMA mine audit process works

- Audits against the IRMA Standard are conducted by third-party auditors who meet IRMA competency requirements and have received IRMA training.
- The rigorous IRMA process requires that those affected by a mine, including local community members and workers, must be given the opportunity to engage with the on-site auditing team and share their firsthand experiences and perspectives.
- An audit is announced in advance by IRMA and an IRMA-approved certification body. Prior to the on-site audit stage (see the step-by-step summary below), the certification body conducts additional outreach with affected parties.
- IRMA audits are in general conformance with established practices for independent audits (e.g., ISO 19011:2018 — Guidelines for Auditing Management Systems).
- In their evaluations, auditors apply scientific principles and professional judgment to reach evidence-based subjective interpretations. Auditors' judgments are based on the available facts, within

the limits of existing data, scope of work, budget and timing.

- Audit evidence is sampled from available information, and therefore the audit process is subject to a measure of uncertainty. Any actions based on the audit conclusions should take this into consideration.

Steps in the IRMA assessment process

- **A mine begins the voluntary IRMA process** by completing a self-assessment and uploading data to an evidence-compiling tool on the IRMA website. When this self-assessment is complete, the assessment by third-party auditing firm can begin.
- **Stage 1** of the independent assessment is a desk review conducted by an IRMA-approved certification body, which assigns a team of auditors to review the self-assessment ratings and supporting evidence provided by the mine. During this stage, auditors may request additional information.
- **Stage 2** is the on-site visit, during which auditors make observations at the mine site, review additional materials and interview mine managers and workers, as well as affected community members, Indigenous rights holders and others.
- **Based on their observations**, interviews and evaluation of information gathered during Stage 1 and Stage 2, the auditors then determine how well the mine meets each of the relevant IRMA Standard requirements — i.e., fully, substantially, partially or not at all. The final decision on the mine's achievement level is made by the certification body.

- **Because this rigorous, transparent process is still evolving**, we encourage critical review of the initial audit results and welcome further insights from those directly affected by the audited mine's operations.
- **As the IRMA Standard is recognized** and adopted around the globe, these audits are helping to foster dialogue on potential further improvements between mining companies and those affected by their operations.
- **A global standard sets expectations** for the industry worldwide, discouraging operators from gravitating toward weaker regulatory environments. When leading purchasers of mined materials express consistent aims with regard to social and environmental responsibility, it sends a powerful message, encouraging governments to strengthen laws and oversight to better protect the environmental and social wellbeing of their citizens.

IRMA recognizes four levels of achievement

IRMA Transparency applies to any mine that consents to an independent audit by IRMA-approved auditors and releases the results publicly.

IRMA 50, IRMA 75 and IRMA 100 indicate progressively higher levels of performance against the IRMA Standard in its key areas of focus: Social Responsibility, Environmental Responsibility, Business Integrity and Planning for Positive Legacies.

For a complete description of the IRMA assessment process and achievement levels, please visit our website: responsiblemining.net.

Providing feedback to the mining company or IRMA

- Any queries about audit results or complaints about the auditing process can be submitted via the complaints and feedback page of the IRMA website, which includes detailed guidelines on the Issues Resolution Process, as well as a Complaint Form.
- As part of the rigorous assessment process, IRMA team members are responsible for evaluating all complaints and must make impartial efforts to resolve them — with full and transparent documentation.
- Complaints related to the conduct of an audit should be directed to the auditing firm. Our website has contact details for all mines currently undergoing IRMA assessment.
- If you have questions or concerns about a specific mine's performance, we encourage you to contact the company directly. The best practices that inform the IRMA Standard include the expectation that participating companies will respond to, and build dialogue with, communities, workers, civil society, governments, customers and investors.
- If you wish to provide feedback or submit a general complaint about any aspect of the assessment process, you are welcome to contact IRMA anytime via the web-based Complaint Form or by sending a message to issues@responsiblemining.net.
- For queries about the IRMA Standard and its requirements — what we're measuring and why — please contact info@responsiblemining.net.

For more information

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Initiative for Responsible Mining Assurance (IRMA)
contact@responsiblemining.net
Or visit responsiblemining.net

**MINE SITE ASSESSMENT
PUBLIC SUMMARY REPORT**

MINE SITE
Miguel Burnier

OPERATING COMPANY
Gerdau S.A.

COUNTRY OF OPERATION
Brazil

20 MARCH 2025

Acknowledgements

IRMA believes that third-party, independent audits are most credible when there is robust participation not only from participating mines, but also from workers and stakeholders, particularly those from affected communities.


Outside stakeholders are not remunerated for their participation, and willingly give their time to provide perspectives and information on mine site performance. IRMA would like to recognize Gerdau workers, governmental representatives, and members of affected communities for their participation in this audit.

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Audit Details

Name of Mine:	Miguel Burnier
Operating Company:	Gerdau S.A.
Mine Owner:	Gerdau
Country of Operation:	Brazil
Mined Material(s):	Iron Ore
# Employees / contractors:	345 employees / 2,396 contractors at the time of audit
Audit page on IRMA's website:	https://responsiblemining.net/miguelburnier
Audit Type:	Initial Verification Audit
Audit Dates:	Stage 1: June - July 2023 Stage 2: August 28, 2023 - September 05, 2023 Corrective Action Verification: September and October 2024
Audit Team:	Lead Auditor (1), Social Auditor (2), Health and Safety Auditor (2), Environmental Auditors (4), Support team members (2)
Auditor Firm Declaration:	<ul style="list-style-type: none"> ✓ The findings in this report are based on an objective evaluation of evidence (through review of documents; first-hand observations at the mine site; and interviews with mine staff, workers, and stakeholders) as presented during the Stage 1 and Stage 2 audit activities. ✓ The audit team members were deemed to have no conflicts of interest with the mine. ✓ The audit team members were professional, ethical, objective, and truthful in their conduct of audit activities. ✓ The information in this report is accurate according to the best knowledge of the auditors who contributed to the report.
Audit Firm/Certification Body:	SCS Global Services
CB Authorized Representative:	Scott Coye-Huhn, Vice-President, EBC Division
CB Representative Signature:	
Scope of Assessment	The scope includes extraction of iron, primary treatment facilities, tailings dam, waste and dry tailings storage facilities, associated maintenance and ancillary services at the Miguel Burnier Mine, Brazil
IRMA Standard Version:	IRMA Standard for Responsible Mining, v.1.0 (June 2018)
IRMA Achievement Level:	IRMA 50
Achievement Decision date:	20 March 2025
Achievement Valid Until:	19 March 2028 (contingent upon surveillance audit outcome and continuous compliance with IRMA audit processes)
IRMA Reference Number:	IRMA-STD-SCS-002-V-00006

1. Mine Site Overview

1.1. Overview of Location

Gerdau S.A. (Gerdau) operates mines in Minas Gerais, a state in southeastern Brazil. Minas Gerais, translated into English, means "General Mines". Gerdau's mining operations are situated between Belo Horizonte and Ouro Branco in the Iron Quadrangle (Quadrilátero Ferrífero), a region rich in iron ore deposits (Figure 1).



Figure 1: Locality of the Miguel Burnier Mine, Brazil

Mining in this region

began with Indigenous populations prior to Portuguese colonization. It expanded and accelerated at the end of the seventeenth century when gold was discovered. The gold rush brought hundreds of thousands of settlers, primarily Portuguese and enslaved Africans, to the region (Annual Report Securities Exchange Act of 1934, 2015), reshaping the region's ethnic composition (European, African and Indigenous ancestry) and leaving a legacy seen in place names and historical monuments. The city of Ouro Preto (a UNESCO World Heritage Site), meaning 'black gold' and landmarks such as the "Pedra e Gruta do Vigia" (translated as watchman's stone and cave), stand as tributes to the past, including the use of the area as a refuge by enslaved people in their pursuit of freedom.

Gold mining gradually gave way to manganese and iron ore extraction in the 1940s, spurring the growth of the steel industry. Today, Minas Gerais remains a leader in iron ore and steel production with companies like Gerdau playing a significant role (Steel Brazil Institute, 2021).

The municipality of Ouro Preto, home to Gerdau's Miguel Burnier mine, is in the Serra do Espinhaço mountain range, also known as the "Brazilian

Highlands,” with elevations between 1,100 and 1,700 meters above sea level (masl). This region's complex geography of eroded peaks and valley streams creates a diverse microclimate, with unique temperature and precipitation patterns and occasional freezing conditions at higher altitudes. The climate here is mild, with warmest months from January to March, averaging 26°C (79°F), and coolest months from June to August, averaging 21°C (70°F). The region experiences a distinct rainy season from October to March (Weather Spark, 1980 - 2016), replenishing aquifers and local water resources (i.e., springs, rivers, and streams).

The Serra do Espinhaço range lies within a unique transition zone between Brazil's Atlantic Forest and Cerrado Grassland biomes, both recognized globally as high-priority areas for conservation due to their biodiversity (Trinational Alliance for the Atlantic Forest Restoration, 2009). This highland area supports an array of plant and animal species, many of which are found only in this region, including diverse bird, reptile, amphibian, insect, fish, and mammal populations. Besides being rich in minerals and biodiversity, the region provides critical ecosystem services, like fresh water for communities, timber for charcoal and fuelwood, land for food production (crops and livestock), recreational areas, and other natural resources. Balancing industrial activities, including mining and timber production, with conservation is a key priority for Brazil, supported by the country's National System of Nature Conservation Units (Law No. 9.985 of 2000). This priority has gained urgency following the tailings dam failures of mine sites owned by other companies in the Minas Gerais mining municipalities of Mariana and Brumadinho in 2015 and 2019.

The 7,000 km² Miguel Burnier mining district of Ouro Preto municipality is surrounded by the municipalities of Ouro Branco and Congonhas to the south, Belo Vale and Moeda to the west, and Itabirito to the north (Figure 2).

The district is located at the headwaters of two major river basins: the Paraopeba and the Das Velhas. Surface water within the district generally flows north, guided by the region's natural landscape. Along this northern path, smaller waterways merge into the Paraopeba River (such as Maranhão and Soledade) or the Das Velhas River (including Mango, Sardinha, Mata Porcos, and Itabirito). Some surface water flows south, toward the Soledade reservoir which was formed by several springs and water courses originating around the city of Ouro Branco before it was dammed. Ultimately, all these rivers connect to the larger São Francisco River system, which flows to the Atlantic Ocean.

The Miguel Burnier mine operation lies within the Paraopeba river basin while its tailings facility storage (TSF), is part of the Das Velhas River basin. Water resources in this area include a number of small streams and springs such as the Macaquinhos and Lagoa dos Porcos that supply water to the mining operation. Other surface water sources supply nearby communities, among them the Burnier Stream (Miguel Burnier), Buraco dos Lobos River (Mota) and Bocaina Negra Small Streams (Chrockatt de Sá). The Bocaina Well and Soledade reservoir additionally provide a water source for Gerdau’s Miguel Burnier mine operation and Gerdau Ouro Branco steel plant (formerly known as Presidente Arthur Bernardes steel plant), both for potable use and processing.

The area around the mine consists of a mixture of industrial activity and scenic landscapes dotted with small, dispersed rural residential populations, traditional farms, natural areas, and mining-related heritage sites (i.e., train station, cemetery, tunnels, churches). The landscape includes remnants of past mining activities, such as old mine pits, tunnels, waste rock piles, abandoned equipment, and structures, alongside the active operations of companies like Gerdau (Miguel Burnier and Várzea do Lopes Mines), Vale S.A. (Viga Mine), and CSN Mining (Engenho and Pires Mines).

Mining, steel manufacturing, and supporting services—including transportation, truck and rail maintenance, equipment servicing, and refueling—form the backbone of the local economy, providing much of the employment for the region.

Most of the population lives in urban areas, with mining company offices and government agencies concentrated in the cities of Conselheiro Lafaiete, Congonhas, Ouro Branco, and Ouro Preto (Table 1). These urban centers offer workers and their families housing, food, basic services, educational institutions, cultural activities, and recreational opportunities like hiking and other types of eco-tourism.

Table 1 Population Density and Distribution in the Area of the Miguel Burnier Mine

Municipality	2010 Population	2022 Population	% of Population in Rural Areas (2010)
Ouro Preto	70,281	74,824	13% (includes Miguel Burnier district)
Congonhas	48,519	52,890	2.6%

Ouro Branco	35,268	38,724	10.4%
Conselheiro Lafaiete	116,512	131,621	4.5%

Source: Brazilian Institute of Geography and Statistics, 2024.

Miguel Burnier district is sparsely populated, with widely spaced rural residential housing and three small historic mining villages: Miguel Burnier, Chrockatt de Sá, and Mota (Figure 3).

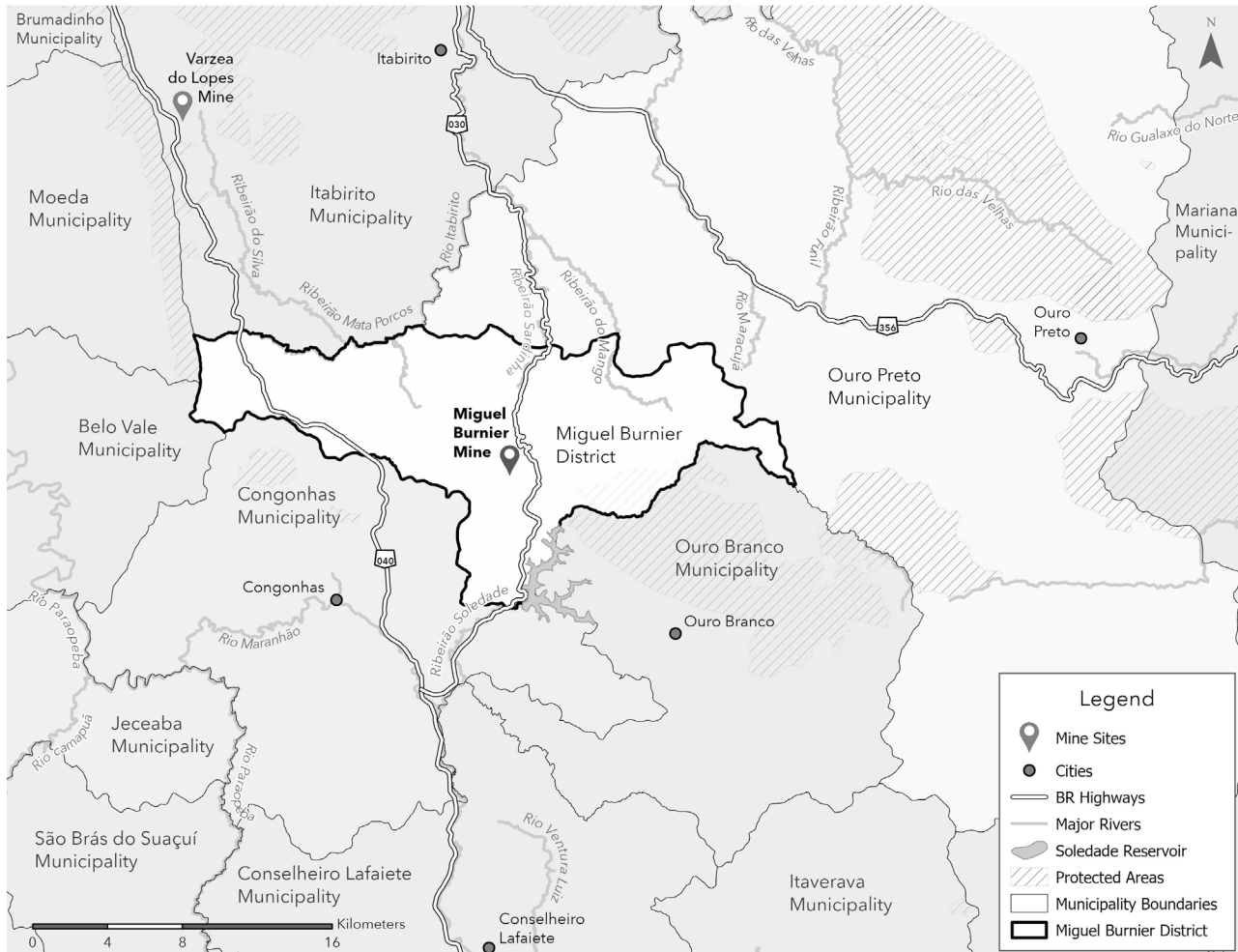


Figure 2: Location of the Miguel Burnier district and surrounding municipalities

Each village in the district has basic services provided by the government, including electricity and roads, and routine medical care. Most homes are connected to a centralized water distribution network, although some residents rely on their own cisterns or wells, sourced at nearby streams and springs. Sewage infrastructure is limited, with only 15% of homes connected to a municipal network. Most sewage is discharged directly into nearby streams or ground infiltration. Waste management practices vary across the

district. In Miguel Burnier, residential waste is collected and transported to a landfill, while in other communities, waste is either burned or buried. Most roads in the district are paved, though their condition varies, with some further affected by the use of mine equipment, including haul trucks, on public roads.

Miguel Burnier is the largest village and is most heavily impacted by mining infrastructure including processing facilities, waste piles, haul roads and a tailings storage facility. An orphanage built in the village in 1946 by the former mining company, Usina Wigg, has since been repurposed as an administrative office for the company. The current population of Miguel Burnier is estimated at approximately 100 people, primarily older adults from families of former and current mine workers. Most residents occupy older, single-family homes constructed from brick and hardwood, originally built by the railroad.

Basic amenities in the village include a clinic and an elementary school. Until the end of 2016, one of the residents operated a grocery store in the village. The community of Miguel Burnier also maintains a range of recreational facilities such as a community center, historic railway station, football field, bar, and several churches. The most notable church, the Catholic Sanctuary of the Sacred Heart of Jesus, built by Wigg in 1934, is a significant cultural landmark and holds great importance for the community. Mining companies operating at Miguel Burnier inherit the responsibility to respect and maintain this church, including water supply and compensation to clergy.

Miguel Burnier district is part of the Estrada Real (Royal Road), the longest tourist route in Brazil, which connects multiple colonial towns across Minas Gerais. Despite increasing tourist traffic, the district's population has declined, from 1,994 residents in 1991 to 809 residents in 2010, according to the Federal University of Ouro Preto (The Forgotten Portrait of Miguel Burnier, 2021). This trend is observed in other small communities in Congonhas Municipality such as Pires and Lobo Leite (Figure 3), both with similar historical backgrounds, populations, and economic and community services (Royal Road Institute, 2024).

Employment opportunities for men and women in nearby communities generally include work in restaurants or as drivers at local mines, either directly or through contractors. Some residents maintain small farms with livestock for their own subsistence. For additional services such as groceries, healthcare, education and administrative services; locals often travel to cities

such as Ouro Branco, Ouro Preto, Congonhas and Belo Horizonte using scheduled intercity buses or by ride sharing with other residents. While most homes lack landlines, the majority of residents own mobile phones.

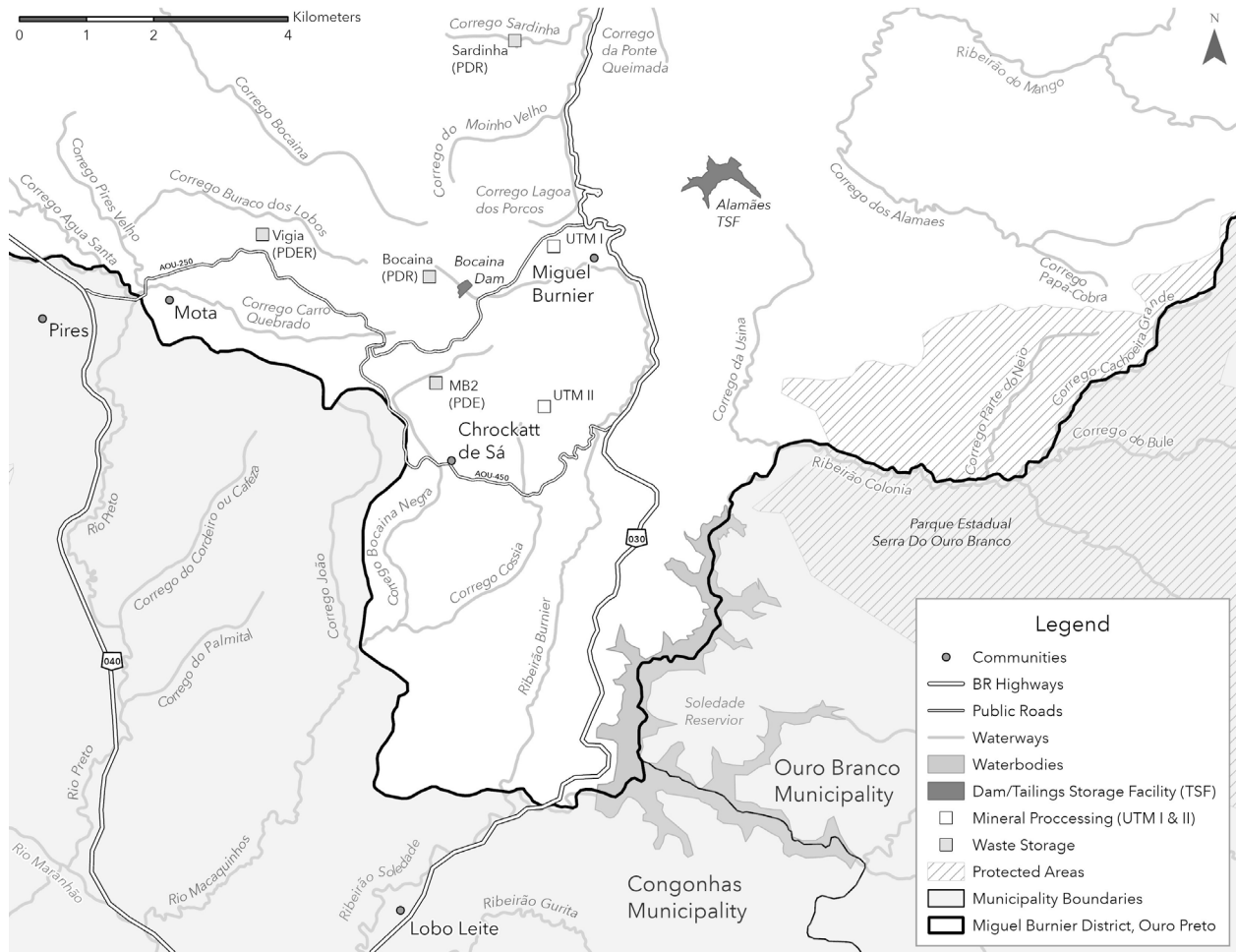


Figure 3: Mine infrastructure, surrounding communities, and waterways

1.2. Overview of Operation

The Miguel Burnier mine was first established in 1893 by the mining company Usina Wigg. Over the twentieth century, it operated intermittently under various companies and was most recently acquired by Gerdau S.A. in 2004. The current mining operation, licensed by Gerdau S.A. in 2007, focuses on extracting and processing iron ore through open-pit mining, utilizing three active pits. The mine is licensed to extract 4.1 million tons of iron ore annually, although it currently produces around 1.2 million tons per year.

The mining process at the Miguel Burnier mine begins with vegetation clearing and the removal of overburden, which consists of non-economic ore and waste rock. This overburden is then loaded onto trucks and transported to a designated waste rock storage area. Once the underlying iron ore has been exposed, it is excavated, and in some areas drilled and blasted before being loaded onto trucks for transportation to an ore storage stockpile or the ore treatment facility (UTM I). The mine operation has a second ore treatment facility (UTM II), which is undergoing modernization and currently not in use, but is planned to resume operation in 2025.

At the processing plant (UTM I), ore is broken into smaller fragments, mixed with water, and ground in rotating mills to separate iron-bearing minerals from non-iron-bearing tailings. The iron ore concentrate is processed into sinter feed, granulate, and pellet feed, and sent via trucks using municipal and state highways to the Gerdau Ouro Branco steel plant, located in Ouro Branco to produce steel. Water use, sourced from the Bocaina well, Soledade reservoir, and springs on the Lagoa dos Porcos and Macaquinhos rivers, are as approved by the State Institute for Water Management (IGAM), and water treatment is located onsite. In addition, the operation recycles water recovered from its processing (UTM I) and filtration facilities.

Until recently, tailings were pumped to the Alemães tailings storage facility (TSF). The Alemães TSF was decommissioned between 2021 and 2023 due to growing concerns about the risks of tailings storage after the Brumadinho TSF collapse in 2019, which resulted in 290 fatalities. In 2022, the company received a license to replace the Alemães TSF with a new tailings management process, using a filter press to reduce moisture to 16%. Since February 2023, the tailings at Miguel Burnier are sent to dry stack waste piles near Sardinha (PDE Vigia Unificada and PDR Vigia).

The mine is undergoing a major expansion and modernization project, with investments in processing, crushing, and mining equipment, as well as improvements to railway and energy infrastructure, including a new transmission line. As part of the project, two 13-kilometer-long pipelines will be constructed: one will transport concentrated ore slurry from UTM II to the Gerdau Ouro Branco steel plant, and the other will bring recycled water back to UTM II. Both pipelines will be made of 12-inch diameter carbon steel. These pipelines will reduce the need for truck and rail transportation of ore concentrate, which will improve operational efficiency, lower fuel consumption, and decrease dust and emissions from vehicles. Expansion projects are expected to be operational by 2026.

The company continues to monitor the safety of the decommissioned Alemães TSF in alignment with national safety standards. A TSF failure or release from this facility has the potential to enter the watershed at Ribeirão do Mango, reaching tributaries like Ribeirão Sardinha, Rio Mata Porcos, and Rio Itabirito, eventually arriving at Das Velhas River, posing risks to water supplies for drinking, agriculture, and industry, as well as to biodiversity and communities downstream, including Engenheiro Correia and Itabirito.

At the time of the audit, Miguel Burnier employed a total of 345 workers directly (28% women), and 2,396 workers indirectly through contractors. The number of employees fluctuates, temporarily increasing with expansion projects, and not all of them work on-site. The workforce is well educated compared to regional statistics, and generally young with an average age of 35. Most employees do not live in the communities closest to the mine. 40% of employees live in the cities of Conselheiro Lafaiete, 21% in Ouro Branco and 15% in Congonhas.

1.2.1. Scope of activities and facilities included in audit

The scope of this IRMA Assessment is for Gerdau's Miguel Burnier Mine including; the extraction of iron in open pit mines, primary treatment facilities (UTM I and II), decommissioned Alemães tailings dam, waste and dry tailings storage facilities PDE Vigia Unificada and PDR Vigia, decommissioned waste dump PDE Bocaina, stormwater management infrastructure, co-product storage areas, fuel storage and fueling system, potable water treatment plant, wastewater treatment plants, security guard house, warehouses, changing rooms, dining room, administrative office building, health clinic, maintenance facilities, operations building, restaurant and laboratory.

As part of the audit, a sample of stakeholders were contacted and interviewed. This sample included residents from the communities of Miguel Burnier, Lobo Leite, Chrockatt de Sá, Mota, and Pires; Non-Governmental Organizations (NGOs); and government officials (all organizations and types) as well as workers (employees and contractors), and workers' representatives.

The Soledade reservoir and associated infrastructure and electrical substation, and the planned UTM II expansion, including the proposed pipeline from UTM II to the Gerdau Açominas' steel plant in Ouro Branco are not included in the scope of this IRMA assessment. The pipeline is still in the licensing process and its construction has not yet begun.

Regarding forest management, it is essential to highlight that Gerdau's operations encompass eucalyptus forest plantations throughout the state of Minas Gerais. Currently, the Gerdau owns approximately 150,000 hectares of planted forests, primarily used for charcoal production. Charcoal serves as a renewable energy source and bio reductor for the manufacturing of pig iron and steel at the mills. It is utilized in blast furnaces at the Barão de Cocais, Divinópolis, and Sete Lagoas plants in other parts of Minas Gerais state. The Gerdau Açominas' steel plant and the mining units of Miguel Burnier and Várzea do Lopes do not use charcoal derived from forest plantations; thus, eucalyptus plantations are out of the scope of the audit.

2. Mine Site Assessment Process

2.1. Overview of IRMA Process

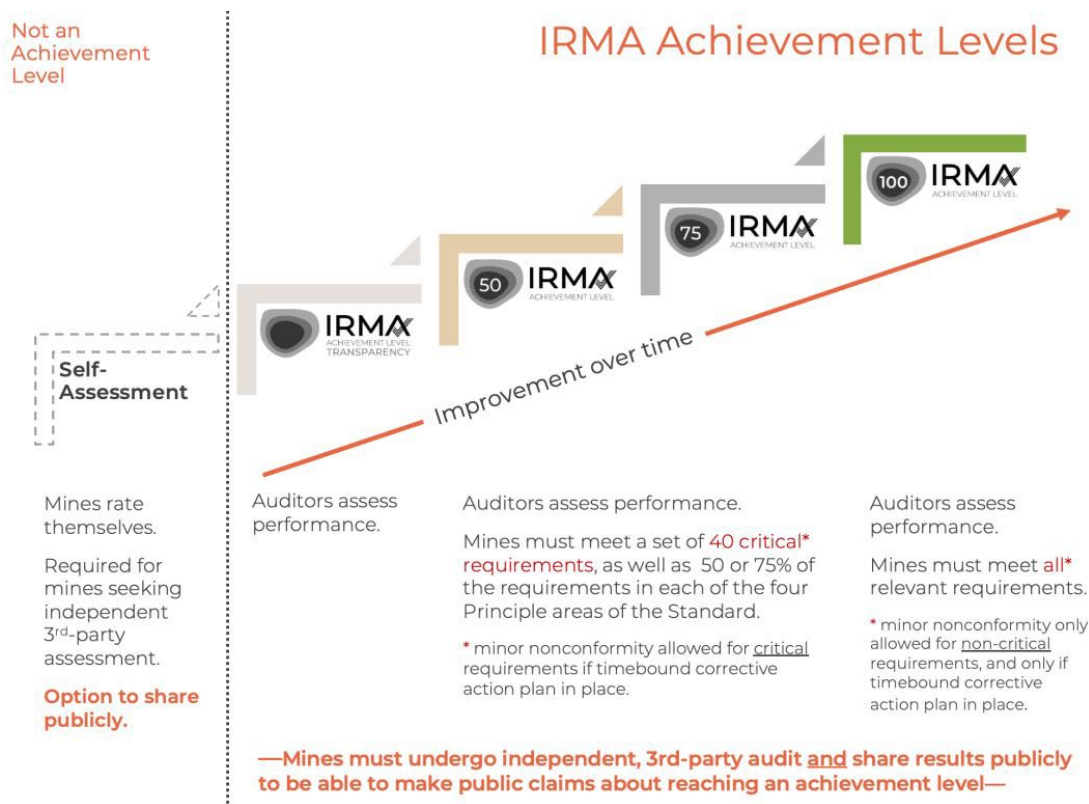
The mine site assessment process begins with mines completing a self-assessment and uploading evidence into an online tool (Mine Measure). When the self-assessment has been completed, the independent, third-party assessment may begin.

Stage 1 of the independent, third-party assessment is a desk review carried out by an IRMA-approved Certification Body, which puts together a team of auditors to review the self-assessment ratings and evidence provided by the mine site. During this stage of the audit, additional information may be requested by auditors. Mines may also choose to take time to make improvements to practices prior to commencement of Stage 2.

Stage 2 is the on-site visit, which includes facility and site-based observations, additional review of materials, and interviews with mine site personnel, workers, stakeholders, and meetings with affected communities.

Based on observations, interviews and information evaluated during Stage 1 and Stage 2, auditors determine if mines are fully, substantially, partially, or not meeting each of the IRMA Standard requirements relevant at the mine site. The decision regarding a mine site's achievement level is made by the Certification Body.

IRMA recognizes four levels of achievement. For a complete description of the assessment process and achievement levels, see IRMA's Certification Body Requirements, available on IRMA's website.



2.1.1. Scope and Limitation of Audits

Within the IRMA system, independent, third-party assessment is a process by which mines are assessed against the IRMA Standard for Responsible Mining by external auditors. Audits are conducted by auditors who: have undergone IRMA training, meet IRMA competency requirements and have been deemed to have no conflicts of interest with the mine site under assessment.

Audits are carried out in general conformance with established industry practices for independent audits (i.e., ISO 19011, ISO 17021). In addition to document review and interviews with company personnel, audits include independent research, including government inquiries, on-site visits of relevant facilities, observations of operating practices, and interviews with a sample of stakeholders and workers, among them contractors, wishing to participate in the assessment.

Auditor evaluations are based on samples of audit evidence assessed against the requirements of the IRMA Standard V1 (2018). Professional judgments

expressed in auditor reports are based on the facts available at the time of the audit within the limits of existing data, scope of work, budget, and schedule. As such, audit reports represent the reasonable conclusions of auditors based on the IRMA standard and associated guidance, and the facts and evidence available to them, within the framework of the audit process.

The information provided in this audit report is designed to identify opportunities for expanding responsible mining in accordance with the IRMA standard and is not intended for any other purposes.

2.1.2. IRMA Complaints Process

IRMA stakeholders wishing to provide feedback or file a complaint related to the mine site assessment process may do so by visiting [IRMA Website](#). Details on the complaints process can be found in [IRMA's Issues Resolution Procedure](#).

2.2. Audit Process and Timeline

- Gerdau completed the initial self-assessment for Miguel Burnier in 2023.
- SCS Global Services carried out an initial Stage 1 desktop audit in June/July 2023
- SCS Global Services conducted a Stage 2 on-site audit on August 28 - September 05, 2023
- SCS Global Services conducted a Corrective Action Plan Verification assessment in September and October 2024

The on-site audit included a series of interviews with mine staff (workers and management team), relevant community representatives, and governmental agencies; documentation review; and visit to operational areas including open pit mines, maintenance facilities, processing plants, stockpiles, waste dumps, dry tailings dumps, tailings dam, sediment control dams, clinic, management areas, and environmental monitoring sites. Communities and nearby towns were also visited.

2.3. Stakeholder Engagement

IRMA requires that stakeholders be engaged as part of the mine site assessment process. Audits are announced by IRMA and certification bodies,

and prior to the on-site audit there is additional outreach carried out by certification bodies.

2.3.1. Written comments/inquiries

Stakeholders were notified in July 2023, more than (30) days prior to the audit date; inquiries were received via the SCS website feedback page. Stakeholder outreach was also conducted via posters placed in community centers within the nearby towns and public audio announcements.

2.3.2. Mine Staff

The following individuals were interviewed as subject matter experts on one or more topics relevant to the IRMA standard. The positions listed were those held at the time of the audit.

Position/Role

Director of Mining and Raw Materials

Social Responsibility Manager

Mine Operations Manager

Geotechnical and Hydrogeology Manager

Health, Safety and Environment Manager

Human Resources Manager

Environmental Licensing Manager

Mine Planning and Quality Manager

Iron Ore Industrial General Manager

Engineering Manager

Occupational Health Coordinator

Work Safety Coordinator

Process Maintenance Coordinator

Process Plant Coordinator

Mine Operations Coordinator

Finance Specialist

Sustainability Specialist

Social Responsibility Specialist

Mine Planning and Quality Specialist

Engineering Specialist

Geotechnical Specialist

Hydrogeology Specialist

Social Responsibility Trainee

2.3.3. Workers/Contractors

Onsite interviews were conducted from August 28 to September 05, 2023, with both permanent and contract employees. The interviews involved a total of 70 workers and contractors through one-on-one and small groups interviews. The participants represented a diverse cross-section of workers, varying in roles, gender, age, years of service, and type of work responsibilities across the key operational areas of the mining operation. Worker union representatives were also included.

The interviewees represented multiple departments and were selected to ensure diversity in age, gender, experience, work groups, shifts, and responsibilities, including operational, administrative, worker health and safety, and union roles, including union leadership. Topics discussed included working conditions, with a focus on women and vulnerable groups, freedom of association, health and safety, grievance mechanisms, and more.

Interviews were held at various onsite locations, such as conference rooms, offices, lunchrooms, maintenance areas, and outdoors, ensuring both safety and worker privacy. Importantly, worker interviews were conducted without company management present. Supervisory staff were interviewed individually but did not participate in group sessions to avoid influencing employee responses.

Mine	Employees: 22 individuals (8 female, 14 male) Contractors: 48 individuals (31 female, 17 male)
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2.3.4. Government Agencies

Onsite interviews were conducted with the following public sector institutions in August and September 2023.

Government Institutions

National Mining Agency (ANM)

State Secretariat for the Environmental and Sustainable Development (Semad)

Mineral Resources Research Company (CPRM)

Public Prosecutor's Office of the State of Minas Gerais

State Council of Environmental Policy (COPAM)

State Council of Water Resources (ERH/MG)

Regional Environmental Superintendency (SUPRAM)

State Institute of Forests (IEF)

State Foundation for the Environment (FEAM/MG)

Peixe Vivo Agency / Rio das Velhas Watershed Committee

National Historical and Artistic Heritage Institute (IPHAN/MG)

Ouro Preto City Hall

Ouro Preto Secretariat for Environment and Sustainable Development

Ouro Preto Civil Defense

Ouro Preto Council for the Preservation of Cultural and Natural Heritage (COMPATRI)

Congonhas City Hall

Congonhas Civil Defense

Congonhas Environmental Council

2.3.5. Participating Communities and NGOs

Interviews were conducted with 34 external community stakeholders between: August and September 2023. including some online meetings. The community interviews included a cross-section of members including men, women, youth, and vulnerable groups where practically possible.

Community/NGO Name	Location	Total Number of Attendees
Miguel Burnier Residents Association	Ouro Preto	2 (1 female and 1 male)
Miguel Burnier	Ouro Preto	16 (10 female and 6 male)
Chrockatt de Sá	Ouro Preto	2 male
Mota	Ouro Preto	2 female
Pires	Congonhas	2 female
Lobo Leite	Congonhas	6 (5 female and 1 male)
House in Tailings Dam Self-Rescue Zone	Ouro Preto	1 male
NGO Vem Ser	Miguel Burnier	4 (3 female and 1 male)
Labor Union – Sindicato Metabase dos Inconfidentes	online	1 male
Union of Community Associations of Congonhas	online	1 male
Historical and Geographical Institute of Congonhas	online	1 male
Federation of Quilombola Communities of the State of Minas Gerais (Ngolo)	online	1 male

2.4. Summary of Mine Facilities Visited

The following areas were visited or observed during the on-site visit:

Operational areas	Open pits, Ore Treatment Facilities (UTM I and II), Alemães Tailings Dam, Waste and Dry Tailings Dumps (PDER-Vigia, PDE-MB2, PDR Sardinha, PDE Bocaina), Co-Product Storage Areas, Fuel Storage and System, Water Treatment Plants, Security Guard House, Warehouses, Changing Rooms, Dining Rooms, Administrative Buildings, Maintenance Facilities, Operations Building, Restaurant, and Laboratory.
Other areas visited (e.g., downstream watercourses, off-site facilities)	Springs and Watercourses, Germinar Biodiversity Center, emergency preparedness and response infrastructure (sirens) in the self-rescue area of the TSF
Surrounding Communities	Communities of Miguel Burnier, Chrockatt de Sá, Mota, Pires, Lobo Leite, Engenheiro Correia, Santo Antônio do Leite and the city of Ouro Branco.

3. Summary of Findings

Detailed audit findings on a requirement-by-requirement basis can be found in Appendix 1.

3.1. Audit outcome

The site is recognized as having achieved the level of IRMA 50 based on the performance recorded because of the Stage 1 and Stage 2 audit activities.

3.2. Scores by IRMA Standard principle and chapter

	Chapter Relevant*	Actual Score	Possible Score	Percent Score
Principle 1: Business Integrity		63.5	108	59%
Chapter 1.1—Legal Compliance	Yes	11.5	14	82%
Chapter 1.2—Community and Stakeholder Engagement	Yes	14	28	50%
Chapter 1.3—Human Rights Due Diligence	Yes	11	22	50%
Chapter 1.4—Complaints Mechanism/Access to Remedy	Yes	14.5	22	66%
Chapter 1.5—Revenue and Payments Transparency	Yes	12.5	22	57%
Principle 2: Planning for Positive Legacies		53.5	98	55%
Chapter 2.1—Env/Soc Impact Assessment and Management	Yes	17	32	53%
Chapter 2.2—Free, Prior and Informed Consent	No	Not Relevant	Not Relevant	Not Relevant
Chapter 2.3—Community Support and Benefits	Yes	9.5	16	59%
Chapter 2.4—Resettlement	No	Not Relevant	Not Relevant	Not Relevant
Chapter 2.5—Emergency Preparedness and Response	Yes	8	12	67%
Chapter 2.6—Planning/Financing Reclamation & Closure	Yes	19	38	50%

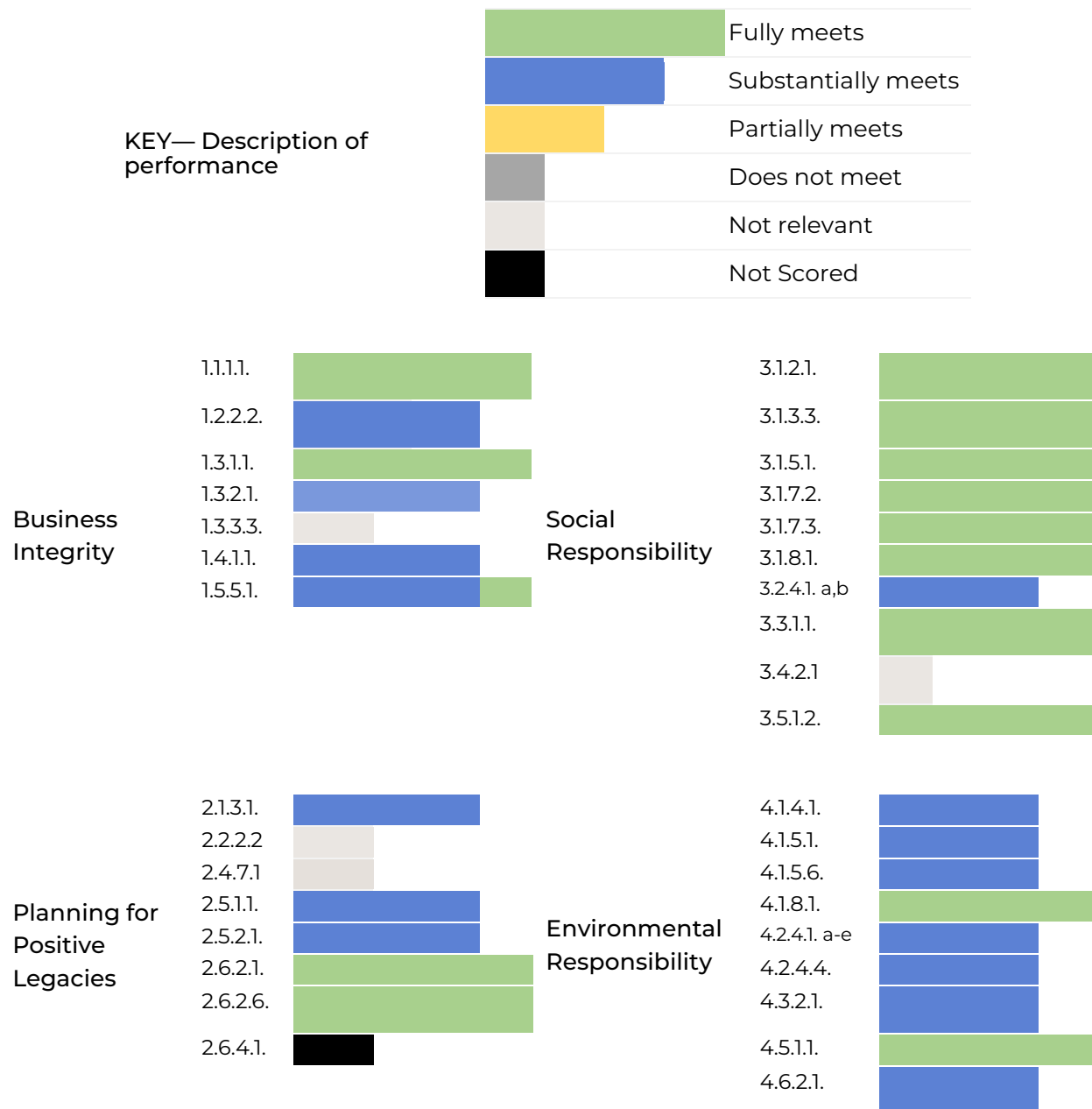
Principle 3: Social Responsibility		133.5	176	76%
Chapter 3.1—Fair Labor and Terms of Work	Yes	57.5	62	93%
Chapter 3.2—Occupational Health and Safety	Yes	38.5	46	84%
Chapter 3.3—Community Health and Safety	Yes	7	18	39%
Chapter 3.4—Conflict-Affected and High-Risk Areas	No	2	2	100%
Chapter 3.5—Security Arrangements	Yes	15	28	54%
Chapter 3.6—Artisanal and Small-Scale Mining	No	Not Relevant	Not Relevant	Not Relevant
Chapter 3.7—Cultural Heritage	Yes	13.5	20	68%
Principle 4: Environmental Responsibility		100.5	166	61%
Chapter 4.1—Waste and Materials Management	Yes	31	54	57%
Chapter 4.2—Water Management	Yes	19	38	50%
Chapter 4.3—Air Quality	Yes	13.5	24	56%
Chapter 4.4—Noise and Vibration	Yes	4.5	6	75%
Chapter 4.5—Greenhouse Gas Emissions	Yes	13	14	93%
Chapter 4.6—Biodiversity, Eco. Serv. and Protected Areas	Yes	19.5	30	65%
Chapter 4.7—Cyanide Management	No	Not Relevant	Not Relevant	Not Relevant
Chapter 4.8—Mercury Management	No	Not Relevant	Not Relevant	Not Relevant

* Chapters are marked as not relevant if auditors have verified that the issues addressed in the chapter are not applicable at the mine site.

3.3. Performance on critical requirements

Critical requirements consist of a set of 40 requirements that have been identified by the IRMA Board of Directors as being core requirements that any mine site claiming to be following good practices in mining should be meeting. Mines seeking to achieve IRMA 100 must fully meet all critical requirements, and mines achieving IRMA 50 or IRMA 75 must substantially meet all critical requirements, demonstrate progress over time, and fully meet all critical requirements within specified time frames.

3.3.1. Snapshot of performance on 40 critical requirements



4.6.4.1.	
4.6.5.3.	
4.6.5.4.	
4.7.1.1	
4.8.2.2	
4.8.2.3.	

3.3.2. Performance on 40 critical requirements.

RATING LEGEND Description of performance

	Fully meets
	Substantially meets
	Partially meets
	Does not meet
	Not relevant

Principle 1: Business Integrity

1.1.1.1	The operating company shall comply with all applicable host country laws in relation to the mining project.	
1.2.2.2.	The mine fosters two-way dialogue and meaningful engagement with stakeholders	
1.3.1.1.	The operating company has a policy in place that acknowledges its responsibility to respect all internationally recognized human rights.	
1.3.2.1.	and an ongoing process to identify and assess potential and actual human rights impacts from mining project activities and business relationships.	
1.3.3.3.	The operating company is taking steps to remediate any known impacts on human rights caused by the mine.	
1.4.1.1.	Stakeholders have access to operational-level mechanisms that allows them to raise and seek resolution or remedy for complaints and grievances that may occur in relation to the mining operation.	
1.5.5.1.	The operating company has developed, documented, and implemented policies and procedures that prohibit bribery and other forms of corruption by employees and contractors.	

Principle 2: Planning for Positive Legacies

2.1.3.1	The operating company has carried out a process to identify potential impacts (social and environmental) of the mining project.	
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2.2.2.2.	New mine sites have obtained the FPIC of indigenous peoples, and existing mines either have obtained FPIC or can demonstrate that they are operating in a manner that supports positive relationships with affected indigenous peoples and provides remedies for past impacts on indigenous peoples' rights and interests.	—
2.4.7.1.	If resettlement has occurred, the mine monitors and evaluates its implementation and takes corrective actions until the provisions of resettlement action plans and/or livelihood restoration plans have been met.	—
2.5.1.1.	All operations related to the mining project shall have an emergency response plan	
2.5.2.1.	and there is community participation in emergency response planning exercises.	
2.6.2.1.	Reclamation and closure plans are compatible with protection of human health and the environment,	
2.6.2.6.	and are available to stakeholders.	
2.6.4.1.	Financial surety instruments are in place for mine closure and post-closure (including reclamation, water treatment and monitoring).	—

Principle 3: Social Responsibility

3.1.2.1	Workers' freedom of association is respected.	
3.1.3.3.	Measures are in place to prevent and address harassment, intimidation, and/or exploitation, especially about female workers.	
3.1.5.1.	Workers have access to operational-level mechanisms that allows them to raise and seek resolution or remedy for complaints and grievances that may occur in relation to workplace-related issues.	
3.1.7.2.	No children (i.e., persons under the age of 18) are employed to do hazardous work	
3.1.7.3.	and no children under the age of 15 are employed to do non-hazardous work.	
3.1.8.1.	There is no forced labor at the mine site or used by the operating company.	
3.2.4.1.a,b	Workers are informed of hazards associated with their work, the health risks involved and relevant preventive and protective measures.	
3.3.1.1.	The risks to community health and safety posed by the mining operation are evaluated and mitigated.	
3.4.2.1.	If operating in a conflict-affected or high-risk area, the mine has committed to not support any parties that contribute to conflict or the infringement of human rights.	—
3.5.1.2.	The mine has policy and procedures in place that align with best practices to limit the use of force and firearms by security personnel.	

Principle 4: Environmental Responsibility

4.1.4.1.	A risk assessment has been done to identify chemical and physical risks associated with existing mine waste (including tailings) facilities.	
4.1.5.1.	Mine waste facility design and mitigation of identified risks shall be consistent with best available technologies and best available/applicable practices.	
4.1.5.6.	The operating company regularly evaluates the performance of mine waste facilities to assess the effectiveness of risk management measures, including critical controls for high consequence facilities.	
4.1.8.1.	The mine does not use riverine, submarine or lake disposal for mine wastes.	
4.2.4.1.a-e	Water quality and quantity are being monitored at the mine site	
4.2.4.4	and adverse impacts resulting from the mining operation are being mitigated.	
4.3.2.1.	When significant potential impacts on air quality are identified, the mine develops measures to avoid and minimize adverse impacts on air quality, and documents them in an air quality management plan.	
4.5.1.1.	There is a policy being implemented that includes targets for reducing greenhouse gas emissions.	
4.6.2.1.	The mine has carried out screening to evaluate its potential impacts on biodiversity, ecosystem services and protected areas	
4.6.4.1.	and these impacts are being mitigated and minimized.	
4.6.5.3.	New mines are not located in or adversely affect World Heritage Sites (WHS), areas on a State Party's official Tentative List for WHS Inscription, IUCN protected area management categories I-III, or core areas of UNESCO biosphere reserves	—
4.6.5.4.	and existing mines located in those areas ensure that activities during the remaining mine life cycle will not permanently and materially damage the integrity of the special values for which the area was designated or recognized.	—
4.7.1.1.	Gold or silver mines using cyanide are certified as complying with the Cyanide Code.	—
4.8.2.3.	Mercury wastes are not permanently stored on site without adequate safeguards,	—
4.8.2.2.	are not sold or given to artisanal or small-scale miners and are otherwise sold only for end uses covered in the Minamata Convention or disposed of in regulated repositories.	—

4. Next Steps

4.1 Corrective Action Plans

In the IRMA system, a mine may postpone release of its initial audit results for up to 12 months while it implements corrective actions to address non-conformities with critical or other requirements to reach a higher achievement level or gain recognition for improved performance. Any improvements or changes under the early corrective action period must be verified by auditors within the 12-month period. This enables sites to implement changes and have them verified by auditors before the next assessment (refer to 4.3 for future audits).

During the 12-month period Gerdau's Miguel Burnier Mine implemented a series of corrective actions to address major non-conformities with critical requirements. The audit team verified the implementation of these corrective actions during an on-site follow-up assessment in September and October 2024.

To improve the IRMA level of achievement following the initial and CAP verification audits, Gerdau prepared a corrective action plan (included in Appendix B) to address major and minor non-conformities with critical requirements. The audit team will assess the implementation of the corrective action plan during the surveillance audit.

4.2 Disclosure of Summary Audit Report

IRMA requires that all mines that undergo independent, third-party auditing disclose a summary audit report within 12 months of an audit to maintain good standing in the IRMA system. Miguel Burnier Mine's public summary report will be posted on the IRMA web site.

4.3 Timing of Future Audits






The mine's surveillance audit will take place no more than 18 months after the publication of this IRMA Initial Assessment Report.


APPENDIX A—Results by Requirement

Note: The following section includes the results for each requirement of the Standard. In total, the evidence included more than 1,180 files (MS Word, MS Excel, pdf, shapefiles, kmz, maps, photographs and mp3); only the most relevant ones, are included in this section.

Principle 1: Business Integrity

RATING LEGEND
Description of performance

	Fully meets
	Substantially meets
	Partially meets
	Does not meet
	Not relevant

Chapter 1.1—Legal Compliance	Basis for Rating
<p>1.1.1.1. Critical. The operating company shall have a system in place to identify all host country laws that are applicable to the mineral processing operation and associated facilities</p>	<p> The company has implemented two systems to identify regulatory requirements, store documents, and monitor compliance status that are updated over time. The first system, Onegreen, is a specialized software for managing environmental licenses, permits, and tasks. The second, SOGI,</p>

and shall track the status of the operation's compliance with those obligations.

is a modular software that acts as a management and monitoring tool to maintain compliance with legal requirements.

The programs provide the means to track compliance with applicable host country laws in relation to the mining project. A review of system reports (May 2023) indicates that the mining project monitors compliance, aiming to comply with host country laws. The evidence indicates that where renewals or updates are needed to comply with Brazilian legislation, the company has a plan in place and corrective actions in process to resolve the non-compliance.

1.1.2.1. The operating company shall comply with whichever provides the greatest social and/or environmental protections of host country law or IRMA requirements. If complying fully with an IRMA requirement would require the operating company to break host country law then the company shall endeavor to meet the intent of the IRMA requirement to the extent feasible without violating the law.

Not relevant. IRMA requirements are not in conflict with host country laws.

1.1.3.1. If non-compliance with a host country law has taken place, the operating company shall be able to demonstrate that timely and effective action was taken to remedy the non-compliance and to prevent further non-compliances from recurring.

The company presented the Environmental Control Program (May 2020) referring to current operating license No. 2581 valid until 06/24/2032 - Miguel Burnier Mine UTM II Project – Itabiritos, as well as an evaluation report, developed by a third party, indicating the level of compliance with legal requirements (SOGI General Indicators - Mina Miguel Burnier, May 2022).

This evidence, as well as interviews with key staff, indicate that plans are put in place and corrective actions are implemented in a timely manner to remedy every non-compliance issue; and that for past non-compliance, not addressed in a timely and effective manner, the company has carried out an



evaluation to determine why corrective actions were slow or ineffective. The evaluations led to further actions including the implementation of procedures to improve the company's response time and effectiveness and to prevent repeat noncompliance. Currently, one corrective action plan is in progress. The expected time frame to address this issue, as established by the Regional Environmental Superintendency, is December 30, 2024.

1.1.4.1. The operating company shall demonstrate that it takes appropriate steps to ensure compliance with the IRMA Standard by contractors engaged in activities relevant to the mining project.



The company's supplier manual (Gerdau Suppliers Manual, Annex 3, no date) includes a blank contract form (Terms of Responsibility and Commitment), that indicates that contractors are required to read, accept, and adhere to all principles outlined in the company's Code of Conduct (May 2020), which generally aligns with the intent of IRMA requirements. The evidence also includes a sample of a third-party contract (April 2022) indicating that the contractor is required to adhere to all company policies and guidelines. The evidence, Code of Ethics and Conduct for third parties (October 2020) is a policy that indicates that all suppliers, service providers, and customers shall adhere to Gerdau's commitments of respecting human rights, minimizing the impact on the environment, anti-corruption, and anti-bribery practices and compliance with regulations. Four samples of training attendance registers for Human Relations and Quality of Life at Work (May 2023) and a sample of training attendance registers on Broadening Environmental Perception and Protagonism (November 2022), indicate that contractors have been informed about the company's social and environmental expectations, which generally align with the intent of IRMA requirements.

The evidence includes the company's Procedure on Third-Party Management (October 2021) which indicates that the company has established procedures for hiring, managing, reviewing compliance with guidelines, and legal and regulatory requirements, and access to third parties at

		<p>Gerdau. It also indicates that third parties must use Gerdau's compliance program available on their website to track their compliance with contractual requirements and that compliance is monitored by the company.</p> <p>Interviews with key staff indicate that the company uses several means to track the compliance status of contractors, such as monthly evaluation of environmental and safety good practices implemented by the contractors, besides monthly environmental inspections of third parties, conducted by Gerdau's staff.</p> <p>The evidence does not include details to confirm that contractors are generally adhering to the standards set out by Gerdau.</p>
<p>1.1.5.1. The operating company shall maintain records and documentation sufficient to authenticate and demonstrate compliance and/or non-compliance with host country laws and the IRMA Standard.</p>		<p>The evidence, Onegreen and SOGI system reports (OneGreen_MB, and SOGI General Indicators _Mina Miguel Burnier, May 2022), includes documentation indicating compliance with host country laws from January 2018 to July 2023. The evidence, an Environmental Control Program (May 2020) referring to current operating license No. 2581 valid until 06/24/2032 - Miguel Burnier Mine UTM II Project - Itabiritos, indicates that plans are put in place and corrective actions are implemented in a timely manner to remedy every non-compliance issue. Interviews with managers indicated the company's commitment to ensure compliance with the applicable legislation and the IRMA Standard, and to implementing corrective actions if necessary.</p> <p>The evidence does not include documentation to authenticate and demonstrate compliance with the IRMA Standard (note, this is an initial verification audit).</p>
<p>1.1.5.2. Records related to compliance and/or non-compliance with host country laws shall be made available to IRMA auditors, and shall</p>		<p>The company demonstrated the use of two software programs for tracking compliance with host country</p>

include descriptions of non-compliance events and ongoing and final investigations, allegations, discussions, and final remedies.

legislation, including permits, licenses, and other legal requirements, which are already in place.

The programs provide the means to track compliance with applicable host country laws in relation to the mining project. A review of system reports (May 2023) indicates that the mining project complies with host country laws, and where it is in breach, there is a plan in place, and corrective actions are well underway to resolve identified gaps, which is supported by the Environmental Control Program (May 2020), referring to current operating license No. 2581 valid until 06/24/2032 - Miguel Burnier Mine UTM II Project - Itabiritos, in which plans are put in place and corrective actions are implemented in a timely manner to remedy every non-compliance issue.

Some legal requirements, which have had previous breaches of host country laws in the system reports reviewed, do not have enough detail to assess if final investigations, allegations, discussions, and final remedies were in place.

1.1.5.3. Upon request, operating companies shall provide stakeholders with a summary of the mining project's regulatory non-compliance issues that are publicly available.

Interviews with a sample of stakeholders indicate no request has been made regarding non-compliance issues. The company has several means for fulfilling stakeholders' requests: (1) directly, such as telephone, e-mail, and WhatsApp, (2) through "Neighbors Chat" and "Neighborhood Prose" programs, and (3) the online platform AUDIRE. The evidence, Communication Procedure in the environmental management system (version 7, September 2019), outlines the process for fulfilling stakeholder requests, besides establishing the conditions for receiving, recording, and handling communications, ensuring transparency with internal and external stakeholders, and indicates that the company would share information on non-compliance with stakeholders upon request.

- 1.1.5.4. Where the operating company claims that records or documentation contains confidential business information, it shall:
- a. Provide to auditors a general description of the confidential material and an explanation of the reasons for classifying the information as confidential; and
 - b. If a part of a document is confidential, only that confidential part shall be redacted, allowing for the release of non-confidential information.



The evidence, Corporate Guideline for Information Security (version 4, December 15, 2022), establishes the company's Information security standards and guidelines to ensure the protection of data in relation to confidentiality, integrity, and availability necessary to carry out business activities. The evidence covers (a) and (b) where a part of a document is confidential, only that confidential part shall be redacted, allowing for the release of non-confidential information. During the IRMA assessment, there were no instances in which the company did not provide the auditors with information due to its confidential nature.

Chapter 1.2—Community and Stakeholder Engagement

Basis for rating

- 1.2.1.1. The operating company shall undertake identification and analysis of the range of groups and individuals, including community members, rights holders, and others (hereafter referred to collectively as “stakeholders”) who may be affected by or interested in the company’s mining-related activities.



The evidence, including a stakeholder list (i.e., a table of government, community members, and guild members, among others, no date), a sample of monthly visit summaries to some communities (Chat, Prose, February 2 and 6, 2023) and a description of the social context of potentially affected communities (August 2023), indicates the company has taken partial steps to identify potentially affected stakeholders.

Stakeholder interviews reveal a spectrum of impact perceptions, ranging from those who feel unaffected to those who believe themselves to be significantly impacted by the company's mining activities, including those not previously identified by the company.

The evidence does not include information to confirm that identification and analysis covers all who may be affected by

		<p>or interested in the mining project including water users, workers, those residing near or along transportation routes associated with the mining project, or other populations whose livelihoods, health and safety or rights may be affected by the company's activities, including vulnerable groups (or their representatives) such as women, children, ethnic minorities and the elderly.</p>
<p>1.2.1.2. A stakeholder engagement plan scaled to the mining project's risks and impacts and stage of development shall be developed, implemented and updated as necessary.</p>	<p></p>	<p>The evidence, including a stakeholder list (i.e., a table of government, community members, and guild members, among others, no date) and an action plan summarizing planned activities and goals (July 2023), indicates the company has initiated the development of an updated stakeholder engagement plan (SEP) scaled to the expanding project's risks and impacts. Community agreements, summaries of monthly visits to some communities, and other documents provide evidence of SEP implementation.</p> <p>Interviews with a sample of stakeholders indicated that some communities members considered themselves as affected by the company's mining-related activities but were not considered by the company.</p> <p>The evidence does not include a fully developed and implemented stakeholder engagement plan, that defines all stakeholder groups (refer to finding for 1.2.1.1), consultation priorities, implementation timetables, the means for incorporating stakeholder feedback, and updates over time scaled to the stage of the mining project. Refer to IRMA Notes for 1.2.1.2 (IFC 2007).</p>
<p>1.2.1.3. The operating company shall consult with stakeholders to design engagement processes that are accessible, inclusive and culturally appropriate, and shall demonstrate that continuous efforts are taken to understand</p>	<p></p>	<p>The evidence, a summary of social actions, a strategic plan to inform the community of operational changes, and monthly visits for one of the potentially affected communities (Miguel Burnier) conducted by a third party during 2021 and 2022,</p>

and remove barriers to engagement for affected stakeholders (especially women, marginalized and vulnerable groups).

indicate the company considered the design of engagement as a continuous process.

Interviews with a sample of stakeholders indicate that some believe the company does not engage in a readily accessible way.

The evidence does not provide the details to confirm the company consulted affected stakeholders to design engagement processes that are mutually accessible and inclusive to all groups, including women, youth, marginalized and vulnerable individuals, and that remove barriers to engagement.

1.2.1.4. The operating company shall demonstrate that efforts have been made to understand community dynamics in order to prevent or mitigate community conflicts that might otherwise occur as a result of company engagement processes.

The evidence, a description of the social context in the potentially affected communities, including a general social baseline study analysis of communities (revised in August 2023) and summaries of monthly visits to some communities (Chat, Prose, February 2 and 6, 2023), indicates an effort by the company to design an engagement structure that takes community contexts into account. The evidence also indicates the methodology to understand community dynamics and prevent or mitigate community conflicts that might otherwise occur because of company engagement processes. Key staff from the community relations department interviewed indicated awareness of factors influencing local dynamics.

The evidence does not include an assessment of local dynamics, or the details to confirm that:

- Recommendations for the establishment of additional committees and strengthening of existing committees were considered,
- Stakeholders from all potentially affected communities have functional and appropriately tailored engagement processes, such as specific committees, and

		<p>- Local power dynamics, or factors are thoroughly documented, understood, and used to develop appropriate and tailored engagement processes, for example through discussions with existing committees.</p>
<p>1.2.2.1. Stakeholder engagement shall begin prior to or during mine planning, and be ongoing, throughout the life of the mine. (Note: existing mines do not need to demonstrate that engagement began prior to mine planning)</p>		<p>Miguel Burnier is an existing mine with an expansion in progress. The evidence, a table listing their stakeholders (i.e., Government, community members, and guild members, among others, no date) and an action plan listing the main activities and goals to be developed (July 2023), indicates that a stakeholder engagement planning is under development. The evidence, summaries of monthly visits (Chat, Prose, February 2 and 6, 2023) and communication tracked in the company's Stakeholder Engagement Database (April 17, 2023) as well as interviews with key personnel, indicate the company interacts with some stakeholders in a dynamic, interactive, and continuous manner through periodic visits/communication to some community members.</p> <p>The evidence does not indicate that the company engages with a broad range of stakeholders from all potentially affected communities on an ongoing basis.</p>
<p>1.2.2.2. Critical. The operating company shall foster two-way dialogue and meaningful engagement with stakeholders by:</p> <ul style="list-style-type: none"> a. Providing relevant information to stakeholders in a timely manner; b. Including participation by site management and subject-matter experts when addressing concerns of significance to stakeholders; c. Engaging in a manner that is respectful, and free from manipulation, interference, coercion or intimidation; d. Soliciting feedback from stakeholders on 		<p>This requirement was assessed for the IRMA Initial audit and subsequently reassessed for the IRMA CAP Verification. The initial audit findings are described first, followed by the CAP assessment. The rating reflects the new CAP assessment.</p> <p>Initial Audit Findings:</p> <p>There are nine communities in the mine site's area of influence, with the closest being Miguel Burnier and Chrockett de Sá. The company uses several means to foster two-way dialog and meaningful engagement with community members in these areas including directly through telephone, e-mail, and WhatsApp; in-person by a third party through Chat and Prose, programs designed to</p>

issues relevant to them; and
e. Providing stakeholders with feedback on how the company has taken their input into account.

provide support and economic assistance to communities through the provision of goods and rural services; and online through the platform AUDIRE. Summaries of monthly visits (Chat, Prose, February 2 and 6, 2023) and communication tracked in the company's Stakeholder Engagement Database (April 17, 2023) indicate that the company strives to:

- a. provide relevant information to stakeholders, including
- b. participation by management and subject matter experts for technical issues such as reviewed in the evidence (Alemães Dam Report June 10, 2022). Interviews with stakeholders indicate engagement with the company is c. respectful and free from intimidation.

According to some interviewees, including a sample of those potentially affected (i.e., living closest to the mine or in potentially affected areas) communication through in-person visits conducted by the company's employees and third party may not always fulfill expectations related to a. timely delivery of relevant information, and b. the sharing of technical information of personal significance (i.e., dust, noise, water quality and quantity, traffic safety, or potential dam or tailings failure, etc.) by subject matter experts, giving rise to the perception that information is being withheld or disrespectful treatment in some instances when expressed concerns are not addressed. In addition, the evidence does not include how the company has solicited feedback from stakeholders, including issues they find relevant, or have taken their input into account. A review of a sample of the information provided by the company to stakeholders indicates company communication emphasizes capacity building for projects with limited information that contributes to stakeholder understanding of technical aspects of the mine operation.

CAP Findings:

Following the IRMA Initial Audit, the company developed an action plan to improve engagement with potentially affected communities (Executive Schedule – Stakeholder Engagement

MB 2024, no date). The plan, based upon a survey carried out in late 2023 and early 2024 (Territorial Surveys, February 2024), outlines activities to understand each community's interests and needs. Auditors reviewed the action plan and documental evidence of its implementation, including:

Miguel Burnier Community Relations Plan (January 2024),
Reports on Community Visits (Visit Report, July 2024) conducted by the company's employees and third party at the potentially affected communities

Expanded WhatsApp distribution list (no date) and use of the AUDIRE platform, the company's online tool aimed at two-way communication with stakeholders,

AUDIRE platform comments (from July 2023 until the CAP on-site audit)

Monthly newsletters (Neighbors' Discourse, August 2023-July 2024),

Monthly reports (February to June 2024)

Reports on the delivery of technical information to stakeholders (Miguel Burnier Water and Traffic Monitoring, July 2024).

Company sensitivity training (Reinforcement Training of 0800, February 2024; Gerdau Facilitator Training, December 2023 and February 2024).

Stakeholder workshops (February-April 2024).

Stakeholder surveys conducted by a third party. (Territorial Surveys, February 2024),

In addition, the audit team conducted interviews with key company staff and a sample of stakeholders from the communities of Miguel Burnier, Chrockett de Sá, and Mota. This evidence indicates that the company has made efforts to enhance stakeholder accessibility to company personnel and

broaden the capacity for stakeholder engagement and meaningful two-way dialogue. Evidence from interviews and documents shows progress in:

- a. Providing relevant information through various channels to an expanded list of stakeholders such as through WhatsApp (i.e., notifying people of upcoming meetings, for example), the door-to-door program (Visit Report July 2024) and in a timely manner (Neighbors' Discourse, several samples from August 2023 until July 2024).
- b. Incorporating subject-matter experts to address technical concerns in meetings, as indicated in several monthly engagement reports (February to June 2024) and community meetings (Miguel Burnier Water and Traffic Monitoring, July 2024), and confirmed in interviews, including requests by community members for follow up meetings to clarify technical questions.
- c. Promoting respectful dialog through the company's commitment to sensitivity training for key company personnel (Reinforcement Training of 0800, February 2024; Gerdau Facilitator Training, December 2023 and February 2024). in which key personnel were trained in procedures for addressing stakeholder concerns, including how to record the type of complaint, establishing response procedures (i.e., a response within 7 business days), and adhering to defined response timelines.
- d. Actively soliciting stakeholder feedback, as indicated by the door-to-door program summary (Miguel Burnier Community Relations Plan, January 2024) and in the Monthly Engagement Reports (from February to June 2024) where stakeholders were invited to provide feedback on the effectiveness of their interactions with the company and the issues discussed.
- e. Providing feedback to stakeholders on how their input has been considered, as shown by follow-up meetings and participatory workshops (February-April 2024), including

adjusting the frequency of community meetings based on responses from community surveys (November 2023 to February 2024) as well as organizing a second round of meetings to update stakeholders on topics discussed in prior interactions.

And this information is confirmed in interviews with a sample of stakeholders, who provided feedback on the company's enhanced efforts.

While the company has made strides in strengthening its engagement processes, stakeholder feedback on the effectiveness of these efforts remains mixed related to:

a. relevant information in a timely manner. According to some interviewees, including individuals from Chrockatt de Sá and Mota, and the Miguel Nuriner's neighborhoods of Retirinho and Hargreaves, there are unresolved concerns regarding communication specific to water quality and supply. Some responses to concerns raised prior to the initial IRMA Audit, which were not tracked in the AUDIRE platform but brought to the management's attention (i.e., requests for monitoring data), are still unresolved or not provided. Additionally, although the majority of the comments recorded in the AUDIRE platform and marked as resolved were addressed, a significant number were marked as resolved without addressing the underlying concern (i.e., relating to requests for information), leaving stakeholder needs unmet and skewing the reported average response time.

1.2.2.3. The operating company shall collaborate with stakeholders, including representatives from affected communities, to design and form stakeholder engagement mechanism(s) (e.g., a permanent advisory committee, or committees dedicated to specific issues), to provide stakeholder oversight of the mining project's environmental and social



The evidence, including interviews with key personnel, government agencies and community members, indicates the company has implemented several means to establish stakeholder engagement mechanisms in order to provide oversight of issues of interest to stakeholders, such as telephone, e-mail, and WhatsApp; in-person by a third party through Chat and Prose, programs designed to provide support and economic assistance to communities through

performance, and/or input to the company on issues of concern to stakeholders.

the provision of goods and rural services; and online through the Audire platform.

The evidence does not indicate that the company has considered the requests of the communities in the design, form and execution of these mechanisms.

1.2.2.4. Engagement processes shall be accessible and culturally appropriate, and the operating company shall demonstrate that efforts have been made to include participation by women, men, and marginalized and vulnerable groups or their representatives.

The evidence, including various reports summarizing projects developed by the Chat and Prose programs in 2022 and 2023 (designed and implemented by a third party), highlights the involvement and participation of both men and women from local communities.



According to some interviewees, their age and mobility restrictions were not taken into account by the company, which resulted in them being unable to participate in events held by the company (i.e. meetings related to possible dam or tailings failures).

The evidence does not indicate that specific information such as gender, age, or disability, were taken into account to verify inclusivity or cultural appropriateness.

1.2.2.5. When stakeholder engagement processes depend substantially on community representatives, the operating company shall demonstrate that efforts have been made to confirm whether or not such persons represent the views and interests of affected community members and can be relied upon to faithfully communicate relevant information to them. If this is not the case, the operating company shall undertake additional engagement processes to enable more meaningful participation by and information sharing with the broader community.

Not relevant.

The evidence, including different reports summarizing the projects developed by the Chat and Prose programs, designed and implemented by a third party, indicates that stakeholder engagement processes does not depend substantially on community representatives. Interviewees confirm representatives chosen by each community participate in dialogue spaces promoted by Gerdau and the third-party company responsible for stakeholder engagement, and that these community representatives disseminate information to their broader communities.

1.2.2.6. The operating company shall document engagement processes, including, at minimum, names of participants, and input received from and company feedback provided to stakeholders.



The evidence, an excel file with the log of grievances filed during the years 2022 and 2023 through the Audire platform (Manifestations Gerdau 2022-2023), and different reports summarizing the projects developed by the Chat and Prose programs during 2022 and 2023, indicates the company documents engagement processes.

The evidence does not include certain inputs received from stakeholders or the feedback provided by the company for some engagement processes (e.g., those conducted directly with company personnel, which are not being formally documented).

1.2.2.7. The operating company shall report back to affected communities and stakeholders on issues raised during engagement processes.



The evidence, different reports summarizing the projects developed by the Chat and Prose programs during 2022 and 2023, and an excel file with the log of grievances filed during the years 2022 and 2023 through the Audire platform (Manifestations Gerdau 2022-2023), indicates that the company is communicating with communities in a way that allows stakeholders to fill in registered surveys to "rate their experience with the company" if communication is established through the Audire platform, which is inadequate to meet this component of the requirement. Interviewees, including a sample of those potentially affected, indicate that although much of the information requested by stakeholders is shared with communities, there are still many unanswered questions, particularly in relation to the impacts of mine operation (i.e., dust, noise, water quality, and quantity, traffic safety, or potential dam or tailings failure, etc.).

The evidence does not provide details to confirm that the company has developed processes for ongoing consultation with stakeholders on their satisfaction as to how their inputs have or have not been integrated into the operation planning or not, and that the company reports back to affected communities and stakeholders on issues raised during engagement processes.

1.2.3.1. The operating company shall offer to collaborate with stakeholders from affected communities to assess their capacity to effectively engage in consultations, studies, assessments, and the development of mitigation, monitoring and community development strategies. Where capacity gaps are identified, the operating company shall offer appropriate assistance to facilitate effective stakeholder engagement.



According to interviews with the company's biologist at the Germinar Center and the Environmental Education Program report (February 2021), the company collaborates with stakeholders from affected communities to engage them in studies, assessments, and the development of environmental mitigation, monitoring and development strategies.

The evidence does not confirm that the company collaborates with stakeholders from affected communities to assess their capacity for effective engagement such as their capacity to effectively engage in consultations, studies, assessments, and the development of mitigation, monitoring and community development strategies unrelated to the environment. Additionally, there is no indication that the company has taken steps to address any identified gaps to enhance and facilitate more effective stakeholder engagement.

1.2.4.1. Any information that relates to the mine's performance against the IRMA Standard shall be made available to relevant stakeholders upon request, unless the operating company deems the request to be unreasonable or the information requested is legitimate confidential business information. If part of a document is confidential only that confidential part shall be redacted, allowing for the release of non-confidential information.



The evidence, different reports summarizing the projects developed by the Chat and Prose programs during 2022 and 2023 (Chat, Prose, February 2 and 6, 2023), communication tracked in the company's Stakeholder Engagement Database (April 17, 2023) and an excel file with the log of grievances filed during the years 2022 and 2023 through the Audire platform (Manifestations Gerdau 2022-2023), indicates the company has systems in place through which the mine can share information with relevant stakeholders and also share the site's performance against any area required under IRMA, as well as any additional documents requested by stakeholders, provided the requested information is not confidential.

Interviews with a sample of stakeholders from some communities report information, and requests for clarifications are not always provided fully or in a timely manner.

1.2.4.2. If original requests for information are deemed unreasonable, efforts shall be made by the operating company to provide stakeholders with overviews or summaries of the information requested.

There is no indication of requests for information that were deemed unreasonable.

1.2.4.3. Communications shall be carried out and information shall be provided to stakeholders in a timely manner, and shall be in formats and languages that are culturally appropriate and accessible to affected communities and stakeholders

The evidence, Manifestations Gerdau 2022-2023, an excel file with the log of grievances filed during the years 2022 and 2023 through the Audire platform, indicates that the company provides stakeholders with information in formats and languages that are culturally appropriate and accessible to affected communities and stakeholders, but it is not provided in a timely manner. The Audire report for January 2022, on page 14, indicates that 65% of the concerns exceeded the expected days to resolve the demand, with the set timeframe being up to seven business days for resolution.



Stakeholder interviews conducted during the site visit, including a sample of those potentially affected (i.e., living closest to the mine or in potentially affected areas), indicate a range of responses. Some stakeholders highlight that communication with company's own employees and third party does not always fulfill expectations related to timely delivery of relevant information, and the sharing of technical information of personal significance (i.e., dust, noise, water quality and quantity, traffic safety, or potential dam or tailings failure, etc.) by subject matter experts, giving rise to feelings of information withholding or disrespect in some instances when concerns are not met.

1.2.4.4. If requests for information are not met in full, or in a timely manner, the operating company shall provide stakeholders with a written



The evidence lacks details to evaluate stakeholder information requests concerning potential delays or withheld information. Interviews with a sample of stakeholders from some communities, report information, and requests for

justification for why it has withheld information.

clarifications are not always provided fully or in a timely manner.

Chapter 1.3—Human Rights Due Diligence

Basis for rating

1.3.1.1. **Critical.** The operating company shall adopt a policy commitment that includes an acknowledgement of its responsibility to respect all internationally recognized human rights



The evidence, Human Rights Policy and Diversity and Inclusion Policy (December 6, 2022), indicates the company adopted a human rights policy, that among with a diversity and inclusion policy, documents the company's responsibility to respect all internationally recognized human rights, including an acknowledgement to respect the International Bill of Human Rights and the eight ILO core conventions.

1.3.1.2. The policy shall:a. Be approved at the most senior level of the company;b. Be informed by relevant internal and/or external expertise; c. Stipulate the operating company's human rights expectations of personnel, business partners and other parties directly linked to its mining project;d. Be publicly available and communicated internally and externally to all personnel, business partners, other relevant parties and stakeholders;e. Be reflected in the mining project's operational policies and procedures.



The evidence, Human Rights Policy and Diversity and Inclusion Policy (December 6, 2022) corporate-level policies, as well as interviews with a sample of company managers, including those with accountabilities in human rights, indicates the policies are:

- a. approved by the company's Board of Directors and
- b. ensure the protection of the fundamental rights of personnel, the communities where the company operates, business partners and other parties directly linked to its mining project.

The evidence, Code of Ethics Training from December 2020 until June 2022, indicates:
d. that these two policies were communicated internally and are also publicly available on the company's website (<https://ri.gerdau.com/governanca-corporativa/estatuto-codigos-e-politicas/>).

c. The company also presented guidelines aimed at preventing human rights violations, but mainly focused on health and safety in its operations and business, such as the Critical Occupational Health and Safety Risks Procedure (July 10, 2021), Risk Task Refusal Form (no date), and the Third-Party Management Procedure (October 20, 2021).

The evidence does not indicate that the company stipulated its fully human rights expectations of personnel, business partners and other parties directly linked to its mining project and that these policies are reflected in the mining project's operational procedures, with specific guidelines aimed at preventing human rights violations (e.g., at minimum those included in the International Bill of Human Rights and the eight ILO core conventions).

1.3.2.1. **Critical.** The operating company shall establish an ongoing process to identify and assess potential human rights impacts (hereafter referred to as human rights "risks") and actual human rights impacts from mining project activities and business relationships. Assessment of human rights risks and impacts shall be updated periodically, including, at minimum, when there are significant changes in the mining project, business relationships, or in the operating environment.

This requirement was assessed for the IRMA Initial audit and subsequently reassessed for the IRMA CAP Verification. The initial audit findings are described first, followed by the CAP assessment. The rating reflects the new CAP assessment.

Initial Audit Findings:

The evidence includes an operational risk assessment with a focus on worker safety (Mining Operational Risks Worksheet, no date), and a risk matrix for potential health and safety risks and impacts to communities (May 2022). These two risk matrices identify potential operational and community health and safety risks and include an analysis of the probability of occurrence of the risk, ranging from very low to very high; as well as a breakdown of the severity of each risk's impact. The operational risk matrix is evaluated monthly by a specialized internal technical team during routine risk management meetings (evidence of January, February and March 2023 reviewed). As these documents are focused on potential health and safety risks and impacts, they only have some human right risks assessed, such as exposure to labor risks, hazardous conditions for workers, and increased demand for

public services related to communities. Further evidence, a social and human rights risk matrix (Risk Map, August 2023), indicates that the company has compiled a list of the significant potential risks and impacts to community health and safety.

The evidence does not include a broad assessment of a range of potential impacts on human rights related to the mining project or an ongoing process in place to periodically update the human rights impacts assessment when there are significant changes in the mining project, business relationships or in the operating environment. Best practice human rights assessments take into account the methodology identified in IRMA requirements 1.3.2.2 - 1.3.2.5 and related reference sources and are updated periodically, i.e., when there are significant changes at the mine.

CAP Findings:

Following the IRMA Initial Audit, the company commissioned an independent consultant to review its human rights risk and impact assessment processes for its two mines, Miguel Burnier and Várzea do Lopes (July 2024). The review includes a Human Rights Risk section (Table 5.1), which identifies and evaluates risks for each mine in a matrix, categorized by severity and likelihood. Some risks are common to both sites, while others are unique to each location. For each risk, the consultant documented existing management measures, evaluating them for effectiveness as either highly effective or partially effective, depending on how well they are integrated into the company's current management system (Table 2.2, page 13).

The Actual Impacts table (Table 5.3) for the Miguel Burnier site documents specific impacts, highlighting the corresponding human rights, affected individuals, possible scenarios, impact severity, and whether these risks or impacts are mitigated. The final section, Table 6.1, is an Action Plan with recommended

steps for addressing remaining risks and ensuring alignment with international human rights standards.

The audit team reviewed the human rights risk assessment study and updated General Management Procedure (July 2024) alongside interviews with key company staff, as part of the corrective action verification process.

While the General Management Procedure (July 2024, page 8) indicates that the operational level risk matrix for human rights risks and impacts will be adjusted in cases of expansions, new business relationships, and shifts in operating conditions (i.e., land acquisitions, hiring new contractors) with the potential to influence human rights, the evidence does not include the details to confirm updates to its human rights risks and impacts assessment occur on a regular basis.

The regularity and frequency of updates to the company's human rights risk assessment will be reviewed during the surveillance audit.

1.3.2.2. Assessments, which may be scaled to the size of the company and severity of human rights risks and impacts, shall:

- a. Follow a credible process/methodology;
- b. Be carried out by competent professionals; and
- c. Draw on internal and/or external human rights expertise, and consultations with potentially affected rights holders, including men, women, children (or their representatives) and other vulnerable groups, and other relevant stakeholders.



This requirement was assessed for the IRMA Initial audit and subsequently reassessed for the IRMA CAP Verification. The initial audit findings are described first, followed by the CAP assessment. The rating reflects the new CAP assessment.

Initial Audit Findings:

The evidence, Risk Management Procedure (March 2020) and Risk Management Brazil - People (June 2022), does not indicate that the company conducted a human rights risk/impact assessment considering the sub-requirements a through c; as follows:

- a. The methodology used to assess the risks/impacts was not detailed, only the methodology used to mitigate an identified risk was presented;
- b. The profile of the professionals who carried out the assessment was not presented;
- c. The human rights risk/impact assessments developed are

not scaled to the size of the company and the severity of the human rights impacts and risks it has the potential to generate and was not developed in consultations with potentially affected rights holders, including men, women, children (or their representatives) and other vulnerable groups, and other relevant stakeholders.

CAP Findings:

The evidence reviewed during the corrective action verification, includes an updated human rights risk and impact assessment (July 2024) carried out by an external consultancy, an updated General Management Procedure (July 2024), alongside interviews with key company staff. The evidence indicates that the assessment was:

- a. based on the definitions and guidelines presented in the United Nations Guiding Principles on Business and Human Rights (2011) and the OECD Guidelines for Multinational Enterprises (2011), among other resources;
- b. carried out by an internationally recognized company providing audit and consulting services; and
- c. informed by consultations with six (6) members of the nine (9) potentially affected communities.

The evidence does not include:

- a. the methodology used by the consultancy to assess human rights risks and impacts, including the criteria for evaluating the effectiveness of the company's actions to reduce the likelihood of potential negative impacts; or the comprehensive criteria for assessing significant risks (e.g., tailings failure and infringement on Indigenous peoples' rights). The consultancy classified these risks as low probability based on an assumption that the mining sector does not typically cause such impacts, rather than providing specific evidence to support this conclusion.

	<ul style="list-style-type: none"> b. the qualifications of those responsible for developing the risk assessment; and c. information on whether consultations with stakeholders fully represent potentially affected stakeholders, including elderly individuals, women, children and youth (or their representatives), and other vulnerable groups. <p>Further details of the company's human rights risks and impacts assessment will be reevaluated during the surveillance audit.</p>
<p>1.3.2.3. As part of its assessment, the operating company shall document, at minimum:</p> <ul style="list-style-type: none"> a. The assessment methodology; b. The current human rights context in the country and mining project area; c. Relevant human rights laws and norms; d. A comprehensive list of the human rights risks related to mining project activities and business relationships, and an evaluation of the potential severity of impacts for each identified human rights risk; e. The identification of rights holders, an analysis of the potential differential risks to and impacts on rights holder groups (e.g., women, men, children, the elderly, persons with disabilities, indigenous peoples, ethnic or religious minority groups, and other disadvantaged or vulnerable groups), and a disaggregation of results by rights holder group; f. Recommendations for preventing, mitigating and remediating identified risks 	<p>This requirement was assessed for the IRMA Initial audit and subsequently reassessed for the IRMA CAP Verification. The initial audit findings are described first, followed by the CAP assessment. The rating reflects the new CAP assessment.</p> <p>Initial Audit Findings:</p> <p>The evidence, Risk Management Procedure (March 2020), Risk Management Brazil - People (June 2022) and Bow Tie Model and CSA (July 2022), as well as interviews with a sample of stakeholders and key staff, including workers, indicates that the company has considered:</p> <ul style="list-style-type: none"> b. country and project-specific human rights contexts, c. relevant human rights laws and norms, <p>The evidence does not include:</p> <ul style="list-style-type: none"> a. an assessment methodology; d. a list of the potential human rights risks related to mining project activities and business relationships, and an evaluation of the potential severity for each; e. a robust analysis of the differential risks to / impacts on specific local community groups such as women, men, children, the elderly, persons with disabilities, minorities and

and impacts, giving priority to the most salient human rights issues.

other disadvantaged or vulnerable groups, and disaggregation of results by those rights holders groups; and

f. recommendations for preventing, mitigating, and remediating identified risks and impacts, giving priority to the most salient human rights issues identified.

Refer to OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector (2017), Guiding Principles on Business and Human Rights (2011) and UN OHCHR (2014), as they were relied upon by the auditors in assessing this requirement.

CAP Findings:

The evidence reviewed includes the human rights risk and impact assessment (July 2024) developed by an independent consultant, which documents:

- a. the study methodology (Section 2, pp. 11-17);
- b. country and project-specific human rights contexts (Annex A - Preliminary inherent risk matrix);
- c. relevant human rights laws and norms (Annex A - Preliminary inherent risk matrix);
- d. a comprehensive list of human rights risks, as well as an evaluation of the potential severity of impacts for each identified human rights risk (Section 5.1, pp. 25-36);
- e. identified rights holders, with a partial analysis of the potential differential risks to and impacts to some broad subgroups, and a simplified disaggregation of results by rights holder group (Annex B – Right Holders Consultation Guide); and
- f. recommendations for preventing, mitigating, and remediating identified risks and impacts, giving priority to some of the most salient human rights issues (Section 6.1, pp. 50-58).

The evidence does not include:

a. details of the methodology the consultancy used to assess human rights risks and impacts, as while the 2024 assessment lists definitions and external resources referenced, it does not specify the risk assessment methodology applied for evaluating the company's actions to reduce the likelihood of potential negative impacts identified, nor the processes used to sample and engage stakeholders in identifying and validating human rights concerns.

e. a robust analysis of the differential risks to / impacts on specific local community groups such as women, children and youth, the elderly, and other disadvantaged or vulnerable groups, including a disaggregation of results by these rights holder groups.

f. adequate preventive measures in the action plan for high magnitude risks with significant human rights implications, such as a tailings dam failure. Although these risks are monitored and managed as part of the company's management system (documented commitments, procedures, designated responsibilities, and ongoing monitoring), the human rights risk and impact assessment (July 2024) does not provide additional preventive and emergency measures to specifically mitigate human rights risks and impacts.

Refer to OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector (2017), Guiding Principles on Business and Human Rights (2011) and UN OHCHR (2014), as they were relied upon by the auditors in assessing this requirement.

The evidence lacking in the current human rights risks and impacts assessment will be reevaluated in the updated version, during the surveillance audit.

1.3.2.4. At minimum, stakeholders and rights holders who participated in the assessment process shall have the opportunity to review draft key issues and findings that are relevant to them, and shall be consulted to provide feedback on those findings.



This requirement was assessed for the IRMA Initial audit and subsequently reassessed for the IRMA CAP Verification. The initial audit findings are described first, followed by the CAP assessment. The rating reflects the new CAP assessment.

Initial Audit Findings:

The evidence, Critical Occupational Health and Safety Risks (July 10, 2021) as well as interviews with a sample of stakeholders and key staff, indicate that the company has shared their health and safety assessment with the directly hired employees.

The evidence does not include information to confirm that the company has shared the draft key issues and findings and solicited feedback from external stakeholders and rights holders who participated in the assessment.

CAP Findings:

Does not meet. No evidence was provided to confirm that the company has shared the key issues and findings of the human rights risk and impact assessment (July 2024) and solicited feedback from external stakeholders and rights holders who participated in the assessment.

The evidence lacking in the current human rights risks and impacts assessment will be reevaluated in the updated version, during the surveillance audit.

1.3.2.5. The operating company shall demonstrate that steps have been taken to effectively integrate assessment findings at the mine site operational level.



This requirement was assessed for the IRMA Initial audit and subsequently reassessed for the IRMA CAP Verification. The initial audit findings are described first, followed by the CAP assessment. The rating reflects the new CAP assessment.

Initial Audit Findings:

The evidence, an operational risk assessment mainly related to workers (Mining Operational Risks Worksheet, no date), and a risk matrix for potential health and safety risks and impacts to


communities (Community Health and Safety Risk Matrix, May 2022), indicates that the company has integrated some but not all human rights risks/impacts identified at the mine site operational level. Further evidence, a social and human rights risk matrix (Risk Map, August 2023) as well as interviews with key staff, indicate that the company has compiled a list of the significant potential risks and impacts to community health and safety.

The company did not provide evidence indicating that they conducted a human rights risk/impact assessment, according to 1.3.2.2., and cannot demonstrate that procedures and processes have been revised based on the assessment findings or that new systems have been developed to inform relevant staff of human rights findings, address human rights challenges, communicate differently prior to decisions/actions, train or guide staff in relation with human rights issues, policies, and related processes, oversee human rights matters or monitor and evaluate the effectiveness of the efforts being implemented.

CAP Findings:

The evidence includes a human rights risk and impact assessment (July 2024), developed by an external consultancy, and an operational-level risk matrix for human rights risks and impacts (Action Plan for Human Rights, no date), developed by the company. The risk matrix is organized into two sections: one for potential risks and another for actual impacts. Each section includes a table detailing the mitigation and/or preventive actions for the human rights risks and impacts the 2024 assessment identified as not fully mitigated or aligned with international best practices. Interviews with key staff indicate that the company intends to review processes and procedures to integrate assessment findings at the mine site operational level.

The evidence does not include the details to confirm that all assessment findings have been integrated into processes and

		<p>procedures at the time of the corrective action verification (September-October 2024).</p> <p>The effectiveness of the updated human rights risks and impacts assessment findings implementation will be reevaluated during the surveillance audit.</p>
<p>1.3.3.1. Mining project stakeholders shall have access to and be informed about a rights-compatible grievance mechanism and other mechanisms through which they can raise concerns and seek recourse for grievances related to human rights.</p>		<p>The company uses several means to dialog with stakeholders on issues relevant to them. Individuals and communities can reach the company, including for grievances related to human rights, and receive a response through several means: (1) directly, such as telephone, e-mail, and WhatsApp, (2) through "Neighbors Chat" and "Neighborhood Prose" programs, and (3) the online platform AUDIRE.</p> <p>Communications and their outcomes are tracked through the company Stakeholder Engagement Database last updated on April 17, 2023.</p> <p>Interviewed workers and contractors recognize that they can use the mechanisms to raise any type of problem. A sample of stakeholders from five (5) communities and neighborhoods were interviewed and are aware of the existence of the operational-level complaints and grievance mechanism to raise concerns about human rights impacts related to company activities. Individuals interviewed from one community, Lobo Leite, were not aware of the company's grievance process and were unaware of how to reach the company to raise concerns about human rights risks and impacts related to company activities.</p>
<p>1.3.3.2. Responding to human rights risks related to the mining project:</p> <p>a. If the operating company determines that it is at risk of causing adverse human rights impacts through its mining-related activities,</p>		<p>The evidence, an operational risk assessment mainly related to workers (Mining Operational Risks Worksheet, no date), and a risk matrix for potential health and safety risks and impacts to communities (Community Health and Safety Risk Matrix, May 2022), and its updated version (Risk Map, August 2023), does not indicate that the company responds to human rights risks</p>

it shall prioritize preventing impacts from occurring, and if this is not possible, design strategies to mitigate the human rights risks. Mitigation plans shall be developed in consultation with potentially affected rights holder(s).

b. If the operating company determines that it is at risk of contributing to adverse human rights impacts through its mining-related activities, it shall take action to prevent or mitigate its contribution, and use its leverage to influence other contributing parties to prevent or mitigate their contributions to the human rights risks.

c. If the operating company determines that it is at risk of being linked to adverse human rights impacts through its business relationships, it shall use its leverage to influence responsible parties to prevent or mitigate their risks to human rights from their activities.

related to the mining project other than operational, health and safety, and labor risks for workers.

The evidence does not demonstrate how the company has responded to human rights risks related to the mining project in a manner that meets sub-requirements a. through c.

1.3.3.3. **Critical.** Responding to actual human rights impacts related to the mining project: a. If the operating company determines that it has caused an actual human rights impact, the company shall: i. Cease or change the activity responsible for the impact; and ii. In a timely manner, develop mitigation strategies and remediation in collaboration with affected rights holders. If mutually acceptable remedies cannot be found through dialogue, the operating company shall attempt to reach

Not relevant. The evidence, including an operational risk assessment with a focus on worker safety (Mining Operational Risks Worksheet, no date) and a risk matrix for potential health and safety risks and impacts to communities (May 2022), does not indicate that the company has caused any actual human rights impacts.

agreement through an independent, third-party mediator or another means mutually acceptable to affected rights holders;b. If the operating company determines that it has contributed to an actual human rights impact, the company shall cease or change any activities that are contributing to the impact, mitigate and remediate impacts to the extent of its contribution, use its leverage to influence other contributing parties to cease or change their activities, and mitigate and remediate the remaining impact;c. If the operating company determines that it is linked to an actual human rights impact through a business relationship the company shall use its leverage to prevent or mitigate the impact from continuing or recurring; andd. The operating company shall cooperate with other legitimate processes such as judicial or State-based investigations or proceedings related to human rights impacts that the operating company caused, contributed to, or was directly linked to through its business relationships.

- 1.3.4.1. The operating company shall monitor whether salient adverse human rights risks and impacts are being effectively addressed. Monitoring shall include qualitative and quantitative indicators, and draw on feedback from internal and external sources, including affected rights holders.



The evidence, an operational risk assessment mainly related to workers (Mining Operational Risks Worksheet, no date), a risk matrix for potential health and safety risks and impacts to communities (Community Health and Safety Risk Matrix, May 2022), its updated version (Risk Map, August 2023), a report that gathers all the complaints made to the mine during the year 2022 (Manifestations Report Audire, December 2022), as well as interviews with key staff, indicate that the company monitors whether salient adverse human rights risks and impacts are being effectively addressed.

		<p>The evidence does not provide details to confirm that the monitoring includes qualitative and quantitative indicators for salient human rights risks, in addition, it does not specify if the company has established a process to include feedback from internal and external sources, including affected rights holders.</p> <p>Note: the company did not provide evidence indicating that a broad assessment of a range of potential impacts on human rights related to the mining project was conducted (see 1.3.2.1).</p>
<p>1.3.4.2. External monitoring of an operating company's human rights due diligence shall occur if the company's due diligence efforts repeatedly fail to prevent, mitigate or remediate actual human rights impacts; or if its due diligence activities failed to prevent the company from unknowingly or unintentionally causing, contributing to or being linked to any serious human rights abuse. Additionally:</p> <p>a. The company shall fund the external monitoring; and</p> <p>b. The form of such monitoring, and selection of external monitors, shall be determined in collaboration with affected rights holders.</p>	<p>—</p>	<p>Not relevant. There is no evidence indicating that the company's due diligence efforts repeatedly failed to prevent, mitigate, or remediate actual human rights impacts, or that the company has unknowingly or unintentionally caused, contributed to, or was linked to any serious human rights abuses. Therefore, no external monitoring of human rights due diligence has been initiated.</p>
<p>1.3.5.1. The operating company or its corporate owner shall periodically report publicly on the effectiveness of its human rights due diligence activities. At minimum, reporting shall include the methods used to determine the salient human rights issues, a list of salient risks and impacts that were identified, and actions</p>	<p>⊗</p>	<p>The evidence does not include any public reports on the effectiveness of its human rights due diligence activities at the company or corporate level.</p>

taken by the operating company to prevent, mitigate and/or remediate the human rights risks and impacts.

1.3.5.2. If relevant, the operating company shall publish a report on external monitoring findings and recommendations to improve the operating company’s human rights due diligence, and the operating company shall report to relevant stakeholders and rights holders on its plans to improve its due diligence activities as a result of external monitoring recommendations.

Not relevant. No external monitoring of human rights due diligence has been required.

1.3.5.3. Public reporting referred to in 1.3.5.1 and 1.3.5.2 may exclude information that is politically sensitive, confidential business information, or that may compromise safety or place any individual at risk of further victimization.

Not relevant. As established in 1.3.4.2., external monitoring of the company’s human rights due diligence has not been evidenced.

Chapter 1.4—Complaints and Grievance Mechanism and Access to Remedy

Basis for rating

1.4.1.1. **Critical.** The operating company shall ensure that stakeholders, including affected community members and rights holders (hereafter referred to collectively as “stakeholders”) have access to an operational-level mechanism that allows them to raise and seek resolution or remedy for the range of



The evidence, minutes of monthly visits (Chat, Prose, February 2 and 6, 2023), communication tracked in the company’s Stakeholder Engagement Database (April 17, 2023), Code of Ethics Training Report (2020-2022), and Code of Ethics and Conduct (2020), indicates that grievance mechanisms are in place and are broadly available to stakeholders and that there are multiple ways through which stakeholders can report a

complaints and grievances that may occur in relation to the company and its mining-related activities.

concern in relation to the company and its mining-related activities. The evidence, Ethics channel - guidelines on the Intranet (no date), Audire manual (no date) and Chat and Prose process (no date), indicate that all allegations are confidential, will be investigated, and will not be subject to retaliation. Interviewees during the site visit indicated an understanding of the grievance process, which either takes place verbally or via WhatsApp (with Gerdau personnel) or via the Audire program (with contracted subject matter experts as in the online platform, "Neighbors Chat" and "Neighborhood Prose" programs, telephone, and email), including an anonymous means.

A sample of stakeholders from five (5) communities and neighborhoods were interviewed. Most individuals interviewed indicated knowledge of how to reach the company, including a general understanding of how to file a grievance, if needed.

Individuals interviewed from one community, Lobo Leite, were not aware of the company's grievance process and were unaware of how to reach the company in the event of an emergency. No information was provided that measured Grievance Mechanism Procedure implementation effectiveness at the operating level.

- 1.4.2.1. The operating company shall consult with stakeholders on the design of culturally appropriate complaints and grievance procedures that address, at minimum:
- a. The effectiveness criteria outlined in Principle 31 of the United Nations Guiding Principles on Business and Human Rights, which include the need for the mechanism to be: (a) Legitimate, (b) Accessible, (c) Predictable, (d) Equitable, (e) Transparent, (f)



The evidence, Chat and Prose process (no date) as well as interviews with key staff, indicates the stakeholder engagement programs (Chat and Prose) were created in August 2019 and aim to provide support and economic assistance to communities through the provision of goods and rural services during monthly visits conducted by a third-party specialized in community communication. Community members can raise grievances during these visits or through the Audire platform, which allows comments to be made and addressed anonymously if requested. The evidence, Ethics

Rights-compatible, (g) A source of continuous learning, and (h) Based on engagement and dialogue;

b. How complaints and grievances will be filed, acknowledged, investigated, and resolved, including general timeframes for each phase;

c. How confidentiality of a complainant's identity will be respected, if requested;

d. The ability to file anonymous complaints, if deemed necessary by stakeholders;

e. The provision of assistance for those who may face barriers to using the operational-level grievance mechanism, including women, children, and marginalized or vulnerable groups;

f. Options for recourse if an initial process does not result in satisfactory resolution or if the mechanism is inadequate or inappropriate for handling serious human rights grievances; and

g. How complaints and grievances and their resolutions will be tracked and recorded.

channel - guidelines on the Intranet (no date), Audire manual (no date) and Chat and Prose process (no date), indicate that:

b. all allegations will be investigated,

c. are confidential,



d. can be made anonymously and will not be subject to retaliation.

The evidence does not indicate that the available complaints and grievance mechanisms have been consulted during its design with a range of stakeholders (including a diversity of women and men of different ages, and representatives of marginalized and vulnerable groups) to ensure they are culturally appropriate and address the minimum components of this requirement.

1.4.2.2. The operating company shall ensure that all complaints and grievance procedures are documented and made publicly available.



The evidence, Ethics channel - guidelines on the Intranet (no date), Audire manual (no date) and Chat and Prose process (no date), as well as interviews with a sample of key staff and stakeholders, indicate that the company has a documented complaints and grievance procedures. The evidence, Promotional brochure for the communication channel (no date), indicates the mine has documented grievance procedures that are publicly available through different channels (on websites, notice boards, hotline, and paper). The procedures are in formats and language that are understood by stakeholders.

		<p>The brochure was observed distributed to some communities and working as intended at the time of the onsite audit. Employees (including workers and contractors) confirmed to be aware of these procedures and documented records of complaints, grievances, and follow-up actions. A sample of external stakeholders from five (5) communities and neighborhoods indicated knowledge of how to reach the company, including a general understanding of how to file a grievance, if needed.</p> <p>Individuals interviewed from one community, Lobo Leite, were not aware of the company's grievance process and were unaware of how to reach the company in the event of an emergency.</p>
<p>1.4.3.1. No remedy provided by an operational-level grievance mechanism shall require aggrieved parties to waive their right to seek recourse from the company for the same complaint through other available mechanisms, including administrative, non-judicial or judicial remedies.</p>		<p>There is no evidence to confirm if a remedy provided by an operational-level grievance mechanism requires aggrieved parties to waive their right to seek recourse from the company for the same complaint through other available mechanisms, including administrative, non-judicial, or judicial remedies. The company indicated that aggrieved parties could present a subsequent complaint if they disagree with the results. This mechanism is not specified in the documental evidence.</p> <p>Interviews conducted with workers, contractors, and other stakeholders indicate that there are no restrictions on the right to appeal the same complaint through other available mechanisms, including administrative, extrajudicial, or judicial appeals.</p> <p>The evidence does not provide details to confirm the company prohibits the practice of requiring an aggrieved party to waive their rights in order to obtain remedy in practice.</p>
<p>1.4.4.1. Complaints and grievances and their outcomes and remedies shall be documented.</p>		<p>The evidence, Manifestations Gerdau 2022-2023, an excel file with the log of grievances filed during the years 2022 and 2023</p>

- 1.4.4.2. The operating company shall monitor and evaluate the performance of the operational-level complaints and grievance mechanism over time to determine:
- a. If changes need to be made to improve its effectiveness as per 1.4.2.1.a;
 - b. If changes in company activities can be implemented to prevent or mitigate similar grievances in the future; and
 - c. If outcomes and remedies provided through the mechanism accord with internationally recognized human rights.





through the Audire platform, indicates the grievances outcomes and remedies are documented.

The evidence does not include some grievances raised directly to company personnel, which are not being formally tracked, and that there is a procedure for documenting grievances.

The evidence, Audire monthly management report (Manifestations Report Audire, January 2022) and Audire monthly management report (February 2022), as well as interviews with key staff, indicate that the company carries out monitoring and evaluation of the performance of the operational-level complaints and Audire platform mechanisms through monthly monitoring management reports, which are synthesized in an annual management report (Report Audire - Gerdau Mine, December 2022). The system that composes the current grievance channels, available through several means: directly, such as telephone, e-mail, and WhatsApp; the neighborhood programs; and the online platform Audire, was created in August 2019 and since then has been changed to improve its effectiveness (a), as indicated in the evidence Audire Platform Adjustments (no date). The evidence, Manifestations Gerdau 2022-2023, an excel file with the log of all grievances filed during the years 2022 and 2023, indicates that some grievances that the company considered as completed were forwarded to the ethical channel, which exclusively handles complaints regarding ethical concerns, violations of the company's Code of Conduct, policies, guidelines or legislation, including one raised by a woman that is a contractor that filed a grievance regarding payment delays.

The evidence does not indicate:

- b. if changes in company activities were implemented to prevent or mitigate similar grievances in the future; and

		<p>c. whether outcomes and remedies align with internationally recognized human rights.</p>
<p>1.4.4.3. Stakeholders shall be provided with clearly communicated opportunities to submit feedback on the performance of the complaints and grievance mechanism.</p>		<p>The evidence, the grievance mechanism publicity material (not dated) and interviews key staff, indicates that the company has communicated to stakeholders, by means reasonably designed to reach all stakeholders, the opportunities to submit feedback on the performance of the grievance mechanism. The evidence, Report Audire - Gerdau Mine (December 2022, page 15), indicates that 13.8% of those who filed concerns on the Audire platform responded to the survey to submit feedback on the performance of the complaints and grievance mechanism.</p>
<p>1.4.5.1. The operating company shall take reasonable steps to inform all stakeholders of the existence of the operational-level complaints and grievance mechanism, its scope, and its procedures.</p>		<p>The evidence, Communication channel brochure (grievance mechanism publicity material, no date), indicates that the company took steps to inform external stakeholders of the existence of the operational-level complaints and grievance mechanism, its scope, and its procedures. The mine indicated there is also an internal system in place to submit feedback on</p>

		<p>the performance of the grievance mechanism exclusively for its internal personnel and contractors.</p> <p>The evidence does not include details to confirm that internal stakeholders have been made aware of how to submit feedback on the grievance mechanism.</p> <p>Some but not all stakeholders interviewed indicated awareness of the grievance mechanism or its associated procedures. Interviewees from Miguel Burnier and Chrockatt de Sá indicated that they have raised complaints about noise levels from the continuous mine operation during engagement processes directly to company personnel and indicate they do not feel their concerns received a proper response such as additional monitoring to verify noise levels and mitigation if needed. The evidence and interviews indicate that these complaints from stakeholders are not being formally documented in the grievance log.</p>
<p>1.4.5.2. The operating company shall neither state nor imply that participation in an operational level grievance mechanism precludes the stakeholder from seeking redress through administrative, judicial or other non-judicial remedies.</p>		<p>The evidence, Audire Platform Manual (no date), and the grievance mechanism publicity material, indicates that the company does not state or imply in any written materials related to the grievance mechanism that participation in the grievance mechanism precludes the stakeholder from seeking redress through administrative, judicial or other non-judicial remedies. Considering these two documents reviewed, as well as interviews carried out with workers, contractors, and other stakeholders, there are no restrictions to redress through administrative, judicial or other non-judicial remedies.</p>
<p>1.4.5.3. The operating company shall inform relevant personnel who interact with stakeholders of the proper procedures for handling stakeholder complaints and grievances, and ensure that personnel directly involved in the</p>		<p>The evidence, Audire Platform Manual (no date), indicates that the company informs relevant personnel and contractors about proper procedures for handling stakeholder complaints and grievances. The procedure does not detail how relevant personnel who interact with stakeholders should act with</p>

operational-level mechanism receive instruction on the respectful handling of all complaints and grievances, including those that may appear frivolous.

respectful treatment toward all complaints and grievances, including those that may appear frivolous. The evidence, an Audire annual management report (December 2022, page 15), indicates that those who filed concerns on the Audire platform and responded to the survey to rate their experience with the company positively evaluated the service received, with respect to the timeliness, the service itself, and the solution presented. Interviews with management indicated that some grievances raised directly to the company's employees are not following the Audire platform manual and procedures.

Interviews with a sample of stakeholders, among them contractors and community members, indicate opportunities for capacity-building on grievance mechanism standards and compliance expectations exist. The evidence does not include staff training (i.e., slides or attendance records) on the respectful handling of complaints or grievances or documentation on how the effectiveness of the grievance mechanism is assessed and updated based upon staff input over time.

1.4.6.1. Periodically, the operating company shall report to stakeholders on grievances received and responses provided. This shall be done in a manner that protects the confidentiality and safety of those filing grievances.



The evidence, Manifestation management flow procedure (no date), describes the flow that the handling of any kind of concerns (grievances, suggestions, complaints) must follow, which includes reporting back to the initiator of the concern with its resolution within a period of up to seven business days. The evidence also indicates that the manner of reporting protects the confidentiality and safety of those filing concerns. The evidence, a sample of Audire monthly management reports (January and February 2022), indicates that 65% (January 2022) and 27% (February 2022) of the responses were not provided within the set time frames. Interviews with management indicated that some grievances raised directly to the company's employees were not following the indicated procedure (Manifestation management flow, no date) and

therefore not included in the grievance log monthly management report.

According to some interviewees, including a sample of those potentially affected (i.e., living closest to the mine or in potentially affected areas) communication through the different grievances mechanisms available may not always fulfill expectations related to timely delivery of relevant information, and the sharing of technical information of personal significance (i.e., dust, noise, water quality and quantity, traffic safety, or potential dam or tailings failure, etc.) by subject matter experts. The evidence does not indicate that the company provides external reporting to stakeholders on grievances received.

Chapter 1.5—Revenue and Payments Transparency

Basis for rating

1.5.1.1. The operating company shall comply with 1.5.1.2 and 1.5.1.3, and/or demonstrate how it complies with equivalent reporting and disclosure requirements of the European Union Accounting Directive (2013/34/EU) and the European Union Transparency Directive (2013/50/EU), or an equivalent mandatory transparency regime.

(Note: for the purposes of self-assessment, the respondent should only consider for question 1.5.1.1 whether the EU or an equivalent mandatory transparency regime is relevant (either because a company is legally required to comply or because the company voluntarily

Not relevant. The company does not voluntarily follow the EU Directives or an equivalent mandatory transparency regime. See comments in 1.5.1.2 and 1.5.1.3.

chooses to meet the EU or equivalent country requirements). If EU or an equivalent mandatory transparency regime is not relevant, then the respondent should mark 1.5.1.1 as not relevant and move to 1.5.1.2 below.)

1.5.1.2. On a yearly basis, the operating company shall publish a report that discloses all material payments made by itself and its corporate owner to the government of the country in which the mining project is located. The report shall be made public within 12 months after the end of each financial year.

(Note: for the purposes of self-assessment, if 1.5.1.1 is relevant then the respondent should mark both 1.5.1.2 and 1.5.1.3 as not relevant.)



The evidence, Quarterly Information Report - GERDAU S.A. (Financial Statements, June and September 2022, page 10), confirms the company publishes, at a corporate level, a report disclosing material payments made to the government of the country in which the mining project is located, Brazil. These reports are released on a quarterly basis, that is within 12 months after the end of each fiscal year and are publicly available on the company's website (<https://ri.gerdau.com/divulgacao-e-resultados/central-de-resultados/>).

The evidence does not indicate that material payments specifically for the mine's operation are reported to the mining project host country.

1.5.1.3. The types of payment disclosed shall include as a minimum, as applicable:

- a. The host government's production entitlement;
- b. National state-owned enterprise production entitlement;
- c. Profits taxes;
- d. Royalties;
- e. Dividends;
- f. Bonuses, such as signature, discovery and production bonuses;
- g. Licence fees, rental fees, entry fees and other considerations for licences and/or

The company does not disclose any information on revenue payments to the government.

<p>concessions; h. Payments for infrastructure improvements; and i. Any other significant payments and material benefits to government, including in kind payments.</p>		
<p>1.5.1.4. At minimum, this information shall be broken down by recipient government body (where applicable), by project (where applicable), and by payment type.</p>		<p>Reporting is not broken down by recipient government body, project, or payment type.</p>
<p>1.5.2.1. The operating company shall demonstrate its compliance with the reporting requirements specified in Chapter 10 of the European Union Directive 2013/34/EU or an equivalent mandatory transparency regime, and/or shall comply with the requirements listed under 1.5.2.2 below.</p> <p>(Note: for the purposes of self-assessment, the respondent should only answer question 1.5.2.1 if the EU or an equivalent mandatory transparency regime is relevant (either because a company is legally required to comply or because the company voluntarily chooses to meet EU or equivalent country requirements). If question 1.5.2.1 is not relevant, move to 1.5.2.2 below.)</p>		<p>Not relevant. The company does not voluntarily follow the EU rules and is not required to comply with disclosure requirements of an equivalent mandatory transparency regime.</p>

1.5.2.2. The operating company shall ensure that the following information at the mining project level is reported on an annual basis and is readily accessible to the public:

- a. Mine production, disaggregated by product type and volume;
- b. Revenues from sales, disaggregated by product type;
- c. Material payments and other material benefits to government as listed in paragraph 1.5.1.3, disaggregated according to the receiving government entity (e.g. national, regional, local entity; name of government department);
- d. Social expenditures, including the names and functions of beneficiaries;
- e. Taxes, tariffs or other relevant payments related to transportation of minerals;
- f. Payments to politicians' campaigns, political parties or related organizations; and

Fines or other similar penalties that have been issued in relation to the project.




The company reports annually on some sub-requirements a through g but not in a format that all information is accessible to the public, as follows:



The company annually discloses to the National Mining Agency (ANM) its Annual Mining Report for 2022 (January 2023), detailing the mine production, disaggregated by product type and volume. Document accessible to the public upon request.

e.g. The company discloses quarterly in its Financial Statements (Quarterly Information Report - GERDAU S.A., June and September 2022) its revenues from sales, disaggregated by product type b.; legal required taxes expenditures, tariffs or other relevant payments related to transportation of minerals, and e. fines or other similar penalties that have been relation to the project g. Document publicly available on the company's website.

The evidence does not indicate that the company is reporting annually, in a format that is accessible to the public, on all sub-requirements a. through g., including: mine production, disaggregated by product type and volume a.; material payments and other material benefits to government as listed in paragraph 1.5.1.3, disaggregated according to the receiving government entity c.; social expenditures, including the names and functions of beneficiaries d.; and payments to politicians' campaigns, political parties or related organizations f.



<p>1.5.2.3. The operating company shall publish annual accounts, following international accounting standards.</p>		<p>The evidence, the Standardized Financial Statements for 2022 (February 2023), on page 39, outlines that the financial statements of the report were prepared and presented in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board.</p>
<p>1.5.3.1. If the mining project is located in a country without a mandated transparency regime, the operating company shall demonstrate support for the EITI by publishing a clear public statement endorsing the EITI Principles on its external website.</p>		<p>The company does not publish a statement that it endorses Extractive Industries Transparency Initiative Principles.</p> <p>Even though the Brazilian government requires companies to comply with Technical Accounting Pronouncement CPC 21, correlated to International Accounting Standards - IAS 34 (IASB - BV 2011) and to submit these data in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission, Brazil is not considered a country with a mandated transparency regime.</p>
<p>1.5.3.2. If the mining project is located in a country without a mandated transparency regime and the EITI is active in that country, the operating company shall:</p> <p>a. Commit to engage constructively with and support implementation of the EITI consistent with the multi-stakeholder process adopted in its country of operation; and</p> <p>b. Provide links on its external website to completed and up-to-date Company Forms for its operation, if the EITI implementing country has completed at least one validation.</p>		<p>Not relevant. The company is situated in a country, Brazil, where EITI is not active.</p>

<p>1.5.4.1. The material terms for mineral exploration, development and production agreed between the operating company and government entities shall be freely and publicly accessible, with the exception of confidential business information, in the national language(s) of the country in which the mining project is located.</p> <p>a. Where these terms are negotiated, rather than governed by law, the company shall make the relevant agreements, licenses or contracts freely and publicly accessible.</p> <p>b. Where these terms are governed by law, free, public access to the relevant statutory documentation is deemed sufficient to meet the IRMA requirement.</p>		<p>The evidence, Annual Mining Report for 2022 (January 2023), indicates that the company has made all material negotiated terms for mineral exploration, development, and production accessible in the national language of the country of operation (Portuguese, Brazil). Currently the document is shared upon request. The report follows the requirements established by the National Mining Agency (ANM), who indicates the Annual Mining Report must describe material terms for mineral exploration, development and production agreed between the company and government.</p> <p>The evidence does not indicate that the company's Annual Mining Report is publicly accessible on company or government websites.</p>
<p>1.5.4.2. The beneficial ownership of the operating company shall be publicly accessible.</p>		<p>The company publicly discloses its beneficial owners at the company's website (https://api.mziq.com/mzfilemanager/v2/d/21e1d193-5cab-456d-8bb8-f00a49a43c1c/05c0a2fa-28a1-f8a8-69af-91ef03a75ee6?origin=1). The evidence, Gerdau shareholding control (Gerdau shareholding control, May 2023), includes the complete shareholding control on a corporate level.</p> <p>The evidence does not indicate that the complete shareholding control is applicable to this operation and can be applied to a site level.</p>
<p>1.5.5.1. Critical. The operating company shall develop, document and implement policies and procedures that prohibit bribery and other</p>		<p>The evidence, Gerdau Code of Ethics (May 5, 2020), Code of Ethics for Third Parties (October 27, 2020), Anticorruption Policy (October 27, 2020), Corporate Guidelines (February 2, 2022), a sampled contractor agreement that includes anti-corruption and anti-bribery provisions, as well as related online</p>

forms of corruption by employees and contractors.

employee training records (February-April 2023), indicate that the company has developed and documented policies and procedures to prohibit bribery and other forms of corruption by employees and contractors. Policies are available online, through Gerdau's website, and are provided in writing in Portuguese to employees and contractors.

Interviews with a sample of workers and contractors (all management levels) indicate a broad understanding of these policies and Code of Ethics. A review of a sample of the company's grievance logs (Manifestations Gerdau 2022-2023 and Manifestations Gerdau 2021) indicates there have been no complaints related to bribery/corruption January 2021 to July 2023.

1.5.5.2. Procedures shall include:
a. A requirement to internally report and record any undue pecuniary or other advantage given to, or received from, public officials or the employees of business partners, directly or through third parties; and
b. Disciplinary actions to be taken if cases of bribery or corruption are discovered.

The evidence, Gerdau Code of Ethics (May 5, 2020, page 13), includes a requirement to internally report pecuniary or other advantages offered and/or received from public officials or the employees of business partners, directly or through third parties. The evidence, Operational Guideline - Consequences Management (March 2021, pages 3 to 7) includes information on the disciplinary actions to be taken if bribery or corruption are discovered.

Interviews with workers, including contractors, indicate that Gerdau has well-established processes and procedures to communicate expected behaviors and practices in reference to inappropriate financial practices, including influencing business partners and government officials.

1.5.5.3. Relevant employees and contractors shall be trained in the application of the operating company's policy and procedures.






The company trained all employees on the company's anti-corruption policies and procedures (online training conducted during February, March, and April 2023). This is supported by the interviews with Gerdau employees, who demonstrated awareness of the company's anti-corruption policies, procedures, and expectations.

The company's supplier manual (Gerdau Suppliers Manual, Annex 3, no date) includes a blank contract form (Terms of Responsibility and Commitment), which indicates that contractors are required to read, accept, and adhere to all principles outlined in the company's Code of Conduct, including anti-corruption policies. The evidence also includes a sample of a third-party contract (April 2022) which includes anti-corruption clauses and indicates that the contractor is required to adhere to all company policies and guidelines.

While training is confirmed, interviews with a sample of contractors are needed during the reassessment audit to confirm that contractors understand the company's policies and procedures.

Principle 2: Planning for Positive Legacies

RATING LEGEND
Description of performance

	Fully meets
	Substantially meets
	Partially meets
	Does not meet
	Not relevant

Chapter 2.1—Environmental and Social Impact Assessment and Management		Basis for rating
2.1.1.1	An Environmental and Social Impact Assessment (ESIA), appropriate to the nature and scale of the proposed mining project and commensurate with the level of its environmental and social risks and impacts, shall be completed prior to the commencement of any site-disturbing operations associated with the project.	Not scored. This requirement does not need to be scored at existing mines per IRMA Guidance issued in 2021.
2.1.1.2.	To enable a reasonable estimation of potential impacts related to the mining project, the ESIA process shall commence only after the	Not scored. This requirement does not need to be scored at existing mines per IRMA Guidance issued in 2021.

	<p>project design has been sufficiently developed. Should the proposal be significantly revised a new assessment process shall be undertaken.</p>		
2.1.1.3.	<p>The ESIA shall be carried out in accordance with publicly available, documented procedures.</p>	—	<p>Not scored. This requirement does not need to be scored at existing mines per IRMA Guidance issued in 2021.</p>
2.1.2.1.	<p>Prior to the implementation of the ESIA process the operating company shall ensure that there has been wide, public announcement of the project proposal and the associated ESIA process, and that reasonable and culturally appropriate efforts have been made to inform potentially affected and interested stakeholders in potentially affected communities about the proposed project.</p>	—	<p>Not scored. This requirement does not need to be scored at existing mines per IRMA Guidance issued in 2021.</p>
2.1.2.2.	<p>Prior to the implementation of the ESIA process the operating company shall prepare a report and publish it on the operating company's external website, in the official national language(s) of the country in which the mining project is proposed to take place. The report shall provide:</p> <ul style="list-style-type: none"> a. A general description of the proposed project, including details on the proposed location, and nature and duration of the project and related activities; b. The preliminary identification of potential significant environmental and social impacts, and proposed actions to mitigate any negative impacts; c. A description of the main steps of the ESIA process that will be carried out, the estimated timeline and the range of 	—	<p>Not scored. This requirement does not need to be scored at existing mines per IRMA Guidance issued in 2021.</p>

opportunities for stakeholder participation in the process; andd. Contact details for the person or team responsible for management of the ESIA.

2.1.3.1. **Critical.** (See NEW MINES VS EXISTING MINES below)

(NEW MINES) The operating company shall carry out a scoping process to identify all potentially significant social and environmental impacts of the mining project to be assessed in the ESIA.

(EXISTING MINES) The operating company shall demonstrate that it has undertaken a comprehensive evaluation of potential environmental and social impacts associated with the mining operation.

Miguel Burnier is an existing mine with an expansion in progress. The evidence includes several recent environmental social impact assessments (ESIAs) for its expansions:

- MB2 Sterile Disposal Pile - Miguel Burnier Mine, Ouro Preto-MG (2017)
- Tailings Disposal Pile - Sardinha (May 2020)
- UTM II Project – Itabiritos Miguel Burnier Mine. Ouro Preto-MG (December 2020)

The evidence indicates that the company has undertaken evaluations to identify potential social and environmental impacts associated with the mine's expansions. Impact assessments are conducted by means of the specific terms of reference made available by the:

- Secretary of Environment and Sustainable Development of the State of Minas Gerais,
- ESIA and EIR located at the Atlantic Rainforest, regulated by State Environmental System (Sisema), with recent documents following
- the State of Minas Gerais socioenvironmental impact study guidelines (January 2022), which includes a stakeholder consultation process.

The identification and evaluation of environmental and social impacts is ongoing at the site to address new developments at the mine. The most recent evaluations considered the Itabiritos Project, a proposed expansion to the Miguel Burnier mine. Besides increased ore extraction, the project proposes construction of a dry tailings filtering plant and additional

		<p>waste storage (i.e., waste rock, dry tailings). These updates were in place or under development at the time of the onsite audit. In the future, Itabiritos Project implementation, approved by the regulatory authority, will include off-road transportation of tailings and transportation of product to the Ouro Branco plant via pipeline (planned commencement in 2025).</p> <p>The evidence does not include a comprehensive evaluation that covers the mine operation outside of the recent expansions, such as an ESIA from before the commencement of operation in 2007 or an assessment of the potential environmental and social cumulative impacts associated with the entire mine site.</p>
<p>2.1.3.2. During scoping, the operating company shall identify stakeholders and rights holders (hereafter, collectively referred to as “stakeholders”) who may be interested in and/or affected by the proposed project.</p>	<p>—</p>	<p>Not scored. This requirement does not need to be scored at existing mines per IRMA Guidance issued in 2021.</p>
<p>2.1.3.3. Scoping shall include the consideration of:</p> <ul style="list-style-type: none"> a. Social impacts (including potential impacts on communities and workers) and environmental impacts (including potential impacts on wildlife, air, water, vegetation and soils) during all stages of the project lifecycle, from pre-construction through post-closure; b. Direct, indirect and cumulative impacts; and c. Potential impacts of extreme events. 	<p>—</p>	<p>Not scored. This requirement does not need to be scored at existing mines per IRMA Guidance issued in 2021.</p>

<p>2.1.3.4 Scoping shall result in the identification of:</p> <ul style="list-style-type: none"> a. Potentially significant environmental and social impacts of the proposed project; b. Alternative project designs to avoid significant adverse impacts; c. Other actions to mitigate identified adverse impacts; and d. Additional information and data needed to understand and assess the potential impacts. 	<p>—</p>	<p>Not scored. This requirement does not need to be scored at existing mines per IRMA Guidance issued in 2021.</p>
<p>2.1.4.1. Baseline data describing the prevailing environmental, social, economic and political environment shall be collected at an appropriate level of detail to allow the assessment of the potential impacts of the proposed mining project.</p>	<p>—</p>	<p>Not scored. This requirement does not need to be scored at existing mines per IRMA Guidance issued in 2021.</p>
<p>2.1.4.2. Additional studies shall be carried out as necessary to fulfill the information needs of the ESIA.</p>	<p>—</p>	<p>Not scored. This requirement does not need to be scored at existing mines per IRMA Guidance issued in 2021.</p>
<p>2.1.5.1 The operating company shall:</p> <ul style="list-style-type: none"> a. Predict in greater detail the characteristics of the potentially significant environmental and social impacts identified during scoping; b. Determine the significance of the predicted impacts; c. Evaluate options to mitigate predicted significant adverse impacts in line with the mitigation hierarchy, prioritizing the 	<p>—</p>	<p>Not scored. This requirement does not need to be scored at existing mines per IRMA Guidance issued in 2021.</p>

avoidance of impacts through consideration of alternative project designs; and

d. Determine the relative importance of residual impacts (i.e., impacts that cannot be mitigated) and whether significant residual adverse impacts can be addressed to the satisfaction of affected or relevant stakeholders.

- 2.1.6.1. The operating company shall prepare an ESIA report that includes, at minimum:
- a. A description of the proposed mining project;
 - b. Detailed description of the direct, indirect and cumulative impacts likely to result from the project, and identification of significant adverse impacts;
 - c. Description of the alternatives considered to avoid and mitigate significant adverse impacts in line with the mitigation hierarchy, and the recommended measures to avoid or mitigate those impacts;
 - d. A review of the public consultation process, the views and concerns expressed by stakeholders and how the concerns were taken into account; and
 - e. Names and affiliations of ESIA authors and others involved in technical studies.

Not scored. This requirement does not need to be scored at existing mines per IRMA Guidance issued in 2021.

2.1.7.1. The operating company shall develop and maintain a system to manage environmental and social risks and impacts throughout the life of the mine.

The company has developed an environmental and social management system that includes:

- Corporate Guidelines for Environmental Management (May 2021, version 4);
- Environmental management system manual (January 2023, version 7);
- General procedure for managing environmental aspects and impacts (September 2019);
- a Social and human rights risk matrix (Risk Map, August 2023).

The evidence indicates the mine has developed and is maintaining a system to manage environmental and social risks and impacts throughout the life of the mine, which includes performance indicators, a tracking system and general responsibilities.

Interviews with key staff confirm that they are aware of their respective roles and responsibilities related to the environmental and social management system.

- 2.1.7.2 An environmental and social management plan (or its equivalent) shall be developed that, at minimum:
- a. Outlines the specific mitigation actions that will be carried out to address significant environmental and social impacts identified during and subsequent to the ESIA process;
 - b. Assigns personnel responsible for implementation of various elements of the plan; and
 - c. Includes estimates for the resources needed to implement the plan.



The evidence, the Environmental Aspects and Impacts Management procedure (September 2019, version 4) and a social and human rights risk matrix (Risk Map, August 2023), indicates the company has developed and maintains an environmental and social management plan for the site, that:

- a. Outlines the specific mitigation actions that will be carried out to address significant environmental and social impacts identified during and after the ESIA process (Environmental Aspects and Impacts Management procedure, item 6.9, page 4, and Risk Map);
- b. Assigns personnel responsible for the implementation of various elements of the plan (Environmental Aspects and Impacts Management procedure, item 4, page 1 and Risk Map, column M "Control/Actions).

The evidence does not include details to confirm that the company has estimated the resources needed to implement the environmental and social monitoring plan; c.

- 2.1.7.3. The environmental and social management plan shall be implemented and revised or updated as necessary based on monitoring results or other information.



The evidence, the environmental management system manual (January 2023, version 7) and a social and human rights risk matrix (Risk Map, August 2023), indicates that the company has implemented the environmental and social management plan and revises it in most cases as necessary based on monitoring results or other information.

The evidence, a sample of monthly risk management meetings conducted by a specialized internal technical team (January, February and March 2023), where operational risks are evaluated and discussed, as well as interviews with key staff, indicate the company reviews monitoring and other information for update of some of its environmental and social management plans on a regular basis.

The evidence, social risk matrix (Risk Map, August 2023), indicates that some risks identified (i.e., air quality, increase in the cost of living, damaged roads, cultural de-characterization,

among others) have not been revised or updated based on monitoring results or other information

- 2.1.8.1. As part of the ESMS, the operating company shall establish a program to monitor:
- a. The significant environmental and social impacts identified during or after the ESIA process; and
 - b. The effectiveness of mitigation measures implemented to address environmental and social impacts.



The evidence, Environmental Control Program (May 2020) and the social and human rights risk matrix (Risk map, August 2023), as well as interviews with key staff, indicate that the company established and maintains a program to monitor:

- a. some significant environmental and social impacts identified during or after the most recent ESIA processes.
- b. the effectiveness of some mitigation measures implemented to address environmental and social impacts.

The evidence does not that the company monitors all significant environmental and social impacts associated with the existing mining operation, facilities or structures (i.e., water quality and quantity, air quality, quality of life, cultural heritage), as well as the effectiveness of some implemented mitigations (i.e., erosion control).

2.1.8.2. The monitoring program shall be designed and carried out by competent professionals.



The evidence, ESIA (2020) and Environmental Control Program (May 2020), prepared by external consultants and reviewed by environmental agencies for approval, as well as interviews with key staff, indicate the company's environmental and social monitoring programs are designed by competent professionals including a multidisciplinary team composed of mining engineers, agronomists, biologists, archeologists, geographers, environmental engineers, occupational safety engineers, geologists, historians, economists, sociologists and anthropologists.

Consultant credentials and accountabilities included in the evidence were confirmed through observations of best practices implementation at the operating level as well as interviews with a sample of key personnel and regulators.

Environmental Aspects and Impacts Management Procedure (no date), outlines accountabilities for implementation.

The evidence does not include information to confirm competencies of social program monitoring design or the credentials of those responsible for carrying out environmental and social monitoring.

2.1.8.3. If requested by relevant stakeholders, the operating company shall facilitate the independent monitoring of key impact indicators where this would not interfere with the safe operation of the project.



The evidence, Manifestations Gerdau 2022-2023, an Excel file with the log of grievances filed during the years 2022 and 2023 through the Audire platform, indicates that no requests for independent monitoring have been filed. While no stakeholder requests have yet been made, interviews with a sample of key staff indicate the company would facilitate independent monitoring if requested.

2.1.9.1. (See NEW MINES VS EXISTING MINES below)
(NEW MINES) As part of the ESIA process, the operating company shall provide for timely and effective stakeholder and rights holder



Miguel Burnier is an existing mine with an expansion in progress. The evidence does not include information to confirm that the company provides opportunity for timely and

(hereafter collectively referred to as stakeholder) consultation, review and comment on:

- a. The issues and impacts to be considered in the proposed scope of the ESIA (see 2.1.3);
- b. Methodologies for the collection of environmental and social baseline data (see 2.1.4);
- c. The findings of environmental and social studies relevant to the conclusions and recommendations of the ESIA (see 2.1.5.1.a and b);
- d. Options and proposals to mitigate the potential impacts of the project (see 2.1.5.1.c);
- e. Provisional conclusions and recommendations of the ESIA, prior to finalization (see 2.1.6.1); and
- f. The final conclusions and recommendations of the ESIA (see 2.1.6.1).

(EXISTING MINES) As part of the ESIA process, the operating company shall consult with relevant stakeholders in the identification and evaluation of potential environmental and social impacts associated with the mine.

effective stakeholder consultation, review or comment during the ESIA process.

<p>2.1.9.2. (See NEW MINES VS EXISTING MINES below)</p> <p>(NEW MINES) The operating company shall encourage and facilitate stakeholder participation, where possible, in the collection of data for the ESIA, and in the development of options to mitigate the potential impacts of the project during and subsequent to the ESIA process.</p> <p>(EXISTING MINES) The operating company shall encourage and facilitate stakeholder participation, where possible, in the development of options to mitigate the potential impacts of the project.</p>		<p>Miguel Burnier is an existing mine. The evidence, meeting minutes from the roundtable between the company, governmental authorities, community members and stakeholders (Communication Report and Public Hearing (October 2022) indicates the company encourages and facilitates stakeholder participation in the development of options to mitigate potential impacts of the mine regarding the company's planned expansion. The evidence indicates that this was executed as part of a public hearing in which the company presented the EIA for the implementation of the Tailings Disposal Pile - Sardinha (December 2020). Observations and interviews with a sample of key staff and stakeholders provide further evidence the company invites participation in the development of mitigation options for the company's planned expansion.</p> <p>The evidence does not indicate the company encouraged and facilitated stakeholder participation in the development of options to mitigate potential impacts of the mine regarding the company's most recent environmental impact assessments (MB2 Sterile Disposal Pile, 2017, and UTM II Project, December 2020).</p>
<p>2.1.9.3. The operating company shall provide for timely and effective stakeholder consultation, review and comment on the scope and design of the environmental and social monitoring program.</p>		<p>The evidence does not include information to confirm that the company provides opportunities for stakeholder consultation, review or comment on the scope or design of the environmental and social monitoring program.</p>
<p>2.1.9.4. The operating company shall encourage and facilitate stakeholder participation, where possible, in the implementation of the environmental and social monitoring program.</p>		<p>The evidence does not include information to confirm that the company encourages and facilitates stakeholder participation in the implementation of the environmental and social monitoring program.</p>

2.1.9.5. The operating company shall record all stakeholder comments received in relation to ESIA scoping; implementation; ESIA findings, conclusions and recommendations; and the environmental and social monitoring program. The company shall record how it responded to stakeholder comments.



The evidence, meeting minutes from the roundtable between the company, governmental authorities, community members and stakeholders (Communication Report and Public Hearing, October 2022) indicates the company records stakeholder comments received and/or the mine's responses in relation to ESIA scoping regarding the company's planned expansion, as well as in relation to the conclusions and recommendations of the EIA for the implementation of the Sardinha's tailings disposal pile.




The evidence does not provide details to confirm the company records all stakeholder comments received and/or the mine's responses in relation to two of the company's most recent environmental impact assessments (MB2 Sterile Disposal Pile, 2017, and the UTM II project, October 2022).


2.1.10.1 (See NEW MINES VS EXISTING MINES below)
(NEW MINES) The ESIA report and any supporting data and analyses shall be made publicly available. Detailed assessments of some issues and impacts may be reported as stand-alone documents, but the ESIA report shall review and present the results of the full analysis in an integrated manner.
(EXISTING MINES) At minimum, a summary of the potential significant environmental and social impacts associated with the mining operation shall be publicly available.



Miguel Burnier is an existing mine. The evidence, ESIA's for the UTM II Project – Itabiritos Miguel Burnier Mine (December 2020) and for the Tailings Disposal Pile - Sardinha (December 2020)

The evidence includes a link to the Minas Gerais Integrated Environmental Information System website (link: <http://www.siam.mg.gov.br/siam/lc/2018/0177620040292018/6016362018.pdf>) where the company has published its Environmental Impact Reports (December 2020), which summarizes the potential significant environmental and social impacts described in the EIAs for the UTM II Project – Itabiritos Miguel Burnier Mine (December 2020) and for the Tailings Disposal Pile - Sardinha (December 2020) as well as the respective Environmental Control Plan (December 2020), and indicates the company publishes summaries of expected impacts of its operation.

<p>2.1.10.2 The operating company shall make publicly available an anonymized version of the ESIA record of stakeholder comments and its own responses, including how each comment was taken into account.</p>		<p>Not scored. This requirement does not need to be scored at existing mines per IRMA Guidance issued in 2021.</p>
<p>2.1.10.3 The environmental and social management plan shall be made available to stakeholders upon request.</p>		<p>The Environmental and Social Management Plan is available at an online system managed by the local environmental authority (link: https://ecosistemas.meioambiente.mg.gov.br/sla/#/acesso-visitante), and when requested, information on how to access the documentation is provided to stakeholders either by the company or the government.</p> <p>The evidence includes a link to the Minas Gerais Integrated Environmental Information System website (link: http://www.siam.mg.gov.br/siam/lc/2018/0177620040292018/6016362018.pdf) where the company has published its Environmental Control Plan (December 2020) to address the potential impacts described in the EIA for the UTM II Project – Itabiritos Miguel Burnier Mine (December 2020) and for the Tailings Disposal Pile - Sardinha (December 2020), indicating the company publishes its Environmental and Social Management Plan.</p>
<p>2.1.10.4 Summary reports of the findings of the environmental and social monitoring program shall be made publicly available at least annually, and all data and methodologies related to the monitoring program shall be publicly available.</p>		<p>The evidence includes a link to the Minas Gerais Integrated Environmental Information System website (link: http://www.siam.mg.gov.br/siam/lc/2018/0177620040292018/6016362018.pdf) where the company has published its Environmental Control Plan (December 2020) which describes the monitoring, compensation, and rehabilitation methodologies used to assess and address environmental and social aspects that may be impacted by the mine's expansion as described in the EIA for the Tailings Disposal Pile - Sardinha (December 2020).</p>

		<p>The evidence does not include information to confirm the company published a summary report of the findings of its environmental and social monitoring programs including monitoring data.</p>
<p>2.1.10.5 (See NEW MINES VS EXISTING MINES below) (NEW MINES) The existence of publicly available ESIA and ESMS information, and the means of accessing it, shall be publicized by appropriate means.</p> <p>(EXISTING MINES) The existence of publicly available ESMS information, and the means of accessing it, shall be publicized by appropriate means.</p>		<p>The evidence provided does not include information to confirm that the company publicizes the existence of its ESMS and the ways in which stakeholders can access that information.</p>

Chapter 2.2—Free, Prior and Informed Consent (FPIC) **Basis for rating**

Chapter not relevant. IRMA guides auditor review of 2.2 Free, Prior and Informed Consent (FPIC) chapter criteria through the IRMA Standard (2018) and the IRMA Standard Guidance (June 2023), including definitions, objectives, and applicability.

Definitions: IRMA defines Indigenous Peoples as those who “identify themselves and are recognized and accepted by their community as indigenous; demonstrate historical continuity with pre-colonial and/or pre-settler societies; have strong links to territories and surrounding natural resources; have distinct social, economic or political systems; maintain distinct languages, cultures and beliefs; form non-dominant groups of society; and resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities. In some regions, there may be a preference to use other terms such as: tribes, first peoples/nations, aboriginals, ethnic groups, Adivasi and Janajati” (The IRMA Standard, Version 1, 2018). According to the UN Guidelines on Indigenous Peoples’ issues and the ILO Convention No. 169, indigenous and tribal peoples are those who self-identify themselves as belonging to a tribal or indigenous people and have their own cultures, languages, customs and/or institutions, which distinguish them from other parts of the societies in which they find themselves.

Objectives: The objective of this IRMA Chapter is to "demonstrate respect for the rights, dignity, aspirations, culture, and livelihoods of indigenous peoples, participate in ongoing dialogue and engagement, and collaborate on strategies to minimize

impacts and create benefits for indigenous peoples, thereby creating conditions that allow for indigenous peoples' free, prior and informed consent and decision-making regarding mining development" (The IRMA Standard, Version 1, 2018).

In this chapter, IRMA asks auditors to confirm there are no indigenous peoples whose legal or customary rights or interest may be affected by each company's operations. Examples of rights or interests may include lands, territories, and resources that indigenous peoples possess by reason of traditional ownership or other traditional occupation or use, as well as those which they have otherwise acquired; livelihood, cultural or spiritual activities or places; or critical cultural heritage.

At existing mines, where FPIC was not obtained in the past, operating companies will be expected to demonstrate that they are operating in a manner that seeks to achieve the objectives of this chapter. For example, companies may demonstrate that they have the free, informed consent of indigenous peoples for current operations by providing evidence of signed or otherwise verified agreements, or, in the absence of agreements, demonstrate that they have a process in place to respond to past and present community concerns and to remedy and/or compensate for past impacts on indigenous peoples' rights and interests. In alignment with this chapter, such processes should have been agreed to by indigenous peoples and evidence should be provided that agreements are being fully implemented by the companies. Existing mines shall also obtain the free, prior and informed consent of indigenous peoples if there are proposed changes to a company's plans or activities that may significantly change the nature or degree of an existing impact, or result in additional impacts on indigenous peoples' rights, lands, territories, resources, properties, livelihoods, cultures or religions. Nothing in this chapter is intended to reduce the primary responsibility of the State to consult with indigenous peoples in order to obtain their FPIC and protect their rights.

Applicability. The evidence, including the company's most recent environmental impact assessments, government data with the existing Indigenous and traditional right holders' communities, as well as on-site observations and interviews with a sample of company personnel, communities' leaders and stakeholders, local NGOs' members and governmental agencies, indicate there are no Indigenous people located near the mine who consider themselves potentially affected by the mining operations.

Sources:

Indigenous and Tribal Peoples Convention, 1989 (No. 169);

Fundação Cultural Palmares, a Brazilian government agency dedicated to preserving and promoting Afro-Brazilian culture and heritage;

FUNAI, the National Indian Foundation of Brazil, responsible for protecting the rights and interests of indigenous peoples and their territories in Brazil;

City Secretariats of Environment and Culture, from the municipalities adjacent to the mining operation area;
Local NGOs;

Communities' leaders; and

Stakeholders

Chapter 2.3—Obtaining Community Support and Delivering Benefits

Basis for rating

- 2.3.1.1. The operating company shall publicly commit to:
- a. Maintaining or improving the health, social and economic wellbeing of affected communities; and
 - b. Developing a mining project only if it gains and maintains broad community support.



The company has a Corporate Guideline (October 2020) that outlines its participatory planning to guide the company's contributions to community development initiatives and benefits.

The evidence does not indicate that the company publicly commits to:

- a. maintaining or improving the health, social and economic wellbeing of affected communities, and
- b. developing the project only if it gains and maintains broad support.

- 2.3.2.1. For new mines, the operating company shall demonstrate that it obtained broad community support from communities affected by the mining project, and that this support is being maintained.



Not relevant. Miguel Burnier is an existing mine.

- 2.3.2.2. For new mines, broad community support shall be determined through local democratic processes or governance mechanisms, or by another process or method agreed to by the company and an affected community (e.g., a referendum). Evidence of broad community support shall be considered credible if the process or method used to demonstrate support:



Not relevant. Miguel Burnier is an existing mine.

- a. Occurred after the operating company carried out consultations with relevant stakeholders regarding potential impacts and benefits of the proposed mining project;
- b. Was transparent;
- c. Was free from coercion or manipulation; and
- d. Included the opportunity for meaningful input by all potentially affected community members, including women, vulnerable groups and marginalized members, prior to any decision or resolution.

2.3.2.3. For existing mines, the operating company shall demonstrate that the mine has earned and is maintaining broad community support.

The company presented a local newspaper article (no date) as well as meeting minutes from the roundtable between the company, governmental authorities, community members and stakeholders (Communication Report and Public Hearing, October 2022)

which indicates that the Ouro Preto City Hall has a good relationship with Gerdau, recognizing the mutual benefit of the company and local communities. The evidence, Manifestations Gerdau 2022-2023, an excel file with the log of grievances filed during the years 2022 and 2023 through the Audire platform, indicates that a few affected community members made complaints and protests related to the mining project.

Interviews with stakeholders indicated that although there was perceived room for improvement in relations between the company and communities, and some felt as though more benefits could be transferred to communities, the company works with the affected community in good faith to resolve issues to the satisfaction of the community.

2.3.3.1. The operating company, in collaboration with affected communities and other relevant stakeholders (including workers and local government), shall develop a participatory planning process to guide a company's contributions to community development initiatives and benefits in affected communities.



The evidence, Corporate Guideline (October 2020), indicates that the company has a participatory planning to guide the company's contributions to community development initiatives and benefits. The document outlines the company's own resource management, external fundraising, corporate volunteering, and indicators.

Evidence of a public notice for a social investment presented for the enrollment of local Non-Governmental Organizations community projects for the district of Miguel Burnier was provided (link: <https://prosas.com.br/editais/11780-gerdau-investimento>). Records of meetings held between the company, local community, and government representatives (September 30, 2021; November 13, 2021; and February 19, 2022), as well as interviews with a sample of stakeholders and key staff, indicate the company presented the next steps of the Living Heritage Project to the Miguel Burnier community.

The evidence does not indicate that the process was designed by the company in collaboration with affected communities and relevant stakeholders.



2.3.3.2. The planning process shall be designed to ensure local participation, social inclusion (including both women and men, vulnerable groups and traditionally marginalized community members, e.g., children, youth, the elderly, or their representatives), good governance and transparency.





Evidence of a public notice for a social investment presented for the enrollment of local Non-Governmental Organizations community projects for the district of Miguel Burnier was provided (link: <https://prosas.com.br/editais/11780-gerdau-investimento>).

Interviews with community stakeholders indicate most of them are aware of this public notice for a social investment presented by Gerdau. Some of the interviewees reported feeling that the participation rules were not inclusive of communities.

The evidence does not include details to confirm that the planning process was designed to ensure social inclusion, including participation of women, men and vulnerable groups

		<p>and/or traditionally marginalized community members or their representatives.</p>
<p>2.3.3.3. If requested by the community and not provided by the appropriate public authorities, the operating company shall provide funding for mutually agreed upon experts to aid in the participatory process.</p>		<p>The evidence does not indicate that stakeholder requests have yet been made, which was confirmed during interviews with key staff.</p> <p>While the evidence does not include details to confirm the company would provide funding for mutually agreed upon experts to aid in the participatory process upon request, interviews with key staff indicate they have several initiatives to facilitate community outreach and dialogue, including contracting specialized third-parties to improve communication with affected communities.</p>
<p>2.3.3.4 Efforts shall be made to develop:</p> <ul style="list-style-type: none"> a. Local procurement opportunities; b. Initiatives that benefit a broad spectrum of the community (e.g., women, men, children, youth, vulnerable and traditionally marginalized groups); and c. Mechanisms that can be self-sustaining after mine closure (including the building of community capacity to oversee and sustain any projects or initiatives agreed upon through negotiations). 		<p>The evidence, the social investment portfolio for the year 2022, indicates the company has developed:</p> <ul style="list-style-type: none"> b. initiatives that benefit a wide range of community members (i.e., children, youth, women, and vulnerable groups); and c. that at least some of the projects or benefits can be self-sustaining after mine closure (i.e., computer and digital inclusion classes, support center for micro entrepreneurs). <p>According to interviews carried out with local communities' members and with the Gerdau team, the mine has carried out some productive projects dedicated to the self-sustainability of the communities, such as the donation of electrical equipment to the Miguel Burnier community school and the provision of training courses in finance and marketing for women in the region. Some community members interviewed indicated that they would like to receive training to be able to work in the mine, either as employees or contractors.</p> <p>The evidence does not indicate that the company has made efforts to develop:</p>

		<p>a. local procurement opportunities and that the communities have been enrolled in the participatory planning process.</p>
<p>2.3.3.5. The planning process and any outcomes or decisions shall be documented and made publicly available.</p>		<p>The evidence indicates that the planning process and any outcomes or decisions are documented and made publicly available, as follows:</p> <ul style="list-style-type: none"> - Public notice of social investment with an open period of 30 days during 2022 (links: https://prosas.com.br/editais/11780-gerdau-investimento-social-2023-miguel-burnier-ouro-preto-mg); - Registration form for the residential renovation program for residents of communities near the mine (link: https://www.reformaquetransforma.com.br/); - Corporate Social Action Report, published in 2021, with the social projects supported by Gerdau and available at the company's website (link: https://www2.gerdau.com/sites/gIn_gerdau/files/2022-11/Gerdau_Relatorio-de-Responsabilidade-Social-2021). <p>During on-site interviews, stakeholders mentioned that Gerdau and the third-party company responsible for stakeholder engagement inform them of the company's support activities.</p>
<p>2.3.3.6. In collaboration with the community, the operating company shall periodically monitor the effectiveness of any mechanisms or agreements developed to deliver community benefits, based on agreed upon indicators, and evaluate if changes need to be made to those mechanisms or agreements.</p>		<p>No evidence was provided to indicate that the company, in collaboration with the community, periodically monitors the effectiveness of any mechanisms or agreements developed to deliver community benefits.</p>

Chapter not relevant. IRMA guides auditor review of 2.4 Resettlement chapter criteria through the IRMA Standard (2018) and the IRMA Standard Guidance (June 2023), including definitions, objectives, and applicability.

Definitions. Voluntary resettlement is defined as “voluntary land transactions, i.e., market transactions in which the seller is not obliged to sell and the buyer cannot resort to expropriation or other compulsory procedures sanctioned by the legal system of the host country if negotiations fail” (IRMA Standard, Version 1, 2018). Involuntary Resettlement is defined as “physical displacement (relocation or loss of shelter) and economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihood) as a result of project-related land acquisition and/or restrictions on land use. Under this definition, resettlement is involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement. This occurs in cases of (i) lawful expropriation or temporary or permanent restrictions on land use and (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail” (IRMA Standard, Version 1, 2018).

Objectives. In this Chapter, IRMA asks auditors to confirm that in case mining-related activities could result or have resulted in the physical or economic displacement and involuntary resettlement of people, resettlement was carried out in accordance with international human rights law (i.e., IFC), and that the company has implemented measures to maximize benefits for any household resettled as a result of project activities. In other words, the objective of this Chapter is to “avoid involuntary resettlement, and when that is not possible, equitably compensate affected persons and improve the livelihoods and standards of living of displaced persons” (IRMA Standard, Version 1, 2018).

Applicability. IRMA has differing resettlement applicability requirements for new vs. existing mines. Miguel Burnier is an existing mine operating since 1893 and licensed to operate by Gerdau since 2007. The evidence, including a sample of public deeds of transfer of possession, property sale agreements, and occupancy certificates, as well as on-site observations and interviews with a sample of company personnel, community stakeholders, and governmental agencies indicates that the company has not engaged in land acquisitions leading to involuntary resettlement. Agreements entered and transactions made to purchase properties along transportation corridors were mutually agreed to and done so to improve private homeowner safety as confirmed in the evidence.

Sources:

- Occupancy Certificates issued by the Ouro Preto Municipal Corporation;
- Declaration property sale through Private Purchase and Sale Agreement; and
- Public Deed of Transfer of Possession

Chapter 2.5—Emergency Preparedness and Response

Basis for rating

2.5.1.1. **Critical.** All operations related to the mining project shall have an emergency response plan conforming to the guidelines set forth in United Nations Environment Programme, Awareness and Preparedness for Emergencies at the Local Level (APELL) for Mining.

This requirement was assessed for the IRMA Initial audit and subsequently reassessed for the IRMA CAP Verification. The initial audit findings are described first, followed by the CAP assessment. The rating reflects the new CAP assessment.

Initial Audit Findings:

The company has implemented and maintains four (4) Emergency Action Plans developed by a competent third party as provided in the evidence:

- Alemães Tailings Dam (2022)
- UTM II Sedimentation Ponds (March 2022)
- topsoil pile Vigia Unificada (July 2023)
- waste disposal pile Vigia (January 2023)
- emergency drill record (June 2023).

The above work is ongoing as indicated in two summaries (2023) of activities carried out by the company throughout 2022 and 2023 to improve emergency planning and response (i.e., identification of potentially affected communities, escape route signage and meeting points in the self-rescue zone, among others). Interviews with government response coordinators, company managers and emergency response personnel, including contractors, indicate familiarity with the plans and response as part of the mine site response team, and in cooperation with local emergency support.

The evidence does not provide an integrated site-wide plan consistent with the United Nations Awareness and Preparedness for Emergencies at the Local Level (UN APELL)

for Mining, including identification and participation of all potentially affected stakeholders (including, but not limited to, those in the self-rescue zone and secondary security zone areas of the dams listed in the currently implemented tailings emergency plan) in the development, testing (i.e., drills), and implementation of an overall emergency response plan. And, while communities in the area of influence were identified, the agency of potentially affected individuals (i.e., their age, level of ability, economic status, access to communication, etc.), and potential vulnerabilities are not part of the assessment planning process.

CAP Findings:

After the IRMA Initial Audit, the company integrated emergency plans for the topsoil pile, waste disposal pile and internal emergency scenarios into one site-wide Emergency Response Plan (August 2024). The company also revised its Emergency Action Plans for the Alemães Tailings Dam (June 2024) and the UTM II Sedimentation Ponds (June 2024), alongside outreach to potentially affected communities and workers.

Auditor reviews of these documents, as well as interviews with a sample of stakeholders, workers, contractors, company managers and emergency response personnel, and the civil defenses (September 2024), indicate that the company has developed an emergency response plan substantially aligned to the guidelines set forth in the United Nations Environment Programme Awareness and Preparedness for Emergencies at the Local Level (APELL) for Mining. Supplemental evidence details: risk scenarios, actions to be taken by those responding to emergencies, warning and evacuation protocols, emergency equipment, rescue organizations' contact information (e.g., municipal fire departments, hospitals, etc.), crisis communication procedures, among others (Emergency Response Plan August 2024).

Following the initial IRMA Audit, the company also increased engagement activities with potentially affected workers and stakeholders (UN APELL Section 3, page 13) in the dam's primary and secondary security zone, including those located downstream of a potential failure of the Alemães Tailings Dam. Engagements included workshops and semiannual drill exercises for emergency scenarios, with a focus on operational risks (Emergency Action Plans Drills Exercises, May 2024 and Participatory Workshops Reports, February and March 2024).

On-site interviews with stakeholders, workers, contractors, response coordinators, company managers, emergency response personnel, and civil defense teams provide information to confirm the company's cooperation with local communities, worker organizations and government agencies in its emergency preparedness and response efforts. This includes interviews with a sample of potentially affected downstream community members, who indicated that they had been contacted by the company and are now familiar with the company's emergency plans and response procedures, including escape route signage and designated muster points.

The evidence does not include an assessment of the agencies and vulnerabilities of all potentially affected community members to respond in an emergency (e.g., age, mobility, economic status, communication access) including the communities located within the dam's secondary security zone as defined by Brazilian legislation.

The assessment of agency and vulnerability of communities in the secondary security zone will be reevaluated during the surveillance audit.

- 2.5.1.2. The operating company shall:
- a. Conduct an exercise to test the plan, with key participants describing how they would



This requirement was assessed for the IRMA Initial audit and subsequently reassessed for the IRMA CAP Verification. The

respond to a variety of different emergency scenarios, at least every 12 to 24 months; and

b. Update the communications contacts of the emergency response plan at least annually.

initial audit findings are described first, followed by the CAP assessment. The rating reflects the new CAP assessment.

Initial Audit Findings:

The mine has two dams (the upstream Alemães Tailings Dam, recently decommissioned, and the UTM II Sedimentation Ponds) and two waste piles (the waste rock storage facility Vigia Unificada and the dry stack tailings facility Vigia); each one has its own emergency response plan.

a. The company conducts periodic exposure exercises every 6 months for the four emergency response plans at once (evidence of exercises conducted in November 2021 and July 2022). Workers and contractors attend these exercises. Potentially affected communities, who are key participants, do not attend these exercises.

b. The communications contacts of the emergency response plan for the tailings dam are updated at least annually, following a federal legal requirement. The evidence, a Conformity and Operability assessment for the two dams (both documents issued December 2022), indicates that the document was revised and updated in December 2022.

The evidence, as well as interviews with a sample of stakeholders, does not indicate that key participants, including community members who live in the self-rescue zone and secondary security zone areas of the dams, participated in the past two exposure exercises.

CAP Findings:

The updated evidence reviewed includes the company site-wide Emergency Response Plan (August 2024), Emergency Action Plan for the Alemães Tailings Dam (June 2024) and the UTM II Sedimentation Ponds (June 2024), as well as participatory workshops with stakeholders (February and May 2024) and Drill Exercises (May 2024), alongside interviews with stakeholders, workers, contractors, response coordinators,

company managers, emergency response personnel, and civil defense teams. The evidence indicates that the company:

a. has implemented a program to test its emergency response plan with key participants under a variety of different emergency scenarios and exercises covering various areas of the mine every six (6) months with stakeholders, including those potentially-affected located downstream of a potential failure of the Alemães Tailings Dam (e.g., Drill Exercises, May 2024, Report on Participatory Workshops, February and March 2024); and:

b. has a process to update its communication contacts at least annually.

The evidence does not include an assessment of the exercise's effectiveness, or the details to confirm emergency response testing:

a. considers the agency of all potentially affected community members under the most recent TSF models (Tailings Dam Breach Analysis April 2021), including vulnerable groups, under a worst-case tailings dam failure scenario.

The agency and inclusion of all communities within the area of a worst-case tailings dam failure scenario exercise, relative to an updated version of its Emergency Response Plan (if required), will be reevaluated during the surveillance audit.

2.5.2.1. **Critical.** The emergency response plan shall be developed in consultation with potentially affected communities and workers and/or workers' representatives, and the operating company shall incorporate their input into the emergency response plan, and include their participation in emergency response planning exercises.



This requirement was assessed for the IRMA Initial audit and subsequently reassessed for the IRMA CAP Verification. The initial audit findings are described first, followed by the CAP assessment. The rating reflects the new CAP assessment.

Initial Audit Findings:

The company is legally required to maintain two Emergency Action Plans, one for the Alemães Tailings Dam (February 2022) and another for the UTM II Sedimentation Ponds (March 2022). The documents were developed by a competent third-

party company. The drafts of these emergency action plans were presented to society via (1) the Civil Defense (Municipal and State); (2) the City Halls of municipalities located in the self-rescue zone and secondary security zone; and (3) through an orientation seminar cycle held in 2022 with the participation of some members of potentially affected communities and other interested parties. The inputs given by these stakeholders were incorporated into the Emergency Action Plans, following the guidelines given by the Brazilian Mining Agency (Resolution n. 95/2022 Art. 48) which requires the company to conduct this type of consultation with potentially affected populations. The evidence, Emergency Plan Compliance and Operability Report (August 2022), indicates that Gerdau conducts periodic exposure exercises every 6 months (evidence of exercises conducted in November 2021 and July 2022). The evidence, an Emergency drill evaluation report (July 2023), indicates that the company, in partnership with other mining companies in the region, conducted a practical exposure exercise with the member of one community located in the self-rescue zone of the UTM II Sedimentation Ponds. Seventy people directly associated with Gerdau's dam participated in the training. Interviews with a sample of emergency response workers, and contractors who perform their jobs near the tailings dam, indicates the company regularly trains and includes their participation in planning activities and exercises.

Based on a sample of interviews with stakeholders in affected communities, not all members are aware of the emergency action plan and/or how the company has taken their input into consideration.

The evidence does not include detail to confirm the participation of all affected communities' members in the development of emergency response planning and exercises/drills, and the participation of non-emergency




workers (including contractors), and/or their representatives in the development of emergency response plans.

CAP Findings:

After the IRMA Initial Audit, the company revised the Emergency Action Plans for the Alemães Tailings Dam (June 2024) and the UTM II Sedimentation Ponds (June 2024). The drafts of these emergency action plans were presented to society via the Civil Defense (Report Workshop, August 2024), and through orientation seminars held with the participation of some members of potentially affected communities located in the self-rescue zone and secondary security zone (Report Participatory Workshops, February and March 2024). The inputs given by these stakeholders were incorporated into the Emergency Action Plans during the last revision, as indicated by the Emergency Drill Evaluation Report (June 2024) and the two Emergency Action Plans (June 2024). The evidence, drills exercises (May 2024), indicates that the company conducts periodic emergency response planning exercises with potentially affected workers and communities which cover the entire mine concession, including communities and populations along transportation routes.

Interviews with a sample of community members and workers, including contractors who perform their jobs near the Alemães Tailings Dam and the UTM II Sedimentation Ponds, indicate the company has consulted stakeholders and included the participation of affected communities' members and non-emergency workers (including contractors), as well as their representatives, in the update of the emergency response plans and planning exercises. Interviewees who work or live in the potentially affected areas reported that the emergency sirens are tested monthly, and they are informed in advance that a training exercise is taking place.

While the company has consulted with some of the potentially affected communities and incorporated their input into the Emergency Action Plans, there is insufficient evidence

		<p>to confirm that emergency response plans and drills are effectively tailored to the needs of at-risk individuals in the downstream communities (see 2.5.1.1).</p>
<p>2.5.3.1. All operations related to the mining project shall be covered by a public liability accident insurance policy that provides financial insurance for unplanned accidental events.</p>		<p>The evidence, Insurance Statement from Chubb Seguros Brasil SA Insurance Company (February 7, 2022, valid to February 01, 2024), indicates that operations related to the mining project are covered by a public liability accident insurance policy that covers unplanned accidental events related to Gerdau's operations for some but not all mining project operations. The insurance policy includes a specific clause that excludes coverage for certain risks, such as those associated with dams, reservoirs, locks, and dikes.</p> <p>The evidence does not include a public liability accident insurance policy that provides financial insurance for unplanned accidental events related to dams, reservoirs, locks and dikes.</p>
<p>2.5.3.2. The public liability accident insurance shall cover unplanned accidental events such as flood damage, landslides, subsidence, mine waste facility failures, major spills of process solutions, leaking tanks, or others.</p>		<p>The company presented a public liability accident insurance policy (Insurance Statement from Chubb Seguros Brasil SA Insurance Company (February 7, 2022, valid to February 01, 2024).</p> <p>The evidence indicates that the insurance policy does not cover unplanned accidental events that have not been ceased within 72 hours of their initiation, including those triggered by force of nature, such as flood damage, landslides, subsidence, mine waste facility failures, major spills of process solutions, leaking tanks, or others.</p>
<p>2.5.3.3. The accident insurance coverage shall remain in force for as long as the operating company, or any successor, has legal responsibility for the property.</p>		<p>The evidence, a public liability accident insurance coverage (Insurance Statement from Chubb Seguros Brasil SA Insurance Company, February 7, 2022 valid to February 01, 2024), on page 7, has a clause stating that the policy would remain in force after there is a change in the ownership of the</p>

mining project/property, as long as it stays as property of the same economic group.

Chapter 2.6—Planning and Financing Reclamation and Closure

Basis for rating

2.6.1.1. The operating company shall guarantee that the cost of implementing reclamation for exploration activities related to the mining development will be met by the company.



The evidence, Conceptual Mine Closure Plan for Miguel Burnier (June 2022) and confirmation of its submittal to the mining national agency (ANM, November 2022), guidelines for mine closure (ANM Resolution Nr. 68, 2021) and Gerdau's financial statement for third quarter (2022), indicates the company's intent to cover costs of reclamation. The company's management team interviews indicate reclamation for exploration is included within the conceptual mine plan scope.

The evidence does not include a formal guarantee that the cost of implementing reclamation for exploration activities related to the mining development will be met by the company.

2.6.1.2. The operating company shall implement exploration-related reclamation in a timely manner.



The evidence, Conceptual Mine Closure Plan for Miguel Burnier (June 2022) and interviews with contractors involved with exploration activities (i.e., drilling and testing), suggest exploration-related reclamation is completed in a timely manner as directed by the company management team (i.e., geologist).

At the time of the site visit, all exploration activities were observed within the area of extraction (not requiring reclamation).

<p>2.6.1.3. Any stakeholder complaints of incomplete or inadequate exploration reclamation, if not resolved by other means, shall be discussed and resolved through the operational-level grievance mechanism (see IRMA Chapter 1.4).</p>		<p>The evidence, Conceptual Mine Closure Plan for Miguel Burnier (June 2022), confirmation by the National mining agency that the mine closure plan was received (November 2022), guidelines for mine closure (ANM Resolution Nr. 68, 2021), the company's grievance log (2022 to July 2023), and interviews (stakeholders, workers and the site's management team), indicate the absence of complaints related to incomplete exploration reclamation at the time of the site visit.</p>
<p>2.6.2.1 Critical. Prior to the commencement of mine construction activities the operating company shall prepare a reclamation and closure plan that is compatible with protection of human health and the environment, and demonstrates how affected areas will be returned to a stable landscape with an agreed post-mining end use.</p>		<p>Miguel Burnier is an existing mine with a planned expansion in progress. The evidence, Conceptual Mine Closure Plan for Miguel Burnier (June 2022), indicates the company has a reclamation and closure plan that is compatible with protection of human health and the environment and describes how affected areas will be returned to a stable landscape and post-mining end use agreed upon by the regulatory agency.</p>
<p>2.6.2.2 At a minimum, the reclamation and closure plan shall contain:</p> <ul style="list-style-type: none"> a. A general statement of purpose; b. Site location and background Information; c. A description of the entire facility, including individual site features; d. The role of the community in reviewing the reclamation and closure plan; e. Agreed-upon (after-ESIA) post-mining land use and facility use; f. Source and pathway characterization including geochemistry and hydrology to 		<p>The evidence, Conceptual Mine Closure Plan for Miguel Burnier (June 2022), indicates the following items of this requirement are met:</p> <ul style="list-style-type: none"> a. Chapter 9 presents the principles and objectives for reclamation and closure. b) Chapter 5.1 presents the site location and chapters 6.0 and 7.0 present the environmental and socioeconomic background. c. Chapter 5 presents the description of the entire facility. e. Chapter 10 presents the potential alternatives considered to define post-mining land use and facility use. f. Chapter 5.7 indicates that the material at the tailings dam is inert.

- identify the potential discharge of pollutants during closure;
- g. Source mitigation program to prevent the degradation of water resources;
- h. Interim operations and maintenance, including process water management, water treatment, and mine site and waste site geotechnical stabilization;
- i. Plans for concurrent or progressive reclamation and revegetation, which should be employed wherever practicable;
- j. Earthwork:
 - i. Stabilization and final topography of the reclaimed mine lands;
 - ii. Storm water runoff/run-on management;
 - iii. Topsoil salvage to the maximum extent practicable;
 - iv. Topsoil storage in a manner that preserves its capability to support plant regeneration;
- k. Revegetation/Ecological Restoration:
 - Plant material selection, prioritizing native species as appropriate for the agreed post-mine land use;
 - i. Quantitative revegetation standards with clear measures to be implemented if these standards are not met within a specified time;

- g. Chapter 12.2 presents the engineering measures needed to prevent the degradations of water resources.
 - h. Chapter 14.2 presents the monitoring and maintenance activities that are going to be needed based on the monitoring results.
 - j. Chapter 12.2.6 presents the earthwork concept. 12.2.7 and annex B present the storm water management (iii) and 12.2.3 presents the geotechnical considerations for stabilization (iv).
 - k. Chapter 12.2.8 presents the revegetation concept and Annex D includes a timetable for the implementation of revegetation actions.
 - l. Chapter 12.2 presents the management for hazardous materials including disposal.
 - m. Chapter 12.2 presents the activities related to facility demolition and disposal.
 - n. Chapter 14 presents the long-term maintenance activities.
 - o. Chapter 14.2 presents the post-closure monitoring plan.
 - q. Chapter 15.0 and Annex D presents a schedule for all activities presented in the plan.
- The mine reclamation and closure plan does not include:
- d. role of community in reviewing the plan,
 - f. source and pathway characterization, including geochemistry and hydrology of waste piles (see also findings in 4.1 and 4.2)
 - g. source mitigation to prevent degradation of water resources (see also findings in 4.2),
 - i. plans for progressive reclamation and revegetation (see also findings in 4.6), (j) topsoil salvage and storage (ii, iii),
 - k. revegetation and restoration (ii, iii, and iv), and

- ii. A defined period, no longer than 10 years, when planned revegetation tasks shall be completed;
- iii. Measures for control of noxious weeds;
- iv. Planned activities to restore natural habitats (as well as biodiversity, ecosystem services and other conservation values as per Chapter 4.6);
- l. Hazardous materials disposal;
- m. Facility demolition and disposal, if not used for other purposes;
- n. Long-term maintenance;
- o. Post-closure monitoring plan;
- p. The role of the community in long-term monitoring and maintenance (if any); and
- q. A schedule for all activities indicated in the plan.

p. the role of community in long-term monitoring and maintenance if any.

2.6.2.3. The reclamation and closure plan shall include a detailed determination of the estimated costs of reclamation and closure, and post-closure, based on the assumption that reclamation and closure will be completed by a third party, using costs associated with the reclamation and closure plan as implemented by a regulatory agency. These costs shall include, at minimum:

- a. Mobilization/demobilization;
- b. Engineering redesign, procurement, and construction management;

The reclamation and closure plan includes a detailed determination of the estimated costs of reclamation and closure, and post-closure, based on the assumption that reclamation and closure will be completed by a third-party using costs associated with the reclamation and closure plan as implemented by a regulatory agency. The information is presented in the closure plan (2022).

Chapter 15 of the plan covers the following items:




- a. Annex D-page 1/22, line 2.1.5 mobilization and demobilization costs.

- c. Earthwork;
- d. Revegetation/Ecological Restoration;
- e. Disposal of hazardous materials;
- f. Facility demolition and disposal;
- g. Holding costs that would be incurred by the regulatory agency following a bankruptcy in the first two years before actual reclamation begins, including:
 - i. Interim process water and site management; and
 - ii. Short-term water treatment;
- h. Post-closure costs for:
 - i. Long-term water treatment; and
 - ii. Long-term monitoring and maintenance;
- i. Indirect Costs:
 - i. Mobilization/demobilization;
 - ii. Engineering redesign, procurement and construction management;
 - iii. Contractor overhead and profit;
 - iv. Agency administration;
 - v. Contingency; and
- j. Either:
 - i. A multi-year inflation increase in the financial surety; or
 - ii. An annual review and update of the financial surety.

b. Annex D-page 1/22, Sections 1 and 2.1 costs required as well as the costs related to the items c., d., e., f., h, and i. except for v.

The evidence does not include:

- g. holding costs that would be incurred by the regulatory agency following a bankruptcy in the first two years before actual reclamation begins,
- i. indirect costs, i-v, and
- j. a multi-year inflation increase in the financial surety or an annual review and update of financial surety.

<p>2.6.2.4 The operating company shall review and update the reclamation and closure plan and/or financial assurance when there is a significant change to the mine plan, but at least every 5 years, and at the request of stakeholders provide them with an interim reclamation progress report.</p>		<p>The evidence, Conceptual Mine Closure Plan for Miguel Burnier (June 2022), indicates in Chapter 2.3 that the company has an intent to update its reclamation and closure plan every time there is a major change at the mine. Additional updates were not available for review at the time of the audit.</p> <p>The evidence does not include details to confirm that the closure plan is updated at least every 5 years.</p>
<p>2.6.2.5 If not otherwise provided for through a regulatory process, prior to the commencement of the construction of the mine and prior to completing the final reclamation plan the operating company shall provide stakeholders with at least 60 days to comment on the reclamation plan. Additionally:</p> <p>a. If necessary, the operating company shall provide resources for capacity building and training to enable meaningful stakeholder engagement; and</p> <p>b. Prior to completing the final reclamation plan, the operating company shall provide affected communities and interested stakeholders with the opportunity to propose independent experts to provide input to the operating company on the design and implementation of the plan and on the adequacy of the completion of reclamation activities prior to release of part or all of the financial surety.</p>		<p>The evidence, Conceptual Mine Closure Plan for Miguel Burnier (June 2022), confirmation that the mine closure plan was received by the mining regulatory agency (November 2022), and guidelines for mine closure (ANM Resolution No. 68, 2021), do not provide information on the availability of the mine reclamation plan to stakeholders to provide comment for 60 days including,</p> <p>a. measures for capacity building and training, or</p> <p>b. the opportunity for input through independent review.</p>
<p>2.6.2.6 Critical. The most recent version of the reclamation and mine closure plan, including the results of all reclamation and closure plan</p>		<p>The most recent version of the Conceptual Mine Closure Plan for Miguel Burnier (October 2023) is publicly available at the company website (link:</p>

updates, shall be publicly available or available to stakeholders upon request.	https://www2.gerdau.com.br/certificados-de-qualidade-e-documentos/ .
2.6.3.1. Open pits shall be partially or completely backfilled if:a. A pit lake is predicted to exceed the water quality criteria in IRMA Chapter 4.2; and b. The company and key stakeholders have agreed that backfilling would have socioeconomic and environmental benefits; andc. It is economically viable.	The evidence, Conceptual Mine Closure Plan for Miguel Burnier (June 2022), indicates that a pit lake could be considered as part of the closure plan. A final decision for restoration as a pit lake has not been made by the company. At the time of the site visit, auditors did not observe any pit lakes.
2.6.3.2. Underground mines shall be backfilled if: a. Subsidence is predicted on lands not owned by the mining company; and b. If the mining method allows.	Not relevant. At the time of the audit, the company did not operate underground (only open pit mines).
2.6.4.1. Critical. Financial surety instruments shall be in place for mine closure and post-closure.	Not scored. The IRMA guidance states to not score requirements 2.6.4.1, 2.6.4.2, and 2.6.4.3 in countries without a state-hosted financial surety. Although early legislation related to reclamation, closure, and related financial surety is in place for this region, there is not yet a formal mechanism for financial surety.
2.6.4.2. Financial surety instruments shall be: a. Independently guaranteed, reliable, and readily liquid; b. Reviewed by third-party analysts, using accepted accounting methods, at least every five years or when there is a significant change to the mine plan;	Not scored. The IRMA guidance states to not score requirements 2.6.4.1, 2.6.4.2, and 2.6.4.3 in countries without a state-hosted financial surety. Although early legislation related to reclamation, closure, and related financial surety is in place for this region, there is not yet a formal mechanism for financial surety.

<p>c. In place before ground disturbance begins; and</p> <p>d. Sufficient to cover the reclamation and closure expenses for the period until the next financial surety review is completed.</p>		
<p>2.6.4.3 Self-bonding or corporate guarantees shall not be used.</p>	<p>—</p>	<p>Not scored. The IRMA guidance states to not score requirements 2.6.4.1, 2.6.4.2, and 2.6.4.3 in countries without a state-hosted financial surety. Although early legislation related to reclamation, closure, and related financial surety is in place for this region, there is not yet a formal mechanism for financial surety.</p>
<p>2.6.4.4 The results of all approved financial surety reviews, with the exception of confidential business information, shall be made available to stakeholders upon request.</p>	<p>⊗</p>	<p>Since the financial surety instrument is not in place as reviewed in 2.6.4.1, there is no evidence indicating that all approved financial surety reviews are made available to stakeholders upon request.</p>
<p>2.6.4.5 Prior to the commencement of the construction of the mine, prior to any renewal of the financial surety, and prior to final release of the financial surety the operating company shall provide the public with at least 60 days to comment on the adequacy of the financial surety. Additionally:</p> <p>a. Where the company deems certain financial surety information to be confidential business information it shall make the data available to the IRMA auditor and satisfy the auditor that the grounds for confidentiality are reasonable. If certain information is not included for confidential reasons, the fact that</p>	<p>⊗</p>	<p>Since the financial surety instrument is not in place as reviewed in 2.6.4.1, there is no evidence indicating that the public has at least 60 days to comment on the adequacy of the financial surety as indicated in a. to c.</p>

the information has been withheld shall be disclosed along with the financial surety.

b. If necessary, the operating company shall provide resources for capacity building and training to enable meaningful stakeholder engagement; and

c. Prior to the beginning of closure reclamation activities the operating company shall provide affected communities and interested stakeholders with the opportunity to propose independent experts to review the financial surety.

2.6.4.6 The terms of the financial surety shall guarantee that the surety is not released until:

a. Revegetation/ecological restoration and reclamation of mine and waste sites and have been shown to be effective and stable; and

b. Public comment has been taken before partial or final surety release.



Since the financial surety instrument is not in place as reviewed in 2.6.4.1, there is no evidence indicating that the financial surety is not released until:

a. Revegetation/ecological restoration and reclamation of mine and waste sites and have been shown to be effective and stable; and

b. Public comment has been taken before partial or final surety release.

2.6.5.1. Monitoring of closed mine facilities for geotechnical stability and routine maintenance is required in post-closure. The reclamation and closure plan shall include specifications for the post-closure monitoring and maintenance of all mine facilities, including, but not limited to:

a. Inspection of surface (open pits) and underground mine workings;



The evidence, Conceptual Mine Closure Plan for Miguel Burnier (June 2022), includes the following post-closure monitoring and maintenance requirements:

a. Inspection of surface (open pits) and underground mine workings (p. 39 and 244);

b. Inspection and maintenance of mine waste facilities including effectiveness of cover and any seepage capture systems (p. 272); and

		<p>b. Inspection and maintenance of mine waste facilities including effectiveness of cover and any seepage capture systems; and</p> <p>c. Mechanisms for contingency and response planning and implementation.</p>
<p>2.6.5.2 Monitoring locations for surface and groundwater shall be sufficient to detect off-site contamination from all closed mine facilities, as well as at the points of compliance.</p>		<p>The evidence, Conceptual Mine Closure Plan for Miguel Burnier (2022, Chapter 14, Figure 41), shows the locations of monitoring stations for surface water to sufficiently detect off-site contamination from closed mine facilities as well as at the points of compliance.</p> <p>The evidence does not include monitoring of groundwater quality.</p>
<p>2.6.5.3. Water quality monitoring locations shall be sampled until IRMA Water Quality Criteria have been met for at least 5 years, with a minimum of 25 years of post-closure data. The 25-year minimum may be waived if ongoing water quality monitoring demonstrates and modeling predicts that no contamination of surface or ground waters is occurring or will occur, respectively.</p>		<p>The evidence, Conceptual Mine Closure Plan for Miguel Burnier (2022), in Chapter 14.2.1.3, describes the company's plan to monitor surface water following the parameters and the water quality criteria established by the local agency (Resolutions by CONAMA No. 357/2005 and 420/2009).</p> <p>The evidence does not include monitoring until IRMA Water Quality Criteria has been met for at least 5 years, with a minimum of 25 years of post-closure data.</p>
<p>2.6.5.4 . Biologic monitoring shall be included in post-closure monitoring if required to ensure there is no ongoing post-closure damage to aquatic and terrestrial resources.</p>		<p>The evidence, Conceptual Mine Closure Plan for Miguel Burnier (June 2022), in Chapter 14.2.2.4, includes post-closure biologic monitoring of aquatic and terrestrial resources and organisms as well as monitoring methodology after closure.</p>
<p>2.6.5.5. If a pit lake is present, pit lake water quality shall be monitored, and if potentially harmful to people, wildlife, livestock, birds, or</p>		<p>Not relevant. No pit lakes were observed at the time of the onsite audit.</p>

agricultural uses, adequate measures shall be taken to protect these organisms.

Note: The Conceptual Mine Closure Plan for Miguel Burnier (June 2022, Chapter 10.1), indicates that a pit lake may be evaluated at Miguel Burnier, but a decision has not been made.

- 2.6.6.1. Long-term water treatment shall not take place unless:
- a. All practicable efforts to implement best practice water and waste management methods to avoid long-term treatment have been made; and
 - b. The operating company funds an engineering and risk assessment that:
 - i. Is carried out by an independent third-party;
 - ii. Evaluates the environmental and financial advantages/disadvantages and risks of long-term water treatment versus other mitigation methods;
 - iii. Incorporates data on the failure rates of the proposed mitigation measures and water treatment mechanisms;
 - iv. Determines that the contaminated water to be treated perpetually poses no significant risk to human health or to the livelihoods of communities if the discharge were to go untreated; and
 - v. Includes consultations with stakeholders and their technical representatives during the design of the study, and discussion of findings with affected communities prior to mine construction or expansion.






Not relevant. The evidence, including the Conceptual Mine Closure Plan for Miguel Burnier (June 2022), does not indicate that long-term water treatment is necessary.


<p>2.6.6.2 .</p> <p>If a decision is made to proceed with long-term water treatment, the operating company shall take all practicable efforts to minimize the volume of water to be treated.</p>	<p>—</p>	<p>Not relevant. The evidence, including the Conceptual Mine Closure Plan for Miguel Burnier (June 2022), does not indicate that long-term water treatment is necessary.</p>
<p>2.6.7.1.</p> <p>The operating company shall provide sufficient financial surety for all long-term activities, including: mine closure and post-closure site monitoring, maintenance, and water treatment operations. Financial assurance shall guarantee that funds will be available, irrespective of the operating company's finances at the time of mine closure or bankruptcy.</p>	<p>⊗</p>	<p>Does not meet.</p>
<p>2.6.7.2 .</p> <p>If long-term water treatment is required post-closure:</p> <p>a. The water treatment cost component of the post-closure financial surety shall be calculated conservatively, and cost calculations based on treatment technology proven to be effective under similar climatic conditions and at a similar scale as the proposed operation; and</p> <p>b. When mine construction commences, or whenever the commitment for long-term water treatment is initiated, sufficient funding shall be established in full for long-term water treatment and for conducting post-closure monitoring and maintenance for as long as IRMA Water Quality Criteria are predicted to be exceeded.</p>	<p>—</p>	<p>Not relevant. The evidence, including the Conceptual Mine Closure Plan for Miguel Burnier (June 2022), does not indicate that long-term water treatment is necessary.</p>

<p>2.6.7.3 . The post-closure financial surety shall be recalculated and reviewed by an independent analyst at the same time as the reclamation financial surety.</p>		<p>Since the financial surety instrument is not in place as reviewed in 2.6.4.1, there is no evidence indicating that the post-closure financial surety is recalculated and reviewed by an independent analyst at the same time as the reclamation financial surety.</p>
<p>2.6.7.4 . Long-term Net Present Value (NPV) calculations utilized to estimate the value of any financial surety shall use conservative assumptions, including:</p> <p>a. A real interest rate of 3% or less; unless the entity holding the financial surety can document that a higher long-term real interest rate can be achieved; and</p> <p>b. NPV calculation will be carried out until the difference in the NPV between the last two years in the calculations is US \$10.00 or less (or its equivalent in other currencies).</p>		<p>Since the financial surety instrument is not in place as reviewed in 2.6.4.1, there is no evidence indicating that long-term net present value calculations include conservative assumptions as in a. and b.</p>



Principle 3: Social Responsibility

RATING LEGEND
Description of performance

	Fully meets
	Substantially meets
	Partially meets
	Does not meet
	Not relevant

Chapter 3.1—Fair Labor and Terms of Work	Basis for rating
<p>3.1.1.1. The operating company shall adopt and implement human resources policies and procedures applicable to the mining project that set out its approach to managing workers in a manner that is consistent with the requirements of this chapter and national (i.e., host country) law.</p>	<p> The company has a comprehensive Human Rights Policy (December 2022) and a procedure (Corporate guideline on consequence management, 2021) aligned to national laws. These documents establish guidelines and rules for adopting formal mechanisms of Consequence Management, ensuring uniformity and transparency in decision-making processes related to the recognition, correction, and punishment of behaviors. It aims to align with Gerdau Principles, improve efficiency, and implement disciplinary sanctions outlined in the Corporate Guideline on Disciplinary Sanctions (July 2021).</p> <p>On-site interviews indicate employees and labor unions acknowledge the policy and procedures. The policy is posted on the organization's website.</p>

<p>3.1.2.1. Critical. The operating company shall respect the rights of workers to freedom of association and collective bargaining.</p>	<p>The evidence, Human Rights Policy (December 2022) and the Collective Bargaining Agreement for 2022-2023 (July 2022), indicates Gerdau respects the rights of workers to associate and collectively bargain freely, without interference or victimization. The company is fully compliant regarding employees who are affiliated with the union and have monthly union membership fee deductions from their payroll. Additionally, there are two employees currently serving as union-elected leaders. The company has a negotiated and approved Collective Bargaining Agreement in effect, and the right to free association is explicitly protected in its Code of Ethics (May 2020).</p> <p>On-site interviews confirmed employees, and the elected union president participate in an applicable union including the Sindicato Metabase dos Inconfidentes. The company's supplier manual (Gerdau Suppliers Manual, no date) indicates that contractors are required to follow the company's Code of Conduct, which includes freedom of association.</p>
<p>3.1.2.2. Where national law substantially restricts workers' organizations, the operating company shall not restrict workers from developing alternative mechanisms to express their grievances and protect their rights regarding working conditions and terms of employment. The operating company shall not seek to influence or control these mechanisms.</p>	<p>Not relevant. The company is in a country (Brazil), where workers enjoy the freedom to form workers' organizations without any restrictions. According to federal legislation, the rights to workers' freedom of association and collective bargaining are fully permitted and protected.</p>
<p>3.1.2.3. The operating company shall engage with workers' representatives and workers' organizations and provide them with information needed for meaningful negotiation in a timely manner.</p>	<p>The evidence, Gerdau Communication 2021 – Union Registration (September 2021), Union Election Letter (no date) and Request for Release of Union Officers (May 2022), indicates the company provides the needed resources and</p>

		<p>conditions for workers to engage in association, including allowing representatives to participate in related meetings.</p> <p>The absence of complaints or grievances in the grievance log, as well as during the interviews held with workers and labor unions (Manifestations Gerdau 2022-2023) related to the company's provision of information and timing thereof, indicates that the company provides the worker's representatives and organizations with the necessary information in a timely manner.</p>
<p>3.1.2.4. Workers' representatives shall have access to facilities needed to carry out their functions in the workplace. This includes access to designated non-work areas during organizing efforts for the purposes of communicating with workers, as well as accommodations for workers' representatives at fly-in/fly-out or other remotely located mine sites, where relevant.</p>		<p>The evidence, bargaining agreements between the organization and the labor union do not specify access to or use of facilities needed for labor unions to carry out their functions. However, on-site interviews confirmed that workers' representatives have access to designated non-work areas during organizing efforts to communicate with workers. The agreements also do not specify conditions for accommodations for workers' representatives at mine entry and exit sites or other remote locations, as needed.</p> <p>On-site interviews with workers' representatives indicate they have no concerns regarding the access provided by the company.</p>
<p>3.1.2.5. The operating company shall remain neutral in any legitimate unionizing or worker-organizing effort; shall not produce or distribute material meant to disparage legitimate trade unions; shall not establish or support a company union for the purpose of undermining legitimate worker representation; and shall not impose sanctions on workers' organizations participating in a legal strike.</p>		<p>The evidence, the Code of Ethics and Conduct (May 2020), Gerdau Communication 2021 – Union Registration (September 2021), the Collective Bargaining Agreement for 2022-2023 (July 2022), and an union pamphlet (no date), indicates that the company maintains a neutral stance in legitimate unionizing and worker-organizing efforts. It refrains from producing or distributing any material that disparages trade unions, does not interfere with the operation of unions or worker organizations, and imposes no sanctions on worker organizations participating in a legal strike. The company supports elected union leaders by granting them the freedom</p>

needed to perform union activities, such as distributing communication materials. The Code of Ethics explicitly acknowledges the right to free association, and interviews with workers and union representatives confirmed that the organization informs employees about unions during induction and does not restrict access to or membership in unions. Additionally, the company's supplier manual (Gerdau Suppliers Manual, undated) requires contractors to adhere to the company's Code of Conduct, which includes respecting freedom of association.

3.1.2.6. Upon employment, the operating company shall:
a. Inform workers of their rights under national labor and employment law;
b. Inform workers that they are free to join a workers' organization of their choosing without any negative consequences or retaliation from the operating company;
c. If relevant, inform workers of their rights under any applicable collective agreement; and
d. If relevant, provide workers with a copy of the collective bargaining agreement and the contact information for the appropriate trade union (or workers' organization) representative.

The evidence, Working Contract Template (no date), indicates the company provides the following information at the time of hiring:

a. Informing workers of their rights under national labor and employment law.

b. Informing workers that they are free to join a workers' organization of their choosing without facing any negative consequences or retaliation from the company.

c. Informing workers of their rights under any applicable collective agreement. d. The evidence, a copy of an e-mail sent to all employees (November 25, 2022), indicates that the company provides an electronic copy of the collective bargaining agreement to all workers.

While the evidence does not indicate that the company provides workers with the contact information for the appropriate trade union, all workers interviewed indicated that the company empowered their choice and information provided was sufficient for them to make an informed decision as to join the union. The company's supplier manual (Gerdau Suppliers Manual, no date) indicates that contractors are required to follow the company's Code of Conduct, which includes freedom of association.


3.1.2.7. The operating company shall not discriminate or retaliate against workers who participate, or seek to participate, in legitimate workers' organizations or in a legal strike.

The evidence, including the company's Code of Ethics and Conduct (May 2020), the Collective Bargaining Agreement for 2022-2023 (July 2022), and interviews with workers, worker representatives, and human resources managers indicate that the company does not discriminate or retaliate against workers who participate or seek to participate in a legitimate worker organization or legal strike.

The evidence, Code of Ethics and Conduct (May 2020), indicates the company has corporate guidelines on the prevention of retaliation and the disciplinary sanctions against harassment to maintain a work environment free of intimidation and hostility. The company's supplier manual (Gerdau Suppliers Manual, Annex 3, no date) includes a blank contract form (Terms of Responsibility and Commitment), indicates that contractors are required to read, accept, and adhere to all principles outlined in the company's Code of Conduct, which indicates that the same guidelines on the prevention of retaliation and the disciplinary sanctions against harassment to maintain a work environment free of intimidation and hostility apply to contractors. The evidence also includes a sample of a third-party contract (April 2022) indicating that the contractor is required to adhere to all company policies and guidelines.

3.1.2.8. Where the operating company is a party to a collective bargaining agreement with a workers' organization, the terms of the agreement shall be respected. Where such an agreement does not exist, or an agreement does not address specific requirements in this chapter, the operating company shall meet the relevant IRMA requirements.

The evidence, the Collective Bargaining Agreement for 2022-2023 (July 2022), indicates that the company is a party to a collective bargaining agreement with its workers, respects the terms, and made a commitment to fully implement them. The collective agreement signed by the company representatives is a consensual agreement in which the company and the union declare that mutual respect, understanding, collaboration, and good faith constitute the basis of their relationships and the factors that will facilitate mutual consent.

<p>3.1.2.9. The operating company shall not make use of short-term contracts or other measures to undermine a collective bargaining agreement or worker organizing effort, or to avoid or reduce obligations to workers under applicable labor and social security laws and regulations.</p>		<p>The evidence, the Collective Bargaining Agreement for 2022-2023 (July 2022), and an employment contract (no date), as well as interviews with workers and the union representative, indicate the company does not make use of short-term contracts or other measures to undermine a collective bargaining agreement, worker organizing effort, or to avoid or reduce worker obligations.</p>
<p>3.1.2.10 The operating company shall not hire replacement workers in order to prevent, undermine or break up a legal strike, support a lockout, or avoid negotiating in good faith. The company may, however, hire replacement workers to ensure that critical maintenance, health and safety, and environmental control measures are maintained during a legal strike.</p>		<p>The evidence indicates that the company operates according to the Collective Bargaining Agreement for 2022-2023 (July 2022) and respects the agreements. Interviews with workers and the union representative indicate that the company does not hire replacement workers in order to prevent, undermine, or break up a legal strike, support a lockout, or avoid negotiating in good faith.</p>
<p>3.1.3.1. The operating company shall base employment relationships on the principles of equal opportunity and fair treatment, and shall not discriminate or make employment decisions on the basis of personal characteristics unrelated to inherent job requirements.</p>		<p>The evidence, Corporate Recruitment and Selection Guideline (2022), Human Rights Policy (2022), Diversity and Inclusion Policy (2022), and Code of Ethics and Conduct (2020), indicates the company employs workers based on principles of equal opportunity and fair treatment and does not discriminate against workers based on personal characteristics unrelated to inherent job requirements.</p> <p>On-site interviews indicate that the company posts job openings and promotes employees without discrimination.</p>
<p>3.1.3.2 Exceptions to 3.1.3.1 may be made with respect to hiring and recruitment in the case of: a. Targets or quotas mandated by law; b. Targets developed through local agreements for the employment of local residents, indigenous peoples, or individuals who have been historically disadvantaged; or</p>		<p>Not relevant. The evidence provided for 3.1.3.1 indicated that the company bases employment relationships on the principles of equal opportunity and fair treatment.</p>

c. Operating company targets for the employment of local residents, indigenous peoples, or individuals who have been historically disadvantaged that are expressed in publicly accessible policies with explicit goals and justification for such targets.

<p>3.1.3.3. Critical. The operating company shall take measures to prevent and address harassment, intimidation, and/or exploitation, especially in regard to female workers.</p>	<p>The company takes measures to prevent and address harassment, intimidation, and/or exploitation, as indicated in the evidence, Diversity and Inclusion Policy (2022) and Code of Ethics and Conduct (2020). The company also provided records of Diversity and Inclusion annual training records from 2021 and 2022 (Ethics and Compliance - training) and a procedure to report incidents, indicating the company has taken prevention measures. The grievance log (Manifestations Gerdau 2022-2023) indicates that no complaints related to harassment, intimidation or exploitation were filed during 2022 and 2023. Interviews with a sample of employees and contractors, including female workers, indicate that they are aware of the sexual harassment and discrimination policies, and related procedures, including those to file a complaint. Interviewees are also aware that a procedure, Incident Handling Ethics Channel (no date), for follow-up investigations of incidents is in place. All female workers (employees and contractors) interviewed indicated that harassment has not been an issue on the job site</p>
<p>3.1.4.1. Prior to implementing any collective dismissals, the operating company shall carry out an analysis of alternatives to retrenchment. If the analysis does not identify viable alternatives to retrenchment, a retrenchment plan shall be developed in consultation with workers, their organizations, and, where appropriate, the government. The</p>	<p>Not relevant. There are no records of past or current retrenchment of workers at the mining project.</p>

plan shall be based on the principle of non-discrimination, and be implemented to reduce the adverse impacts of retrenchment on workers.

3.1.4.2. The operating company shall ensure that all workers receive notice of dismissal and severance payments mandated by law and collective agreements in a timely manner. All outstanding back pay, social security benefits, and pension contributions and benefits shall be paid on or before termination of the working relationship, or in accordance with a timeline agreed through a collective agreement. Payments shall be made directly to workers, or to appropriate institutions for the benefit of workers. Where payments are made for the benefit of workers, they shall be provided with evidence of such payments.

The evidence indicates that the company issues notices of dismissal and severance payments mandated by law and collective agreements in a timely manner to affected workers. The evidence, examples of termination of employment contract (3 samples, no date), indicates that dismissed employees receive a Termination of Employment notification at least 30 days in advance, which aligns with applicable regulations, and includes required termination benefits, salary balances, proportional vacation, and deductions. The terminations are officially approved and documented through an agreement between the company and the former employee.

On-site interviews based on a sample of workers and union representatives indicate the company issues notices of dismissal and severance payments mandated by law and collective agreements in a timely manner.

3.1.5.1. **Critical.** The operating company shall provide a grievance mechanism for workers (and their organizations, where they exist) to raise workplace concerns. The mechanism, at minimum:




a. Shall involve an appropriate level of management and address concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned, without any retribution;

The evidence listed below indicates that the company has a grievance mechanism for workers and contractors to raise workplace concerns, which are aligned to corporate policies. The grievance mechanisms include: a dedicated hotline (0800 300 4488), an ethics reporting webpage that allows employees to report ethical violations at webpage <https://canalconfidencial.com.br/gerdau/>, a postal address for sending letters. The company's grievance mechanism systems align with a. to d. of this requirement:




a. the system is easy to use and indicates that a review of any questions or a response in the matter will be done in timely manner;

b. the system gives the complainant the option of submitting

<p>b. Shall allow for anonymous complaints to be raised and addressed;</p> <p>c. Shall allow workers' representatives to be present, if requested by the aggrieved worker; and</p> <p>d. Shall not impede access to other judicial or administrative remedies that might be available under the law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.</p>	<p>a complaint anonymously, - an employee webpage, and - a physical mailbox, where written grievances and complaints can be submitted anonymously,</p> <p>c. do not prohibit worker's representatives from being present, if requested, and</p> <p>d. do not impede access to other judicial or administrative remedies under the law or through existing arbitration procedures.</p> <p>On-site interviews based on a sample of workers and contractors indicated that they are aware of the grievance mechanisms, that it is transparent and works as intended.</p>
<p>3.1.5.2. The operating company shall inform the workers of the grievance mechanism at the time of recruitment and make it easily accessible to them.</p>	<p>The evidence indicates that the company provides a grievance mechanism for workers and contractors (and their organizations) to raise workplace concerns. The evidence, Ethics channel - guidelines on the Intranet (no date), Code of Ethics Training Report (2020-2022), and Code of Ethics and Conduct (2020), indicates that the company informs workers and contractors, at the time of recruitment, about the Code of Ethics (which mentions the Ethical Channel and gives instructions on how to file reports or complaints); as well as during trainings (training records from 2020 until 2022). The company indicated that these guidelines are also available on the company's intranet and posted onsite.</p> <p>On-site interviews with workers and contractors indicated that they are aware of the different grievance channels and that they are accessible.</p>
<p>3.1.5.3. The operating company shall maintain a record of grievances and the company's actions taken to respond to and/or resolve the issues.</p>	<p>The evidence, Manifestations Gerdau 2022-2023, includes a record of all grievances filed during 2022 and 2023 and their status, indicating that the company maintains a record of grievances and actions taken to respond to and/or resolve the issues. Each record includes the date, type of incident, location, investigations undertaken, and remedies or</p>

		<p>resolutions for the grievance. Interviews with workers indicate that they are aware of the procedure to file complaints and grievances, and they have seen the company's prompt response to complaints.</p> <p>Interviews with a sample of contractors indicated that contracted truck drivers onsite raised a complaint related to their weekly rest (24 consecutive hours off every 7-day period) for some shifts.</p> <p>The grievance log does not contain records of these grievances, nor does it indicate the actions taken to respond to and/or resolve the issue.</p>
<p>3.1.6.1. The operating company shall have documented disciplinary procedures (or their equivalent) that are made available to all workers.</p>		<p>The evidence, Corporate Guideline on Disciplinary Sanctions (July 2021) and Corporate Guideline on Consequence Management (March 2021), indicates the company has documented disciplinary procedures. The company indicated that all workers and contractors receive training on the Code of Ethics and have access to it through the intranet. The interviewed workers and contractors confirmed their access to disciplinary procedures.</p>
<p>3.1.6.2. The operating company shall not use corporal punishment, harsh or degrading treatment, sexual or physical harassment, mental, physical or verbal abuse, coercion or intimidation of workers during disciplinary actions.</p>		<p>The evidence, Code of Ethics and Conduct (2020) and Human Rights Policy (2022), indicates the company has zero tolerance for harsh or disrespectful treatment including sexual or physical harassment, mental, physical, or verbal abuse, coercion, or intimidation of workers during disciplinary actions. The interviewed workers and contractors indicated that the disciplinary measures ensure respectful treatment of involved workers.</p>
<p>3.1.6.3. The operating company shall keep records of all disciplinary actions taken.</p>		<p>The evidence, examples of disciplinary actions issued in 2022 and 2023, indicates that the company maintains records of all disciplinary actions taken against employees. Supporting evidence was provided, such as Corporate Guideline on</p>

	<p>Disciplinary Sanctions (July 2021) and Corporate Guideline on Consequence Management (July 2021), and examples of corrective actions, such as Disciplinary Measure Warning (April 2022), Disciplinary Measure Educational Alert (May 2022), and Disciplinary Measure Suspension (June 2022).</p>
<p>3.1.7.1. The operating company shall document the ages of all workers.</p>	<p>The evidence, Employees Report - Age (2023), indicates that the company documents the current age of all hired employees, their age on the hiring day, and government-issued identification documents. The company indicated that candidates must present a national identification document showing their personal information before employment. During the onsite interview, the company provided documentary evidence indicating that it requests contracting companies to provide all their workers' information and that the company records it in software (BancoDoc). The implementation of this practice was confirmed through interviews with human resources representatives of the company and contractors.</p>
<p>3.1.7.2. Critical. Children (i.e., persons under the age of 18) shall not be hired to do hazardous work (e.g., working underground, or where there is exposure to hazardous substances).</p>	<p>The evidence, Employees Report - Age (2023), includes the current age of all hired employees, their age on the hiring day and indicates that the company employs only persons aged 18 or above in alignment with its policies that prohibit child labor (Code of Ethics and Conduct, 2022, item 2, page 7). Interviews with the human resources and medical staff indicate that they verify age during the recruitment process, onboarding, and health and safety orientation per the company's health and safety procedures.</p> <p>The company employs apprentices over the age of 18. Apprentices may be younger than 18 according to national law if the company fulfills provisions of decree 9.579/2018 (articles 45 to 50). These provisions require that apprentices may not engage in any form of hazardous work or night work. The evidence, Industrial Apprenticeship Contract (2023), List of</p>

		<p>Mine Apprentices (2023), interviews with a sample of workers (employees and contractors) and worker representatives, and observational evidence collected at the time of the site visit, indicate that the company complies with national legislation and its own policies.</p>
<p>3.1.7.3. Critical. The minimum age for non-hazardous work shall be 15, or the minimum age outlined in national law, whichever is higher.</p>		<p>The company does not employ people below 18 years of age as evidenced in its documentation prohibiting child labor (Code of Ethics and Conduct, 2022, item 2, page 7), Industrial Apprenticeship Contract (2023), List of Mine Apprentices (2023). These records show that there are no apprentices younger than 18 years old, and their hiring adheres to the provisions of decree 9.579/2018 (articles 45 to 50). According to these regulations, apprentices are prohibited from engaging in any form of hazardous work or night work.</p> <p>During the site visit, there was no sign that minors were working at site (see 3.1.7.2). This was confirmed by interviews with a sample of workers (employees and contractors) of varying positions, levels, ages, and areas of operation at the mine.</p>
<p>3.1.7.4. When a child is legally performing non-hazardous work, the company shall assess and minimize the risks to their physical or mental health, and ensure that regular monitoring of the child's health, working conditions and hours of work occurs by the national labor authority, or if that is not possible, by the company itself.</p>		<p>Not relevant as there are no employees below the age of 18.</p>
<p>3.1.7.5. If the operating company discovers that a child under the minimum age outlined in 3.1.7.2 and 3.1.7.3 is performing hazardous or non-hazardous work:</p>		<p>Not relevant as there are no employees below the age of 18.</p>

a. The child shall be removed immediately from his or her job; and

b. Remediation procedures shall be developed and implemented that provide the child with support in his or her transition to legal work or schooling, and that take into consideration the welfare of the child and the financial situation of the child's family.

3.1.7.6. Where there is a high risk of child labor in the mine's supply chain, the operating company shall develop and implement procedures to monitor its suppliers to determine if children below the minimum age for hazardous or non-hazardous work are being employed. If any cases are identified, the operating company shall ensure that appropriate steps are taken to remedy them. Where remedy is not possible, the operating company shall shift the project's supply chain over time to suppliers that can demonstrate that they are complying with this chapter.



The company's supplier manual, Gerdau Suppliers Manual (no date), includes a commitment clause prohibiting the use of force and child labor. By accepting the contract terms, the company's policies, and guidelines, all active suppliers must adhere to this commitment (Supplier Commitment Agreement, April 2016). This manual aligns with the Ten Principles of the United Nations Global Compact on human rights, labor, the environment, and anti-corruption, which seeks to prevent child labor and prohibits children below the minimum age from performing hazardous or non-hazardous work. Although there is no formal monitoring program for suppliers, the supplier manual, as well as interviews with key staff, indicate that the company has a third-party management program system (BancoDoc) that ensures the security and accuracy of suppliers' information, including reference verification.

The evidence, an operational risk assessment with a focus on worker safety (Mining Operational Risks Worksheet, no date) and a social and human rights risk matrix (Risk Map, August 2023), indicates that the company has not evaluated human rights risks related to child labor and therefore not determined the significance of this risk.

The evidence does not include information to confirm that the company monitors its suppliers to determine if they employ children.

3.1.8.1. **Critical.** The operating company shall not employ forced labor or participate in the trafficking of persons.






The evidence, Code of Ethics and Conduct (May 2020) and Human Rights Policy (December 2022), indicate the company's contracts align with national labor laws and prohibit the use of forced labor and labor exploitation in policy (Gerdau's commitment to Universal Declaration of Human Rights, Declaration on Fundamental Principles and UN Principles on Business and Human Rights) and in practice. Observations and on-site interviews representing a random sample of employees and contractors at the time of the onsite audit indicated that the company does not employ forced labor or participate in the trafficking of persons.

3.1.8.2. Where there is a high risk of forced or trafficked labor in the mine's supply chain, the operating company shall develop and implement procedures to monitor its suppliers to determine if forced labor or trafficked workers are being employed. If any cases are identified, the operating company shall ensure that appropriate steps are taken to remedy them. Where remedy is not possible, the operating company shall shift the project's supply chain over time to suppliers that can demonstrate that they are complying with this chapter.



The evidence, an operational risk assessment with a focus on worker safety (Mining Operational Risks Worksheet, no date), and a Community Health and Safety Risk Matrix (May 2022), indicates that the company has not evaluated human rights risks related to forced labor and therefore not determined the significance of this risk.

The company's supplier manual, Gerdau Suppliers Manual (no date), includes a commitment clause prohibiting the use of force and child labor. By accepting the contract terms, the company's policies, and guidelines, all active suppliers must adhere to this commitment (Supplier Commitment Agreement, April 2016). This manual is aligned with the Ten Principles of the United Nations Global Compact on human rights, labor, the environment, and anti-corruption, which is in line with this requirement in terms of avoiding forced or trafficked labor. Although there is no formal monitoring program for suppliers, the supplier manual indicates that the company has a third-party management program system (BancoDoc) that ensures the security and accuracy of suppliers' information, including reference verification. Interviews with workers and communities did not indicate that they consider this to be a relevant risk.

		<p>The evidence did not include supply chain due diligence reports, supplier monitoring records or similar documents that indicate that the company monitors its suppliers to determine if they use forced labor or trafficked workers.</p>
<p>3.1.9.1. The operating company shall pay wages to workers that meet or exceed the higher of applicable legal minimum wages, wages agreed through collective wage agreements, or a living wage.</p>		<p>The company has a Collective Bargaining Agreement for 2022-2023 (July 2022), with workers' representatives regarding pay wages, indicating that the company pays wages to workers that meet or exceed the wages agreed to by both parties. Other documents provided for this requirement (payroll slips for multiple months, 2022 and 2023), indicate that the company's wages are higher than required by Brazilian law. Interviews with the human resources representative, employees, the union representative, workers and contractors indicate that they are paid according to the collective wage agreements.</p> <p>The evidence does not include wages established in the collective wage agreements applicable for contractors. Contractors have different unions to workers.</p>
<p>3.1.9.2. Overtime hours shall be paid at a rate defined in a collective bargaining agreement or national law, and if neither exists, at a rate above the regular hourly wage.</p>		<p>The company has an agreement with workers' representatives regarding overtime hours as indicated in the Collective Bargaining Agreement for 2022-2023 (July 2022). The evidence, payroll slips (multiple months for 2022 and 2023), indicates overtime hours are paid at a rate defined in the collective bargaining agreement.</p> <p>The collective bargaining agreement does not cover terms for contractor employment as contractors have their own unions. The evidence did not include information on overtime pay of contractors.</p>
<p>3.1.9.3. All workers shall be provided with written and understandable information about wages (overtime rates, benefits, deductions and</p>		<p>The company provides workers and contractors with written and understandable information about wages (wages, benefits, and variable remuneration) before they enter</p>

bonuses) before they enter employment, and for the pay period each time they are paid.

employment. On the day of hiring, employees sign an acknowledgment form stating that the rules about overtime hours are outlined in the Collective Bargaining Agreement for 2022-2023 (July 2022). Information regarding overtime hours and deductions are communicated monthly through the pay slip after the employee's admission, which is provided to workers and contractors for each pay period, as evidenced by payroll slips for multiple months in 2022 and 2023. The evidence also includes a work contract template, a salary proposal application, and a template for a remote work contract. Interviews with employees indicated that the company informs them of wages in a timely manner.

3.1.9.4. The operating company shall pay wages in a manner that is reasonable for workers (e.g., bank transfer, cash or check).

The evidence, payroll slips (multiple months for 2022 and 2023), indicates that wages are paid in a manner that is reasonable for workers (through direct deposits into the employee's bank account). Interviews with employees indicated that wages are paid through direct deposits into the employee's bank account.

3.1.9.5. The operating company shall ensure that deductions from wages are not made for disciplinary purposes unless one of the following conditions exist:

- a. Deductions from wages for disciplinary purposes are permitted by national law, and the law guarantees the procedural fairness of the disciplinary action; or
- b. Deductions from wages for disciplinary purposes are permitted in a freely negotiated collective bargaining agreement or arbitration award.

The company does not make wage deductions for disciplinary purposes except in cases of suspension where the day of work is deducted due to non-performance. This practice aligns with federal labor laws and is implemented following the guidelines outlined in a corporate procedure, Corporate guideline on consequence management (2021). Interviews with workers, contractors and human resources staff of the company and contractor companies confirmed that the company does not make wage deductions for disciplinary purposes unless allowed by law or agreed to in collective bargaining agreements.

3.1.10.1. The operating company shall ensure that:a. Regular working hours do not exceed eight hours per day, or 48 per week. Where workers are employed in shifts the 8-hour day and 48-hour week may be exceeded, provided that the average number of regular hours worked over a 3-week period does not exceed 8 hours per day and 48 hours per week;b. Workers are provided with at least 24 consecutive hours off in every 7-day period; andc. Overtime is consensual, and limited to 12 hours a week.d. Exceptions to 3.1.10.1.b and c shall be allowed at mines in remote locations if: i. A freely negotiated collective bargaining agreement is in force that allows variances to the rest and/or overtime hours above; and ii. Through consultations with workers' representatives, a risk management process that includes a risk assessment for extended working hours is established to minimize the impact of longer working hours on the health, safety and welfare of workers.

The Collective Bargaining Agreement 2022-2023 (July 2022) establishes:

- a. The terms of regular working hours, work shifts, and overtime;
- b. That workers are provided with at resting periods and
- c. That overtime is consensual and limited to 12 hours a week.

The company is located in a country, Brazil, where the national law determines that the regular working hours cannot exceed eight hours per day and 44 hours per week, workers must be provided with at least 24 consecutive hours off in every 7-day period, and that overtime is consensual and limited to 12 hours a week.

Interviews with workers and workers' association representatives indicate that working hours and collective agreements are respected. Interviews with a sample of contractors and documents review indicated that contracted truck drivers onsite raised a complaint related to their weekly rest (24 consecutive hours off every 7-day period) not being respected for some shifts, who had less than 24 hours of rest after 6 consecutive days of work.

The evidence does not indicate whether the company has taken actions to respond to and/or resolve the issue.

3.1.10.2 Where neither national law nor a collective bargaining agreement includes provisions for worker leave, the operating company shall, at minimum, provide:

- a. An annual paid holiday of at least three working weeks per year, after achieving one year of service; and
- b. A maternity leave period of no less than 14 weeks.

Not relevant. The company is in a country (Brazil) where the national law includes provisions for worker leave.

Chapter 3.2—Occupational Health and Safety

Basis for rating

3.2.1.1. The operating company shall implement a health and safety management system for measuring and improving the mining project's health and safety performance.

The evidence, including occupational health and safety policies, procedures and corporate directives (Integrated Health and Safety, Environment, and Quality Policy December 2021, Health, Safety and Medical Procedures, 2021), annual performance indicators (Medical Control Program, January 2022, and Risk Management Program, August 2022), and interviews with workers and OHS managers, indicate the company and its contractors maintain a comprehensive occupational health and safety management system equipped to measure and improve performance over time.



A review of incidents and preventive measures from a log sample (PowerPoint presentation) provided by OHS managers at the time of the site visit indicates that evaluation is ongoing through the safety department and based upon a formal risk assessment process (i.e., Corporate Procedure on Critical Occupational Health and Safety Risks, June 10, 2021, and use of the Bowtie Method). Interviews indicate OHS best practices, primarily safety alerts from incidents, are shared or made available to all employees and contractors either through their supervisor or email based upon each incident's critical ranking status. According to OHS managers, rankings reflect root cause analysis procedures (March 12, 2020, and OHS Critical Hazards Manual, December 10, 2018) and are used to evaluate safety incidents continuously. Two recent incidents (both involving moving equipment) were shared with auditors by OHS managers (July 21 and 24, 2023) as an indication of the ranking for significant risks. A general ranking example for no lost time incidents by area and department was also shared.

Workers, including contractors, were interviewed and safety procedures were observed in practice during the site visit for a sample of operational activities (i.e., truck driving, welding,

water sampling, drilling). Worker interviews and observations indicate safety training is ongoing, in line with best practice, and with oversight by knowledgeable, competent professionals (SAP Success Factor Tracking and competency inquiries).

The evidence does not include safety metrics tracking (i.e., rolling, 12-month safety incidents logs or other data) to understand how the company aggregates OHS monitoring, near miss, and other indicators to inform decision-making, or how performance indicators, including by area and department, are used to measure and report program effectiveness leading to continual improvement of the health and safety management system.

3.2.2.1. The operating company shall implement an ongoing, systematic health and safety risk assessment process that follows a recognized risk assessment methodology for industrial operations.

Risks are evaluated by the company at several levels, including the OHS departmental level, by the safety committee, by management teams, by activity or areas, and individually (i.e., workers, supervisors) on a varied schedule (daily, activity-specific, area, weekly, monthly, quarterly). The evidence, including the site's last risk management program operational risk spreadsheet (August 2022) in which physical, chemical, biological, ergonomic, and accident risks were evaluated, indicates the company performs ongoing risk assessments to align with the company directives at the corporate and OHS department level. The general management procedures for identifying risks are formalized in Gerdau's Preliminary Risk Analysis (January 6, 2023, version 7), (July 7, 2022, version 1), and The Operational Guideline for Business Risk Management (March 12, 2020).

Based upon observations in the workplace and interviews with workers (contractors and employees), critical risk applicable assessment methodology is implemented at the operational level, in all positions, activities, and areas using respected methodology including pre-work, area, and equipment inspections, pre-job safety analysis, personal, work-readiness

checks (i.e., fit for duty), stop-look-analyze-manage observations, among others. Pre-job safety analysis are in place for all critical risks or activities such as hot work, confined spaces, work in excavations, hoisting, explosives handling, work with energy sources (lock out tag out), chemicals management, work from heights, and equipment operation, among others. Preliminary Risk Analysis are carried out according to the general management procedure (January 6, 2023, version 7). Each activity has its own safety procedure, with detailed steps.

A sample of safety procedures for specific operational activities (i.e., equipment maintenance, welding, forklift driving, drilling), was observed during the site visit and workers and contract workers were interviewed. Workers and their supervisors indicated full awareness of risk assessment responsibilities and capabilities pre-job safety analysis are signed by supervisors, and in some cases, work permits are issued prior to beginning work. Health assessments are considered for specific tasks (i.e., those requiring a respirator).

Interviews and auditor reviews of the risk assessment process in practice to avoid common and critical hazards (i.e., fire, failed equipment, pinch points, fall from height, lack of oxygen, electric shock, etc.) indicate the program and process for completing health and safety risk assessments is systematic, in line with best practice (following recognized risk methodologies), fully implemented at all levels, and ongoing with oversight by knowledgeable, competent professionals, including emergency preparedness and first aid.

- 3.2.2.2. The assessment process shall identify and assess the significance/consequence of the full range of potential hazards associated with the mining project, including those related to:
- a. The design, construction and operation of the workplace, mining-related



Miguel Burnier is an existing mine with multiple expansions and improvements, including demolition, in process at the time of the onsite audit giving rise to rapidly changing conditions at the mine. The evidence, including Preliminary Risk Analysis (January 6, 2023, version 7), a general procedure for assessing risks, paired with observations and interviews

activities and processes, the physical stability of working areas, the organization of work, use of equipment and machinery, and waste and chemical management;

- b. All personnel, contractors, business partners, suppliers and visitors;
- c. Unwanted events;
- d. Routine and non-routine activities, products, procedures, and services; and
- e. Changes in duration, personnel, organization, processes, facilities, equipment, procedures, laws, standards, materials, products systems and services.

with a sample of OHS and department managers, supervisors, workers and contractors, indicates the company assesses a full range of potential hazards associated with the mining project, both site-wide and regionally, and at the department and task level relating to:


- a. the design, construction and operation of the workplace - new and updated sections of the operation reflect emerging best practices, including processing (filter press) and some infrastructure. Note that auditor observations of many areas under construction and/or demolition, for safety reasons (i.e., the presence of heavy equipment), represent an auditor view at a distance. All activities undertaken by employees and contractors, based upon a sample of workers, were observed performing activities in consideration of potential risks. Similarly, the new dry tailings waste pile construction - Sardinha area was observed to be overseen by the engineer of record performing field verification at the time of the audit. Areas of increased foot travel (i.e., cafeteria, office, parking lots) were clearly marked, and ground conditions were stable. Emergency signage was present at the Alemães Tailings Dam for the safety of visitors and contractors.
- b. site personnel and visitors, who were observed and interviewed and confirmed to undergo safety orientation, all adhere to the same safety performance guidelines and standard of care and are trained for their specific responsibilities while onsite.
- d. routine and non-routine activities and procedures were observed and conducted through supervision by a competent person, a pre-job safety analysis, workplace inspection, or other means in combination with procedures in the identification and assessment of potential hazards.
- e. evidence of a general procedure was provided as evidence of implementation for modifications, i.e., personnel, processes,

and facilities (July 7, 2022, version 1); how this works in practice was not observed.

The evidence does not include an overall assessment of the significance or consequence of potential occupational health and safety hazards associated with general changes at the mine proportionate to the size of planned improvements and expansions underway (i.e., changing traffic densities and patterns; workforce size, and makeup (i.e., temporary, specialized contractors), and potentially non-routine work as in a. to e., including specifics of potential unwanted events as in c. such as changing, disturbed ground conditions in combination with extreme rain events. Further review, i.e., a 12-month record of incidents associated with specific areas or activities at the mine was not available to confirm the effectiveness of the risk identification and assessment process.

3.2.2.3. The operating company shall pay particular attention to identifying and assessing hazards to workers who may be especially susceptible or vulnerable to particular hazards.

The evidence, including the Job Adequacy for Inclusion Assessment of Capacity and Potentiality report (Gerdau Partial Activity Report, SESI, December 22, 2022), the Operational Guideline Health Requirements for Critical Risk Activities (September 19, 2022, version 4), the Occupational Health Medical Control Program (January 2022), as well as interviews with a sample of potentially vulnerable or susceptible workers and contractors (such as apprentices, pregnant women, night workers, and those with potential mobility or height limitations), and competent professionals (including the OHS manager, industrial health specialists, and company doctor), indicate that the company has taken structured steps to identify, understand, and assess hazards specific to susceptible or vulnerable workers. Assessments are conducted at multiple levels, including workforce-wide, activity-specific, and individually through confidential assessments at the company clinic (ICF - Individual Assessment Study). Various accommodations observed during the onsite audit, such as access to height aids and specialized glasses, support safe job performance. Female workers and contractors interviewed

		<p>indicated that accommodations and alternative work arrangements were made or available to maintain safe working conditions during pregnancy and to allow paid recovery time and nursing as needed.</p>
<p>3.2.2.4 The operating company shall develop, implement and systematically update a risk management plan that prioritizes measures to eliminate significant hazards, and outlines additional controls to effectively minimize negative consequences and protect workers and others from remaining hazards.</p>		<p>The evidence, a general risk management procedure (March 26, 2020, revision 1), Business Risk Management Operational Guidelines (March 12, 2020), an example of assessment using the bowtie method (Worker Fatigue, August 26, 2022), and abbreviated, partial risk matrix (Copy of Operational Risk Spreadsheet, late 2017 - early 2022), along with interviews of OHS managers indicate the company has developed processes that build upon industry best practice in hazard identification and significant hazard elimination. Observations of the workplace indicate mechanisms are in place to protect workers (i.e., training, personal protective equipment, supervision, and safety postings) aligned to the ILO Convention on Safety and Health in Mines hierarchy of controls.</p> <p>The evidence does not include an occupational health and safety risk management plan relevant to managing significant OHS risks where hazard elimination is not possible for which updates occur on an ongoing basis informed by evaluations of incidents, accidents, investigations, and monitoring over time.</p>
<p>3.2.2.5 In particular, the operating company shall demonstrate that it has developed procedures and implemented measures to: a. Ensure that the mine has electrical, mechanical and other equipment, including a communication system, to provide conditions for safe operation and a healthy working environment; b. Ensure that the mine is commissioned, operated, maintained and decommissioned in</p>		<p>The Miguel Burnier operation consists of open-pit excavations without any underground activities. The company has developed procedures and implemented measures to the points mentioned from sub-criteria a. to h. based upon documental evidence (i.e., evidence of assessment, operating procedures, safety training, inspections, etc.), interviews with workers and OHS managers, and onsite observations of the same in practice based upon a sample of areas visited during the site visit and industry best practices:</p> <p>a. Electrical, mechanical, and other equipment. The systems</p>

such a way that workers can perform the work assigned to them without endangering their safety and health or that of other persons;

c. Maintain the stability of the ground in areas to which persons have access in the context of their work;

d. If relevant, whenever practicable provide two exits from every underground workplace, each connected to separate means of egress to the surface;

e. If relevant, ensure adequate ventilation for all underground workings to which access is permitted;

f. Ensure a safe system of work and the protection of workers in zones susceptible to particular hazards;

g. Prevent, detect and combat accumulations of hazardous gases and dusts, and the start and spread of fires and explosions; and

h. Ensure that when there is potential high risk of harm to workers, operations are stopped and workers are evacuated to a safe location.

used for communication in the workplace, primarily electronic devices such as personal phones, as well as sirens for equipment start-up, emergencies, and operational equipment (electrical, mechanical) were observed in working order; interviews with supervisors indicate operating equipment followed regular maintenance schedules and procedures at the time of the site visit; this was echoed by workers in various activity areas (i.e., water treatment, warehousing, security, land clearing, blasting, etc.).

b. Operations, including expansions and decommissioning. The site is currently undergoing rapid expansion for which antiquated equipment and facilities are being replaced. Operators are trained in the use of new equipment as it is being commissioned (i.e., the filter press).

c. Ground stability. Mine operations, including Miguel Burnier, are dynamic and always changing. The company has many inspections and piezometers for which they monitor ground conditions on a regular basis. Auditors evaluated management systems documental evidence (i.e., General Procedure for Managing Geotechnical Slope Stability (November 29, 2022, version 1), and competencies of company engineers and specialists, performed interviews and made onsite observations of procedures in practice, and not specific data sets relating to performance, recognizing disturbed areas observed secure at the time of the site visit can rapidly change when exposed to heavy rain and other changing conditions (natural and man-made).

d., e. - not relevant

f. Safe system of work and worker protection in zones susceptible to particular hazards. Observations and interviews at the time of the site visit reflected safe systems of work in practice. Work zones susceptible to particular hazards (i.e., electrical, welding crusher rolls, installing/removing heavy equipment, work from height), were not in practice for auditors to observe at the time of the site visit.

g. Prevent, detect, and combat accumulations of hazardous gas, dust, fire, and explosion. Based upon interviews with OHS

representatives, workers, including contractors and supervisors, and observations in the workplace, the company has a system in place for the prevention of hazardous gas (i.e., procedures and gas detection monitors for specialized work such as confined space), up-to-date fire extinguishers in all areas of the operation and in work vehicles at the time of the site visit. Workers are trained and equipped to respond to fire and handle explosive materials (i.e., first responder, blasting contractor) per their job function and Emergency Response Plan (January 26, 2023, version1).

h. Evacuation under unsafe conditions. A broad sample of interviewed workers at the time of the site visit indicated that they are informed of evacuation plans and/or procedures, that they understand where to go in the event of an evacuation; and confirm that communication systems are in place to alert workers of evacuations.

The evidence does not include OHS management plans to address potential hazards for expansions and decommissioning in progress, b., such as an expanded workforce (increased number and type of contractors), many doing specialized work, in an area of changing surface conditions, with the potential for increased vehicle incident and other vulnerability (i.e., visibility, congestion), some on public roads, and where workers may come into contact with new or different health exposures (i.e., silica, radiation, asbestos, heavy metals, etc.).

- 3.2.3.1. Workers shall be informed of their rights to:
- Report accidents, dangerous occurrences and hazards to the employer and to the competent authority;
 - Request and obtain, where there is cause for concern on safety and health grounds, inspections and investigations to be conducted by the employer and the

The company has a well-documented process to communicate to its workers the right to inform accidents and be informed of accidents that occur in its operation. All workers participate in the two-day Mining Integration Program as soon as they are hired and also periodically as confirmed through a sample of worker interviews (various positions), OHS representatives and the company doctor, as well as records in the Success Factor, a Systems, Applications and Products training software, and in the Apollo training

competent authority;
c. Know and be informed of workplace hazards that may affect their safety or health;
d. Obtain information relevant to their safety or health, held by the employer or the competent authority;
e. Remove themselves from any location at the mine when circumstances arise that appear, with reasonable justification, to pose a serious danger to their safety or health; and
f. Collectively select safety and health representatives.

program. This evidence indicates workers are provided information on their rights and means to exercise those as per sub-requirements:

- a. Report accidents - the body of workers interviewed indicated full awareness; some have communicated incidents;
- b. Investigations at the request of workers - this was indicated as uncommon, but always possible;
- c. Employees felt fully informed about workplace hazards and gave no rise in concern about unaddressed workplace hazards that may affect their safety or health;
- d. Workers understood the process (some have engaged in the process) to obtain information relevant to their safety or health, including medical records;
- e. Remove themselves from any location at the mine if they perceive a serious danger to their safety or health, and f. collectively select safety and health representatives; this aspect was usually described by employees as being done through elections or the union; and
- f. Collectively select safety and health representatives (the process is outlined in a procedure (Health and Safety Committee) and confirmed in employee interviews.

3.2.3.2. In all cases a worker attempting to exercise any of the rights referred to in 3.2.2.1 in good faith shall be protected from reprisals of any sort.

The evidence, including the Code of Ethics and Conduct (May 5, 2020), item 13 Ethics Channel, Regulatory Standard No. 01 - General Provisions and Occupational Risk Management (ensures that workers are protected against reprisals when exercising their rights including 1.4.3 where workers may interrupt their activities when they observe a work situation where, in their view, there is a serious and imminent risk to their life and health, and also supported by Gerdau's Code of Ethics) and worker interviews with a sample of employees and contractors (i.e., welders, equipment maintenance, fuel host) indicate the company has effectively implemented a system to avoid reprisals in the workplace. Workers and contractors indicated they are familiar with the company's code of ethics and are free to report any safety incident or unsafe working

	<p>condition or stop work in the case of an unsafe situation without retaliation. Two interviewees indicate they have made such a report. In each case, the worker indicated that his/her supervisor welcomed the information, which led to improved safety conditions in the workplace.</p>
<p>3.2.3.3. The operating company shall develop systems to effectively communicate with, and enable input from the workforce on matters relating to occupational health and safety.</p>	<p>The evidence, including interviews with a sample of workers and contractors (various positions), indicates the company's OHS system allows for and encourages employees to communicate on and contribute to matters related to health and safety through numerous means including the Gerdau Routine Portal (the place for employees to report input to OHS representatives electronically), and to their supervisor regularly (i.e., job safety analysis, safety toolbox talk, safety share, observations, among others). In general, all interviewed workers indicated a culture of open communication on matters relating to OHS.</p>
<p>3.2.3.4 . The operating company shall develop and implement a formal process involving workers' representatives and company management to ensure effective worker consultation and participation in matters relating to occupational health and safety including:</p> <ul style="list-style-type: none"> a. Health and safety hazard identification and assessment; b. Design and implementation of workplace monitoring and worker health surveillance programs; c. Development of strategies to prevent or mitigate risks to workers through the health 	<p>The evidence, including interviews with a sample of workers (various positions), indicates engagement to ensure effective worker consultation and participation in matters relating to occupational health and safety as in a. to d. takes place primarily at the operating level through safety meetings, toolbox talks, workplace inspections, job safety analysis, and other means as in a., as well as through a joint safety committee, with elected workers (employees and contractors) from unions.</p>

and safety risk assessments or workplace and workers' health surveillance; and

d. Development of appropriate assistance and programs to support worker health and safety, including worker mental health.

3.2.3.5. The operating company shall provide workers' health and safety representatives with the opportunity to:

- a. Participate in inspections and investigations conducted by the employer and by the competent authority at the workplace;
- b. Monitor and investigate safety and health matters;
- c. Have recourse to advisers and independent experts; and
- d. Receive timely notice of accidents and dangerous occurrences.

The evidence, including interviewees of employees and contractors (various positions), and workers' representatives, indicates workers (including elected committee members):

- a. participate in inspections and investigations
- b. monitor and investigate safety and health matters, and
- d. receive timely notice of accidents and dangerous occurrences.

The evidence does not indicate that workers' representatives have the opportunity to c. have recourse to advisers and independent experts.

3.2.3.6. Visitors and other third parties accessing the mining premises shall receive an occupational health and safety briefing, and be provided with relevant protective equipment for areas of the mine site that or associated facilities that they will be entering.

The company has a well-established process for visitors, requiring them to undergo a health and safety induction upon arrival. Visitors and service providers accessing the mine premises are greeted at the gate, receive printed safety material, and participate in training through a safety video. Visitors are issued protective equipment adequate for the areas they may enter and tasks they may carry out and may be accompanied by a representative of the company. Interviews with a sample of workers, contractors, and visitors, as well as auditors' experience, confirm this is the practice. This training is different than new miner or contractor training, which is more in-depth as observed and confirmed through interviews.

- 3.2.4.1. **Critical.** The operating company shall implement measures to protect the safety and health of workers including:
- a. Informing workers, in a comprehensible manner, of the hazards associated with their work, the health risks involved and relevant preventive and protective measures;
 - b. Providing and maintaining, at no cost to workers, suitable protective equipment and clothing where exposure to adverse conditions or adequate protection against risk of accident or injury to health cannot be ensured by other means;
 - c. Providing workers who have suffered from an injury or illness at the workplace with first aid, and, if necessary, prompt transportation from the workplace and access to appropriate medical facilities;
 - d. Providing, at no cost to workers, training/education and retraining programs and comprehensible instructions on safety and health matters as well as on the work assigned;
 - e. Providing adequate supervision and control on each shift; and
 - f. If relevant, establishing a system to identify and track at any time the probable locations of all persons who are underground.

The company's Occupational Health and Safety Management System (2021, version 5), workplace injuries/illnesses procedure (Ambulance/ PA procedure), and PPE delivery system were presented as evidence of its OHS implementation. The management system is the same for employees and contractors and indicates that workers must be physically and mentally fit, knowledgeable about the risks, trained, and qualified to perform their duties. All workers participate in a two-day Mining Integration Program induction training as soon as they are hired and periodically. Such training includes the prevention of occupational injuries or illnesses in the workplace and the use of issued PPE. The training communicates:

- a. hazards and preventive measures workers may encounter in the workplace and roads;
- b. delivery of worker PPE with associated instructions;
- c. the process for seeking first aid and prompt medical attention attributable to workplace injuries or illnesses,
- d. comprehensible information on safety and health matters and work assignments; and
- e. adequate supervision on each shift.
- f. Not relevant; the site does not have underground operations.

Interviews with a sample of workers in a range of positions, areas, and contracting groups during the site visit including process operators, truck and vehicle drivers, equipment operators, drillers, production supervisors, and support staff (i.e., cleaning, cafeteria, monitoring) confirm workers receive initial and ongoing training relating to a. and c. hazards and preventive measures in the workplace related to their work assignments, including pre-work hazard analysis exercises, as well as b. PPE at no cost appropriate for their work including hard hats protective boots, ear plugs or muffs, gloves, safety glasses, and respirators or masks where (and when) needed.

		<p>All workers were able to communicate the process for c. seeking first aid and prompt medical attention attributable to workplace injuries or illness. The site is additionally equipped with its own first aid (first responders) staff on a 24-hour basis.</p> <p>The evidence does not include the means by how occupational health monitoring results are aggregated, i.e., hearing protection (noise), respiratory protection (silica dust), or other exposure monitoring is compared to performance indicators, used to inform decision-making or shared with workers or worker representative for input as in a. and d.</p>
<p>3.2.4.2 If the risk assessment process reveals unique occupational health and safety risks for certain groups of workers (e.g., pregnant women, children, HIV-positive, etc.) the operating company shall ensure that additional protective measures are taken, and trainings and health promotion programs are available to support the health and safety of those workers.</p>		<p>The evidence includes a partial report of activities regarding the adequacy of work for the inclusion of people with disabilities (Suitability of Work for Inclusion Capacity and Potential Assessment, December 22, 2022), where evaluations were carried out based on a collection of occupational information to understand the capacities and potentialities of employees with disabilities and possible barriers. The Occupational Health Medical Control Program (January 2022), in item 14, page 12, establishes that specific controls are carried out for workers who carry out certain activities in the company, considered critical, and for people with disabilities. Interviews with a sample of women workers of child-bearing age (employees and contractors, both field and administrative) and company medical staff indicate accommodations are made to mitigate employees' unique occupational health and safety risks, including training and informational materials.</p>
<p>3.2.4.3 The operating company shall provide workers with clean toilet, washing and locker facilities (commensurate with the number and gender of staff employed), potable drinking water, and where applicable, sanitary facilities for food storage and preparation. Any</p>		<p>The evidence, including observations of sanitary facilities, food storage, and preparation, etc., and water supply sources (i.e., wells and catchment of surface water) and interviews with employees, contractors, and water monitoring employees, indicate the company has implemented a system to maintain clean and sanitary conditions at the mine. Kitchens and</p>

accommodations provided by the operating company shall be clean, safe, and meet the basic needs of the workers.

sanitary facility maintenance are performed by a specialized contractor and were observed to be clean. Field excavation and other remote working areas of the mine (i.e., tailings dam, fueling station, waste piles) were observed equipped with clean, gender-specific portable toilets and sanitizer, with access to bottled or other potable water.

Interviews with a sample of workers including contractors and employees in a variety of positions and work locations were able to confirm access to sanitary facilities during the workday commensurate with the number and gender of workers. Interviews with company employees and review of potable water testing lab results (March 17, 2022, February 15, 2022) and water system cleaning/maintenance records for two tanks (February and March 2022) performed by third parties indicate the company collects water samples and monitors quality for management review.

The evidence does not include information to confirm if the company holds a health inspection permit for the cafeteria; therefore, it is not possible to determine if the food storage and preparation areas comply with applicable legislation.

- 3.2.4.4 The operating company shall ensure that workers are provided with compensation for work-related injuries and illnesses as follows:
- a. In countries where workers' compensation is not provided through government schemes or a collective bargaining agreement:
 - i. The operating company shall compensate workers for work-related injuries or illnesses at a rate that, at minimum, covers medical expenses and wages during the recovery and rehabilitation period;
 - ii. If a worker is not able to return to work due to the severity of the work-related injury

The company complies with local legislation on aid for work-related injuries and illnesses as outlined in sub-requirements a, b, and c. As required in local legislation Brazilian Federal Law No. 8.213 of July 24, 1991, Article 86, accident aid will be granted as compensation to the insured when, after consolidation of the injuries resulting from an accident of any nature or medical result that implies a reduction in the capacity for the work they usually performed. The aid is also applicable for work-related diseases.

The evidence does not include proof of compensation payments to workers that incurred illnesses or injuries as a result of employment at the mine.

or illness, the operating company shall compensate for lost earnings until the worker qualifies for an adequate pension (i.e., 2/3 or more of the salary they would otherwise normally receive if healthy and working); or

iii. [flag] If an occupational illness manifests after a worker has retired, the operating company or its corporate owner shall, at minimum, compensate the worker for medical expenses, unless the operating company or its corporate owner can establish that the occupational illness was not connected to the worker's employment at the mining project.

b. In countries that do not provide for worker rehabilitation as part of their workers' compensation schemes, the operating company shall ensure that workers have free or affordable access to rehabilitation programs to facilitate an expeditious return to work; and

c. Where a worker dies as a result of a work-related injury or disease, the operating company shall, at minimum, provide to spouses and dependent children benefits to cover funeral expenses and transportation of the worker's body, if appropriate, as well as compensation that is equal to or greater than three months' salary of the deceased worker.

3.2.5.1. The operating company and workers' representatives on a joint health and safety committee, or its equivalent, shall perform regular inspections of the working environment to identify the various hazards to

The evidence, the management procedure Safety Hour (January 11, 2022, revision 1), jointly completed workplace inspections, and 2023 monthly meeting minutes, indicates the participation of workers in the identification of Health, Safety,

which the workers may be exposed, and to evaluate the effectiveness of occupational health and safety controls and protective measures.

and Environment opportunities and effectiveness of controls and protective measures.

- 3.2.5.2 The operating company shall carry out workplace monitoring and worker health surveillance to measure exposures and evaluate the effectiveness of controls as follows:
- a. Workplace monitoring and worker health surveillance shall be designed and conducted by certified industrial hygienists or other competent professionals;
 - b. Health surveillance shall be carried out in a manner that protects the right to confidentiality of medical information, and is not used in a manner prejudicial to workers' interests;
 - c. Samples collected for workplace monitoring and health surveillance purposes shall be analyzed in an ISO/IEC 17025 certified or nationally accredited laboratory;
 - d. Sample results shall be compared against national occupational exposure limits (OELs) and/or biological exposure indices (BEIs), if they exist, or OELs/BEIs developed by the American Conference of Governmental Industrial Hygienists (ACGIH); and
 - e. If an OEL/BEI is exceeded, the affected worker(s) shall be informed immediately, and controls shall be reviewed and revised in a timely manner to ensure that future exposure levels remain within safe limits.



The evidence, the Operational Guideline of the Occupational Health Medical Control Program - (August 5, 2021, version 2), Annual Medical Control Program of Occupational Health Report (January 2022), and interviews with company OHS industrial health representatives and the company doctor indicate the company carries out workplace monitoring and worker health surveillance to protect the right to confidentiality of medical information as in b. with accountabilities by competent professionals as in item a. The OHS industrial health representative described the means of monitoring and how the results inform OHS management decision-making.

The evidence does not include aggregated, 12-month health monitoring and surveillance monitoring data, analyses or summary reports to confirm results, in various areas of the operation, seasons, and for a mix of positions, how such results were sampled (by accredited labs), and have been compared to OEL/BEI standards to confirm c., d. and e., or the qualifications of competent professionals who designed the program as in a.

A sample of workers were interviewed (various positions and departments) relating to this topic. Interviews with workers indicate hearing and vision testing results are provided annually upon request. One worker indicated an understanding of ambient sampling results related to his area and his position for noise exposure and air quality. In general, there was limited awareness of OHS monitoring and surveillance by employees and contractors. No specific evidence or interview information was provided to assess whether an exceedance observed by the audit team was

		<p>shared with workers or used to inform decision-making (i.e., reduce or limit exposure using different PPE, duration of activity, equipment maintenance, management controls, etc.).</p>
<p>3.2.5.3 Controls, protective measures, health risk assessments, risk management plans, and training and educational materials shall be updated as necessary based on inspection and monitoring results.</p>		<p>The evidence includes the general management procedure for Preliminary Risk Analysis (January 6, 2023, version 7), the general procedure for modifications (July 7, 2022, version 1); and the Operational Guideline for Business Risk Management (March 12, 2020). In the last risk management program (August 2022) the physical, chemical, biological, ergonomic, and accident risks were evaluated. Interviews with OHS managers, the company doctor, and the industrial health monitoring representative indicate health risk monitoring is ongoing and includes annual vision, hearing, blood pressure, and drug testing on a random schedule. A sample of workplace monitoring results was shared by the industrial health representative, including an overview of sampling relating to the company's respiratory protection program.</p> <p>The evidence does not include aggregated monitoring or inspection results (i.e., worker exposure, accidents), root cause analysis of hazards, or specific procedures to indicate how the health risk assessments are shared with workers or used to inform updates to inspection and monitoring schedules, health risk management plans or procedures, including training, to reduce risks.</p>
<p>3.2.5.4 The operating company shall ensure that all workplace injuries, fatalities, accidents and dangerous occurrences, as defined by national laws or regulations, are documented, reported to the competent authority, investigated and that appropriate remedial action is taken.</p>		<p>The evidence, general management procedure (March 1, 2013), establishes that all incidents and other events with potential severity must be recorded in the Gerdau Routine Portal system and investigated. Communication with the Brazilian government is done via a form called a Communication of Accident at Work that is submitted electronically (E-Social system) to the National Institute of Social Security. The company provided screenshots of the electronic system, E-Social, where their Communication of Accident at Work</p>

	<p>(workplace injuries, fatalities, accidents, and dangerous occurrences) are automatically reported to competent authorities. Interviews with OHS representatives corroborate the evidence, indicating incidents, including serious near-misses, are ranked by the safety department, and critical incidents are properly communicated after a root cause analysis.</p>
<p>3.2.6.1 The operating company shall maintain accurate records of health and safety risk assessments; workplace monitoring and workers' health surveillance results; and data related to occupational injuries, diseases, accidents, fatalities and dangerous occurrences collected by the company and submitted to competent authorities. This information, except for data protected for medical confidentiality reasons, shall be available to workers' health and safety representatives.</p>	<p>The evidence, Operational Guideline of the Occupational Health Medical Control Program (August 5, 2021, version 2), outlines the company's plan relating to health actions directed to workers. The program provides for the professional confidentiality of information, in addition to ensuring that the results must be presented and discussed with those responsible for health and safety at work, including the Internal Commission for Accident Prevention. Interviews with a sample of workers (all positions) indicate that employees understand that their records are secure and that they have access to this information at any time by request. A review of a sample of anonymous records and interviews with OHS personnel and the company's medical doctor indicates that the company maintains accurate, confidential records of health risk assessments, workplace monitoring, and workers' health surveillance results through the Apollus system, and that this information is available to workers. Interviews with worker representatives indicate they have access to health risk assessments, non-confidential workplace monitoring, and health surveillance results, as well as data on occupational injuries, diseases, accidents, fatalities, and dangerous occurrences through health and safety committee actions and meetings and upon request, except data protected for medical confidentiality.</p>
<p>3.2.6.2. The operating company shall establish a data management system that enables worker</p>	<p>The evidence, including the Apollus System, and Operational Guideline of the Occupational Health Medical Control</p>

health data to be readily located and retrieved, and data protected by medical confidentiality to be securely stored. Data shall be retained for a minimum of 30 years, and responsible custodians shall be assigned to oversee the health data management system.

Program (August 5, 2021, version 2), indicates that the company has a secure data management system to protect and retain health records for a period of not less than 30 years (page 7) with access protections ensuring confidentiality and quick access to the entire health history of each worker. The system enables the secure storage of worker health data, that is protected by medical confidentiality. The procedure for storage and disposal of data dictates that data is not disposed of within 30 years of its collection. Responsible person(s) is assigned and accountable for carrying out the procedure for storage and disposal of data.

Interviews with a sample of workers, OHS representatives, and the company doctor confirm that the health surveillance data management system enables the secure storage of confidential data, only certain people have access privileges, and the system is protected by medical confidentiality.

3.2.6.3. The operating company shall allow workers access to their personal information regarding accidents, dangerous occurrences, inspections, investigations and remedial actions, health surveillance and medical examinations.

The evidence, General Incident Management Procedure (November 24, 2023, revision 5), confirms that workers may access personal information regarding accidents, dangerous occurrences, inspections, investigations and remedial actions, health surveillance, and medical examinations through the Gerdau Routine Portal and through a written request (Form available at Occupational Health) to Occupational Health at the Mining units' Emergency Departments (item 6.7 page 7).

Interviews with a sample of workers, OHS representatives, and the company doctor confirm that workers have access to health and safety data upon request.

Chapter 3.3—Community Health and Safety

Basis for rating

- 3.3.1.1. **Critical.** The operating company shall carry out a scoping exercise to identify significant potential risks and impacts to community health and safety from mining-related activities. At minimum, the following sources of potential risks and impacts to community health and/or safety shall be considered:
- General mining operations;
 - Operation of mine-related equipment or vehicles on public roads;
 - Operational accidents;
 - Failure of structural elements such as tailings dams, impoundments, waste rock dumps (see also IRMA Chapter 4.1);
 - Mining-related impacts on priority ecosystem services (see also IRMA Chapter 4.6);
 - Mining-related effects on community demographics, including in-migration of mine workers and others;
 - Mining-related impacts on availability of services;
 - Hazardous materials and substances that may be released as a result of mining-related activities (see also IRMA Chapter 4.1); and
 - Increased prevalence of water-borne, water-based, water-related, and vector-borne

This requirement was assessed for the IRMA Initial audit and subsequently reassessed for the IRMA CAP Verification. The initial audit findings are described first, followed by the CAP assessment. The rating reflects the new CAP assessment.

Initial Audit Findings:

Miguel Burnier is an existing mine reflecting a century of mineral exploitation. Currently, there are nine communities in the area around its operation. The company has conducted a scoping exercise to identify significant potential risks and impacts to community health and safety from mining-related activities as indicated by its Social and human rights risk matrix (Risk Map, August 2023). This matrix includes the risk probability and severity of impacts and maps the risk by phases (implementation, operation, closure, and post-closure), location, potential impact, cause, correlation with human rights, risk source, source of information, probability of risk materialization, and impact scale. A specialized technical team reviews and evaluates the risk matrix regularly during risk management meetings (evidence of March and April 2023). The document indicates that for most of the communities the assessed risks include

- general mining operations,
- operation of mine-related equipment and vehicles on public roads,
- operational accidents,
- failure of structural elements
- mining-related impacts on priority ecosystem services

diseases, and communicable and sexually transmitted diseases (e.g., HIV/AIDs, tuberculosis, malaria, Ebola virus disease) that could occur as a result of the mining project.

f. mine workers migration

g. mining-related impacts on the availability of services,

h. hazardous materials and substances that may be released as a result of mining-related activities, and

i. sexually transmitted diseases that could occur as a result of the mining project. Scoping of impacts related to water-borne diseases as in

i. has not been done as the EISA established that these pose no significant risk.

The evidence does not indicate scoping exercises cover all areas of the existing operation or the community of Chrockett de Sá, including potential risks created as a result of item a. mining operations blocking primary transportation routes, b. heavy mine vehicles operating on public roads (i.e., risk of collisions, vehicular or foot traffic); or the community of Miguel Burnier as in e. land use changes resulting in the loss of vegetation and soil in upland areas, contributing to erosion and flooding in some areas.

CAP Findings:

After the IRMA Initial Audit, the company developed a new community health and safety risk matrix, the Matrix of Risks, Aspects, and Social Impacts (July 2024). This document is complemented by the Risk and Impact Assessment Matrix - Annex D (April 2024), prepared by an external consultancy. The new evidence, Matrix of Risks, Aspects, and Social Impacts (July 2024), identifies and maps risks across all phases of the mining project, including implementation, operation, closure, and post-closure. This matrix also covers key aspects such as activities involved, sources of risk, operational conditions and control measures, and considers potential risks and impacts to community health and safety that may arise across all mining phases, detailing the nature and severity of the identified risks for eight (Miguel Burnier, Mota, Chrockat de Sá, Eng. Correia,

Santo Antonio do Leite, Lobo Leite, Pires, Sede (Ouro Preto)) communities. The following sources of potential risks and impacts to community health and safety were considered in the company's scoping, and were discussed with key management staff at the time of the CAP on-site audit:

a. General mining operations: evaluated for potential risks or vulnerabilities such as those related to air, soil and water quality, fire, cultural heritage, dust, fire hazard, and strain on basic social services; scoping additionally considered aspects such as noise (i.e., whether from the movement of machinery and equipment, accidental activation of emergency sirens, which has already occurred and been resolved, unsuccessful detonation of rocks, etc.), vehicle traffic, vibration, property security, geotechnical instability, and flooding.

b. Operation of mine-related equipment or vehicles on public roads: considered impacts such as traffic safety, including collision and congestion during the movement of employees, machinery, residents, etc., and other secondary impacts such as those related air quality (dust), water resources (such as runoff), noise and vibration, and access to services.

c. Operational accidents: assessed for potential effects on water resources (i.e., Leakage of fuels and tailings into water bodies) noise levels, vehicle traffic, geotechnical stability.

d. Failure of structural elements (e.g., tailings dams, impoundments, waste rock dumps) related to community health and safety and water resources: the matrix considers the potential effects that could occur, with the aim of preventing these situations before they happen, including geotechnical stability (i.e., ruptures of tailings dam slopes due to operation, inspection and maintenance of tailings dams, obstruction of spillways).

e. Mining-related impacts on priority ecosystem services: considered potential visual pollution, fire hazards, air and soil

degradation, impacts on water resources, noise, geotechnical instability, flooding, and soil erosion.

f. Mining-related effects on community demographics, including in-migration of mine workers and others: assessed for impacts during both implementation and operation phases, particularly affecting basic social services.




g. Mining-related impacts on the availability of services: such as emergency response, access to community health; compromised water supply for the population in the self-rescue zone in the event of dam failure, product leakage; road blockages due to collisions or dam breaks interfering with basic services (i.e., safety, transportation access, shelter, clean water); visual aspect: generation of dust impairing visibility due to traffic of machinery, equipment and the mining process, and other basic services: leading to changes in the region's standard of living, exhaustion of public services, social security.



h. Hazardous materials and substances released during mining-related activities: evaluated for their impact on air and soil quality, and water resources.

i. Increased prevalence of water-borne, water-based, water-related, and vector-borne diseases: monitoring reports (July 2024).

The scoping exercise also included the potential increase in communicable and sexually transmitted diseases (e.g., HIV/AIDS, tuberculosis, malaria), as outlined in the Human Rights Impact Matrix (April 2024).

The evidence provides information to confirm that additional scoping considered risks and impacts on community health and safety referenced in sub-requirements, a through i, and interviews with key staff indicate that risk assessment is ongoing. Additional scoping considers the community of Chrockett de Sá, including potential risks created as a result of (a) mining operations blocking primary transportation routes,

		<p>(b) heavy mine vehicles operating on public roads (i.e., risk of collisions, vehicular or foot traffic); and the community of Miguel Burnier as in (e) land use changes resulting in the loss of vegetation and soil in upland areas, contributing to erosion and flooding in some areas identified in the initial audit, excluding those items referenced in 2.5.1.1.</p>
<p>3.3.1.2. Scoping shall include an examination of risks and impacts that may occur throughout the mine lifecycle (e.g., construction, operation, reclamation, mine closure and post-closure).</p>		<p>The evidence, a Social and human rights risk matrix (Risk Map, August 2023), indicates that the company compiled a list of the significant potential risks and impacts on community health and safety for each stage of the mine life cycle (implementation, operation, closure and post closure).</p>
<p>3.3.1.3. Scoping shall include consideration of the differential impacts of mining activities on vulnerable groups or susceptible members of affected communities.</p>		<p>The evidence, a risk matrix (Risk Map, last revised in August 2023) that includes the risk probability and severity of impact and maps the risk by phases, indicates the risks per communities in the area around the mining operation.</p> <p>The evidence does not include an evaluation of differential impacts of mining on the health and safety of a variety of vulnerable groups or susceptible members of affected communities.</p>
<p>3.3.2.1. The operating company shall carry out an assessment of risks and impacts to:</p> <ul style="list-style-type: none"> a. Predict the nature, magnitude, extent and duration of the potential risks and impacts identified during scoping; b. Evaluate the significance of each impact, to determine whether it is acceptable, requires mitigation, or is unacceptable. 		<p>The evidence, a Social and human rights risk matrix (Risk Map, August 2023), as well as interviews with key staff, indicate the company has implemented a process to carry out risk assessments as in item a. to predict the nature and magnitude of potential impacts to community health and safety identified during scoping. The risk assessment provides an analysis of the probability of risk occurrence ranging from very low to very high, as well as a breakdown of the severity of the risk's impact. Those responsible at the mine use this tool to identify and prioritize risks and controls as in b.</p>

		<p>The evidence does not present an evaluation of the acceptability (or unacceptability) of each potential risk or impact related to community health and safety as in b.</p>
<p>3.3.3.1. The operating company shall document and implement a community health and safety risk management plan that includes:</p> <ul style="list-style-type: none"> a. Actions to be taken to mitigate the significant risks and impacts identified during its risk and impact assessment; and b. Monitoring that will be conducted to ensure that measures to prevent or mitigate impacts remain effective. 		<p>The evidence, a social and human rights risk matrix (Risk Map, August 2023), indicates that the company has introduced: a. controls to mitigate some, but not all, potential impacts identified in their scoping process related to community health and safety.</p> <p>The evidence, including interviews with company personnel, do not include a community health and safety management plan or monitoring information as in: b. for which auditors could confirm implementation or its effectiveness, including controls designed to prevent or mitigate potential impacts to air and water quality, i.e., from land disturbing activities (stripping, drilling, blasting, crushing, hauling, waste rock and tailings storage or runoff) or that may contain potential heavy metals, respirable crystalline silica, radioactive elements or other contaminants, or that create the conditions for impacts under differing climate conditions such as drought, extreme rain (i.e., dust or low pH contributing to the mobilization of other contaminants); potential impacts from the loss of natural buffer areas such as upland forests that mitigate the effects of erosion and flooding or that protect priority ecosystem services; from cumulative impacts relating to changing dynamics in water storage and use; potential impacts from the operation of mine-related equipment and vehicles on public roads; or from other potential impacts associated with historical mining activities at the site.</p>
<p>3.3.3.2. Mitigation measures shall prioritize the avoidance of risks and impacts over minimization and compensation.</p>		<p>No evidence was provided to assess this item.</p>

3.3.3.3. The community health and safety risk management plan shall be updated, as necessary, based on the results of risk and impact monitoring.



The evidence, a Social and human rights risk matrix (Risk Map, August 2023) and a sample of risk management meeting logs (March and April 2023) from a specialized technical internal team, indicates that the community health and safety risk management plan is updated when monitoring or other information indicates that mitigation measures are not being effective. Potentially significant impacts are assessed as part of the Environmental and Social Impact Assessment (ESIA) when new measures are planned to be implemented due to changes in the mining project.

The evidence does not include an evaluation of the acceptability of risk and impacts of mining on the health and safety of a variety of vulnerable groups and/or members of affected communities.

3.3.4.1. If the operating company's risk and impact assessment or other information indicates that there is a significant risk of community exposure to HIV/AIDS, tuberculosis, malaria or another emerging infectious disease related to mining activities, the operating company shall develop, adopt and implement policies, business practices, and targeted initiatives:

- a. In partnership with public health agencies, workers' organizations and other relevant stakeholders, create and fund initiatives to educate affected and vulnerable communities about these infections and modes of prevention of them, commensurate with the risks posed by mining;
- b. Operate in an open and transparent manner and be willing to share best practice for the prevention and treatment of these diseases with workers' organizations (e.g.,

Not applicable. There is no significant risk of community exposure to HIV/AIDS, tuberculosis, malaria, or another emerging infectious disease related to mining activities.

Public reports issued by the Brazilian Health Ministry reveal no significant risk of community exposure to HIV/AIDS, tuberculosis, malaria, or another emerging infectious disease that is in some way related to the presence of the mining project. Stakeholders interviewed consider that the exposure of the community to HIV/AIDS, tuberculosis, or malaria due to mining-related activities is not significant.

trade unions), other companies, civil society organizations and policymakers; and

c. Make information publicly available on its infectious disease mitigation program.

3.3.4.2 If the assessment demonstrates a significant risk of community exposure to HIV/AIDS, tuberculosis or malaria from mining-related activities, the following prevention and mitigation strategies shall be applied, as appropriate:

a. In relation to HIV/AIDS, the operating company shall, at minimum:

- i. Provide free, voluntary and confidential HIV testing and counseling for all mine workers and employees;
- ii. Provide HIV/AIDS treatment for workers and employees where it cannot reasonably be assumed that this will be provided in an effective manner by public or private insurance schemes at an affordable rate;
- iii. Provide access for contractors to education and other preventative programs, and to work with the operating company's or facility's contracting companies or others to identify ways for contract workers to access affordable treatment; and
- iv. Work with public health authorities, communities, workers' organizations and other stakeholders towards ensuring universal access to treatment for dependents of mine workers/employees and affected community members.

b. In relation to tuberculosis, the operating company shall, at minimum, provide free and voluntary testing for mine workers/employees where it is not reasonably likely to be provided by public or private health programs at an affordable rate.

c. In

Not applicable. There is no significant risk of community exposure to HIV/AIDS, tuberculosis, malaria, or another emerging infectious disease related to mining activities. Public reports issued by the Brazilian Health Ministry reveal no significant risk of community exposure to HIV/AIDS, tuberculosis, malaria, or another emerging infectious disease that is in some way related to the presence of the mining project. Stakeholders interviewed consider that the exposure of the community to HIV/AIDS, tuberculosis, or malaria due to mining-related activities is not significant.

relation to malaria, the operating company shall, at minimum: i. Develop a vector control plan; ii. Ensure that company facilities are not breeding environments for malaria-carrying mosquitoes; and iii. Provide protection from infection by malaria-carrying mosquitoes in company facilities and any company-provided housing.

- 3.3.5.1. The operating company shall collaborate with relevant community members and stakeholders, including workers who live in affected communities and individuals or representatives of vulnerable groups, in:
- a. Scoping of community health and safety risks and impacts related to mining;
 - b. Assessment of significant community health and safety risks and impacts related to mining;
 - c. Development of prevention or mitigation strategies;
 - d. Collection of any data needed to inform the health risk and impact assessment process; and
 - e. Design and implementation of community health and safety monitoring programs.



The evidence, including meeting minutes held with potentially affected communities held as part of the development of the most recent ESIA (ESIA Tailings Disposal Pile (PDR) Sardinha , December 2020, and ESIA UTM II Project – Itabiritos Miguel Burnier Mine, December 2020) and interviews at the time of the site visit (company, stakeholders), indicates the company has held meetings with some community members and other stakeholders to present plans and ESIA related to recent expansions.

The evidence does not include participation by potentially affected community members or groups, including workers who live in affected communities and individuals or representatives of vulnerable groups, in:

- a. Scoping of community health and safety risks and impacts related to mining;
- b. Assessment of significant community health and safety risks and impacts related to mining;
- c. Development of prevention or mitigation strategies;
- d. Collection of any data needed to inform the health risk and impact assessment process; and
- e. Design and implementation of community health and safety monitoring programs.

3.3.6.1. The operating company shall make information on community health and safety risks and impacts and monitoring results publicly available.



The company does not make information on community health and safety risks and impacts and monitoring results publicly available.

For IRMA purposes, “Publicly available” means that information should be on the company’s website, or in printed copies in publicly accessible locations. Source: IRMA-Standard-Guidance-Updated, June 2023, page 354.

Chapter 3.4—Mining and Conflict-Affected or High-Risk Areas

Basis for rating

3.4.1.1. The operating company shall conduct a screening analysis, based on evidence from credible sources, to determine whether or not the mining project is located in and/or sources minerals from a conflict-affected or high-risk area.



Based on on-site observations, interviews, and supporting evidence, there is no indication that the mining project is located in or sourcing minerals from a conflict-affected or high-risk area.

IRMA references Mining in Conflict-Affected or High-Risk Areas to be aligned with the OECD Due Diligence Guidance, with the objective of preventing mines that operate in, source minerals from, or transport minerals through conflict-affected or high-risk areas from contributing to conflict or the perpetration of serious human rights abuses. By carrying out such due diligence, mines can provide purchasers and others with added assurance that the extraction, processing, and transport of minerals or metals from these mines are not contributing to the financing of conflict or serious abuses of human rights.

The company conducted a screening analysis (May 2023) using credible sources, including the Heidelberg Institute for International Conflict Research (HIIC) Conflict Barometer Report 2022, Crisis Watch Conflict Tracker, and the Global Peace Index, confirming that the municipality of Ouro Preto,

	<p>where the mining project is located, is not a conflict-affected area. The assessment also referenced the Atlas of Environmental Justice, a Brazilian environmental project that documents and catalogs social conflicts around environmental issues, which found no active mineral-related conflicts near the mine site (https://ejatlas.org/featured/mining-latam).</p> <p>The company does not procure minerals from external sources.</p>
<p>3.4.1.2. If a determination is made that the mining project is located in a conflicted-affected or high-risk area or it sources minerals from such areas, then the operating company shall undertake the additional due diligence steps outlined in the remainder of this chapter.</p>	<p>Not relevant. Based on on-site observations, interviews, and supporting evidence, there is no indication that the mining project is located in or sourcing minerals from a conflict-affected or high-risk area.</p>
<p>3.4.1.3. If a determination is made that the project is not located in a conflicted-affected or high-risk area, and no minerals are sourced from those areas, then conflict-related risks shall be monitored at a level commensurate with the potential that the project area may become a conflict-affected or high-risk area and/or minerals from such areas may enter the mine's supply chain. If new risks emerge or previously identified risks intensify, screening shall take place to determine if risks are significant enough to warrant undertaking the additional due diligence steps in the remainder of this chapter.</p>	<p>Not relevant. Based on on-site observations, interviews, and supporting evidence, there is no indication that the mining project is located in or sourcing minerals from a conflict-affected or high-risk area.</p>
<p>3.4.2.1. Critical. When operating in or sourcing minerals from a conflict-affected or high-risk</p>	<p>Not relevant. Based on on-site observations, interviews, and supporting evidence, there is no indication that the mining</p>

area, the operating company shall not knowingly or intentionally cause, contribute to or be linked to conflict or the infringement of human rights by any party, or knowingly provide direct or indirect support to non-state armed groups or their affiliates, public security forces, or private security forces who:

a. Illegally control mine sites, transportation routes and upstream actors in the supply chain;

b. Illegally tax or extort money or minerals at point of access to mine sites, along transportation routes or at points where minerals are traded; or

c. Illegally tax or extort intermediaries, export companies or international traders.

project is located in or sourcing minerals from a conflict-affected or high-risk area.

3.4.2.2. When operating in a conflict-affected or high-risk area, the operating company shall:

a. Adopt and communicate to the public and stakeholders a commitment that when operating in a conflict-affected or high-risk area the operating company will not knowingly or intentionally cause, contribute to or be linked to conflict or the infringement of human rights by any party;

b. Maintain documentation on the quantity and dates of mineral extraction; quantity and dates of minerals obtained from other sources (e.g., from ASM); locations where minerals are consolidated, traded or processed; all mining-related taxes, fees, royalties or other payments made to governmental officials for the purposes of extraction, trade, transport and

Not relevant. Based on on-site observations, interviews, and supporting evidence, there is no indication that the mining project is located in or sourcing minerals from a conflict-affected or high-risk area.

export of minerals; all taxes and other payments made to public or private security forces or other armed groups; identification of all actors in the upstream supply chain; and transportation routes. This information shall be made available to downstream purchasers and auditors and to any institutionalized mechanism, regional or global, with the mandate to collect and process information on minerals from conflict-affected and high-risk areas;

c. Assign authority and responsibility to senior staff with the necessary competence, knowledge and experience to oversee the conflict due diligence processes; and

d. Ensure that stakeholders have access to and are informed about a mechanism to raise conflict-related concerns or grievances.

3.4.3.1. The operating company shall assess the risks to the company, workers and communities associated with operating in or sourcing minerals from the conflict-affected or high-risk area. Assessments shall include, at minimum:

a. Analysis of structural, root and proximate causes of the current conflict, and potential triggers of conflict in the area of operation;

b. Review of the factual circumstances of the operating company's mineral extraction, transport, and, if relevant, mineral sourcing and/or processing; and

c. Analysis of the risk that any of the company's activities may lead to the direct or

Not relevant. Based on on-site observations, interviews, and supporting evidence, there is no indication that the mining project is located in or sourcing minerals from a conflict-affected or high-risk area.

	indirect infringement of human rights, support of armed groups or otherwise contribute to conflict.	
3.4.3.2	Assessments shall follow a recognized risk assessment methodology, and be carried out and documented by competent professionals.	Not relevant. Based on on-site observations, interviews, and supporting evidence, there is no indication that the mining project is located in or sourcing minerals from a conflict-affected or high-risk area.
3.4.3.3	Assessments shall be based on credible evidence including on-the-ground research, expert advice, and information from consultations with relevant stakeholders, including men, women, children (or their representatives) and other vulnerable groups.	Not relevant. Based on on-site observations, interviews, and supporting evidence, there is no indication that the mining project is located in or sourcing minerals from a conflict-affected or high-risk area.
3.4.3.4	Conflict risk assessments shall be updated at minimum, on an annual basis, and more often if necessitated by the situation.	Not relevant. Based on on-site observations, interviews, and supporting evidence, there is no indication that the mining project is located in or sourcing minerals from a conflict-affected or high-risk area.
3.4.4.1	The operating company shall develop and implement a risk management plan that includes actions to be taken to prevent or mitigate risks identified through the risk assessment process.	Not relevant. Based on on-site observations, interviews, and supporting evidence, there is no indication that the mining project is located in or sourcing minerals from a conflict-affected or high-risk area.
3.4.4.2	The operating company shall collaborate with relevant stakeholders to develop culturally appropriate strategies to prevent or mitigate risks that are relevant to them; to develop performance objectives, timelines and indicators to measure the effectiveness of the	Not relevant. Based on on-site observations, interviews, and supporting evidence, there is no indication that the mining project is located in or sourcing minerals from a conflict-affected or high-risk area.

	risk management strategies; and to update or revise its prevention and mitigation strategies as needed.	
3.4.4.3	If risks to human rights are identified in the assessment, the operating company shall adhere to the requirements in IRMA Chapter 1.3.	Not relevant. Based on on-site observations, interviews, and supporting evidence, there is no indication that the mining project is located in or sourcing minerals from a conflict-affected or high-risk area.
3.4.5.1.	The operating company shall implement and monitor the effectiveness of its risk management plan as per the performance objectives, timelines and indicators developed with stakeholders.	Not relevant. Based on on-site observations, interviews, and supporting evidence, there is no indication that the mining project is located in or sourcing minerals from a conflict-affected or high-risk area.
3.4.5.2.	If through monitoring or some other means it is discovered that the operating company has unknowingly or unintentionally been complicit in armed conflict or serious human rights abuses in conflicted-affected or high-risk areas, the operating company shall immediately cease or change the offending action, mitigate or remediate the impact, and carry out external monitoring of its due diligence activities as per as per IRMA Chapter 1.3.	Not relevant. Based on on-site observations, interviews, and supporting evidence, there is no indication that the mining project is located in or sourcing minerals from a conflict-affected or high-risk area.
3.4.6.1.	The findings of conflict risk assessments, risk management plans and monitoring shall be reported to senior management of the operating company; and stakeholders, contractors, mine workers and other	Not relevant. Based on on-site observations, interviews, and supporting evidence, there is no indication that the mining project is located in or sourcing minerals from a conflict-affected or high-risk area.

employees shall be informed of findings that are relevant to them.

3.4.6.2. On an annual basis, where the operating company is operating in or sourcing minerals from a conflict-affected or high-risk area, the company or its corporate owner shall publicly report on due diligence undertaken to ensure that its actions are not supporting armed conflict or the infringement of human rights in those areas.

Not relevant. Based on on-site observations, interviews, and supporting evidence, there is no indication that the mining project is located in or sourcing minerals from a conflict-affected or high-risk area.

Chapter 3.5—Security Arrangements

Basis for rating

3.5.1.1. The operating company shall adopt and make public a policy acknowledging a commitment to respect human rights in its efforts to maintain the safety and security of its mining project; and a commitment that it will not provide support to public or private security forces that have been credibly implicated in the infringement of human rights, breaches of international humanitarian law or the excessive use of force.

The evidence, Human Rights Policy (December 2022), as well as interviews with a sample of key staff, indicates that the company has adopted and made public a policy acknowledging a commitment to respect human rights in its efforts to maintain the safety and security of its mining project; and a commitment that it will not provide support to public or private security forces that have been credibly implicated in the infringement of human rights, breaches of international humanitarian law or the excessive use of force as required by the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas (2016).

The policy is publicly available at <https://api.mziq.com/mzfilemanager/v2/d/21e1d193-5cab-456d-8bb8-f00a49a43c1c/ae01df50-fd1c-c1f1-0b3f-8829fb639ded?origin=1>

- 3.5.1.2. **Critical.** The operating company shall have a policy and procedures in place regarding the use of force and firearms that align with the best practices expressed in UN Basic Principles on the Use of Force and Firearms. At minimum, the company's procedures shall require that:
- a. Security personnel take all reasonable steps to exercise restraint and utilize non-violent means before resorting to the use of force;
 - b. If force is used it shall not exceed what is strictly necessary, and shall be proportionate to the threat and appropriate to the situation; and
 - c. Firearms shall only be used for the purpose of self-defense or the defense of others if there is an imminent threat of death or serious injury.

Security at the site is managed by the company's security provider, SEGURPRO. The third-party, operating on behalf of Gerdau, has a policy and procedure in place regarding the use of force and firearms. The security policy and procedures are included as evidence, Pos SecurPro -Vigilance Itabirito -Ouro Preto (July 2022), and indicate alignment to best practices expressed in UN Basic Principles on the Use of Force and Firearms (Sections I, IV, and V, pages 5-6), specifically:

- a. Security personnel shall take all reasonable steps to exercise restraint and utilize non-violent means before resorting to the use of force (I-Principle of Expediency, p. 5),
- b. If force is used it shall not exceed what is strictly necessary, and shall be proportionate to the threat and appropriate to the situation (IV-Principle of Necessity, p. 6), and
- c. Firearms shall only be used for the purpose of self-defense or the defense of others if there is an imminent threat of death or serious injury. (V-Principle of Proportionality, p. 6).



Interviews with a sample of security personnel, including workers and supervisors, indicate the company takes reasonable steps and does not resort to the use of force and firearms.

- 3.5.1.3 If private security is used in relation to the mining project, the operating company shall have a signed contract with private security providers that at minimum:
- a. Sets out agreed on principles that are consistent with the Voluntary Principles on Security and Human Rights and the operating company's procedures on the use of force and firearms;
 - b. Delineates respective duties and obligations with respect to the provision of

The evidence is a signed contract between the company and private security provider SEGURPRO (Contract, April 2022 and valid for a period of 60 months, or until April 2027, pages 7 to 12), which sets out agreed principles that are consistent with the Voluntary Principles on Security and Human Rights and the company's procedures on:

- a. the use of force and firearms;
- b. delineates respective duties and obligations with respect to the provision of security in and around the mining project and, if relevant, along transport routes;
- c. outlines required training for security personnel.

<p>security in and around the mining project and, if relevant, along transport routes; and</p> <p>c. Outlines required training for security personnel.</p>		
<p>3.5.1.4. If public security forces are used to provide security to the mining project and/or transport routes, the operating company shall make a good faith effort to sign a Memorandum of Understanding (MoU) or similar agreement with public security providers that includes similar provisions to those in 3.5.1.3.</p>	—	<p>Not relevant. The company does not use public security forces for the mining project or transport routes.</p>
<p>3.5.2.1. The operating company shall assess security risks and potential human rights impacts that may arise from security arrangements. Assessments of security-related risks and impacts shall be updated periodically, including, at minimum, when there are significant changes in mining-related activities, security arrangements, or in the operating environment.</p>	⊕	<p>The evidence, a Social and human rights risk matrix (Risk Map, August 2023), as well as interviews with a sample of key staff, indicates that the company has assessed potential human rights risks and impacts to one of the communities close to the mine arising from security arrangements.</p> <p>The evidence does not indicate whether the risk assessment was updated if/when there have been significant changes in activities, security, or the operating environment.</p>
<p>3.5.2.2. Assessments, which may be scaled to the size of the company and severity of security risks and potential human rights impacts, shall:</p> <p>a. Follow a credible process/methodology;</p> <p>b. Be carried out and documented by competent professionals; and</p> <p>c. Draw on credible information obtained from a range of perspectives, including men, women, children (or their representatives) and</p>	⊗	<p>The evidence, a Social and human rights risk matrix (Risk Map, August 2023), indicates that the company has assessed security risk impacts that may potentially arise from security arrangements to one community.</p> <p>The evidence does not include detail to confirm the assessment was scaled to the size of the company and severity of security risks, and potential human rights impacts, and that it:</p> <p>a. followed a credible methodology (company mentioned it followed the ISO 31000 methodology, but no evidence was provided);</p>

<p>other vulnerable groups, relevant stakeholders and expert advice</p>		<p>b. was carried out and documented by competent professionals; c. was drawn on credible information obtained from a range of perspectives, including men, women, children (or their representatives) and other vulnerable groups, relevant stakeholders and expert advice.</p>
<p>3.5.2.3 The scope of the security risk assessment shall include, but need not be limited to:</p> <p>a. Identification of security risks to the company, workers and communities, paying particular attention to risks to women, children and other vulnerable groups;</p> <p>b. Analysis of the political and security context in the host country context (e.g., the human rights records of the government and public and private security forces; adherence to the rule of law; corruption);</p> <p>c. Analysis of current and potential conflicts or violence in the host country and affected communities; and</p> <p>d. Risks associated with equipment transfers.</p>		<p>The evidence, a Social and human rights risk matrix (Risk Map, August 2023), includes: a. the identification of security risks to one of the communities close to the mine.</p> <p>The evidence does not provide information to confirm the company's security risk assessment considered risks to all potentially affected communities, the company and workers, paying special attention to vulnerable groups a., or that the assessment meets b. through d.</p>
<p>3.5.2.4 The operating company shall develop and implement a risk management plan that includes actions to be taken to prevent or mitigate identified risks, and monitoring that will be conducted to ensure that mitigation measures are effective.</p>		<p>The evidence, a Social and human rights risk matrix (Risk Map, August 2023), indicates that the company has developed actions to prevent risks arising from security arrangements including training on human rights risk for security personnel and to mitigate risks through conflict management. The evidence further indicates that the company has developed a risk management plan (Tactical Risk Management - Itabirito Project, no date), but it was not provided for review. Interviews with Gerdau management and the third-party manager confirm the implementation of the risk management plan.</p>

		<p>The evidence does not include details to confirm the company has developed a monitoring program to ensure that mitigation measures related to risks arising from security arrangements are effective.</p>
<p>3.5.2.5. If the security risk assessment reveals the potential for conflicts between mine security providers and affected community members or workers, then the operating company shall collaborate with communities and/or workers to develop mitigation strategies that are culturally appropriate and that take into consideration the needs of women, children and other vulnerable groups. If specific risks to human rights are identified in the assessment, the mitigation strategies shall conform with requirements in IRMA Chapter 1.3.</p>		<p>The evidence, a Social and human rights risk matrix (Risk Map, August 2023), indicates that security arrangements have the potential to impact the right to life, freedom, and personal security of the community closest to the mine.</p> <p>The evidence does not include details to confirm that proposed prevention and mitigation strategies largely conform with requirements in IRMA Chapter 1.3. and that the company has collaborated with communities and/or workers to develop mitigation strategies that are culturally appropriate and that take into consideration the needs of women, children and other vulnerable groups.</p>
<p>3.5.3.1 The operating company shall develop and implement due diligence procedures to prevent the hiring of company security personnel and private security providers who have been convicted of or credibly implicated in the infringement of human rights, breaches of international humanitarian law or the use of excessive force.</p>		<p>The evidence, contract between Gerdau and SEGURPRO (April 2022 and valid to April 2027), indicates that Gerdau and the private security provider, SEGURPRO, have a signed contract that states "To observe, and determine that its employees and subcontractors comply with the Manual for the Qualification and Access of Service Providers and Materials referenced in the attached Liability and Commitment Agreement, developed by GERDAU" (page 10), which ensures security services providers must follow Brazilian legislation regarding qualification requirements. According to federal law, private security workers must undergo annual training at a Federal Police-approved location, and an incident-free criminal record is one of the requirements for completing the training. Interviews with Gerdau management and the SEGURPRO manager indicated that both companies have implemented due diligence procedures to prevent the hiring of company security personnel and private security providers who have</p>

	<p>been convicted of or credibly implicated in the infringement of human rights, breaches of international humanitarian law or the use of excessive force.</p> <p>The evidence does not indicate that the company has developed written due diligence procedures for the hiring of security personnel and security providers.</p>
<p>3.5.3.2. The operating company shall make a good faith effort to determine if public security personnel providing security to the mine have been convicted of or credibly implicated in the infringement of human rights, breaches of international humanitarian law or the use of excessive force.</p>	<p>Not relevant. The company does not use public security forces for the mining project or transport routes.</p>
<p>3.5.4.1 Prior to deployment of company or private security personnel, the operating company shall provide training that incorporates, at minimum, information related to ethical conduct and respect for the human rights of mine workers and affected communities, with particular reference to vulnerable groups, and the company's policy on the appropriate use of force and firearms. Initial training and refresher courses shall be mandatory for all operating company personnel involved in security, and for private security contractors that have not received equivalent training from their employers.</p>	<p>The evidence, two security procedures (POS SegurPro - Vigilance Itabirito - Ouro Preto, July 2022) and PDV 2021 - Segurpro Mining (March 2021), as well as interviews with a sample of key staff, indicates that the private security contractor, SEGURPRO, operating on behalf of Gerdau, has provided training that incorporates the company's policy on the appropriate use of force and firearms.</p> <p>The evidence, training attendance records (Use of Firearms) (May 2023), indicates that the private security contractor, SEGURPRO, provides initial training and refresher courses for all company personnel involved in security, and for private security contractors that have not received equivalent training from their employers.</p> <p>The evidence, a course completion certificate (Prosegur University Certificate, June 2022), indicates that the private security contractor, SEGURPRO, provides specific training information related to human rights and diversity.</p> <p>The evidence does not indicate that there is specific training on ethical conduct and respect for the human rights of mine</p>

	<p>workers and affected communities, with particular reference to vulnerable groups, pertaining to human rights and diversity.</p>
<p>3.5.4.2 If public security forces are to be used, the operating company shall determine if public security personnel are provided with training on human rights and the appropriate use of force and firearms. If this training is not occurring, the company shall offer to facilitate training for public security personnel that provide mine-related security.</p>	<p>Not relevant. The company does not use public security forces for the mining project or transport routes.</p>
<p>3.5.5.1. The operating company shall: a. Develop and implement systems for documenting and investigating security incidents, including those involving impacts on human rights or the use of force;b. Take appropriate actions, including disciplinary measures, to prevent and deter abusive or unlawful acts by security personnel and acts that contravene the company's policies on rules of engagement, the use of force and firearms, human rights, and other relevant policies;c. Take appropriate actions to mitigate and provide remediation for human rights impacts (as per IRMA Chapter 1.3), injuries or fatalities caused by security providers;d. Report security incidents, including any credible allegations of human rights abuses by private or public security providers, to the competent authorities and national human rights institutions, and cooperate in any investigations or proceedings;e. Provide medical assistance to all injured persons, including offenders; andf.</p>	<p>The evidence, Segurpro Mining (January 2022) and interviews with Gerdau management and SEGURPRO manager, indicate that Gerdau has developed and implemented systems for documenting and investigating security incidents, including those involving impacts on human rights or the use of force a.</p> <p>The evidence includes two security procedures (POS SegurPro -Vigilance Itabirito - Ouro Preto, July 2022, and PDV 2021 - Segurpro Mining, March 2021, training attendance records (POS Use of Firearms, May 2023) and a course completion certificate (Prosegur University Certificate, June 2022) and indicates that the private security contractor has received training to mitigate human rights impacts b. by learning about the company's policy, appropriate use of force and firearms human rights and diversity. The company has implemented a grievance mechanism that can be accessed through different channels so that concerns regarding potential human rights impacts can be addressed before they turn into abusive or unlawful acts (b).</p> <p>The evidence does not indicate that the security incidents record system meets the sub-requirements c. through f.</p>

<p>Ensure the safety of victims and those filing security-related allegations.</p>		<p>Not relevant. No security-related incidents that result in injuries, fatalities or alleged human rights impacts on community members or workers were reported.</p>
<p>3.5.5.2. In the event of security-related incidents that result in injuries, fatalities or alleged human rights impacts on community members or workers, the company shall provide communities and/or workers with information on the incidents and any investigations that are underway, and shall consult with communities and/or workers to develop strategies to prevent the recurrence of similar incidents.</p>		<p>Not relevant. No security-related incidents that result in injuries, fatalities or alleged human rights impacts on community members or workers were reported.</p>
<p>3.5.6.1. If requested by a representative community structure, the operating company shall offer a briefing for community stakeholders on the company's procedures on the use of force and firearms.</p>		<p>According to information provided in the interviews with the company's manager of security affairs and the security contractor manager, no request was made by a representative community structure for a briefing on the company's procedures on the use of force and firearms.</p>
<p>3.5.6.2. The operating company shall consult regularly with stakeholders, including host governments and affected communities, about the impact of their security arrangements on those communities; and shall report to stakeholders annually on the company's security arrangements and its efforts to manage security in a manner that respects human rights.</p>		<p>The evidence does not include information to confirm that the company regularly consults with stakeholders, including host governments and affected communities, about the impact of mining project security arrangements and reports to stakeholders annually on the company's security arrangements and its efforts to manage security in a manner that respects human rights.</p>
<p>3.5.6.3. Stakeholders shall have access to and be informed about a mechanism to raise and</p>		<p>The company has grievance mechanisms in place, and they are broadly available to stakeholders, with multiple ways through which stakeholders can report a concern. The evidence, Communication channel brochure (grievance</p>

seek recourse for concerns or grievances related to mine security.

mechanism publicity material, no date), indicates that the company took reasonable steps to inform external stakeholders of the existence of the operational-level complaints and grievance mechanism and its scope, which includes all concerns related to the mine operation.

Interviews with a sample of stakeholders indicated that not all are aware of the grievance mechanism and its scope in general.

3.5.6.4 If public security forces are providing security for any aspect of the mining project, the operating company shall encourage host governments to permit making security arrangements, such as the purpose and nature of public security, transparent and accessible to the public, subject to any overriding safety and security concerns.

Not relevant. The company does not use public security forces for the mining project or transport routes.

Chapter 3.6—Artisanal and Small-Scale Mining

Basis for rating

Chapter Not Relevant. Based on on-site observations, interviews with a sample of stakeholders (including a sample of those potentially affected, such as those living closest to the mine or in potentially affected areas), government agencies, workers, and company key staff, as well as documental evidence, there is no indication that the mining project is located in an area where artisanal or small-scale mining is practiced.

Chapter 3.7—Cultural Heritage

Basis for rating

3.7.1.1. Screening, assessment and the development and implementation of mitigation measures and procedures related to the management of cultural heritage shall be carried out by competent professionals.



The evidence, Technical Proposal for Cultural Heritage Projects (July 2021), indicates the inclusion of preventive safeguarding provisions and a comprehensive descriptive memorandum. The methods employed encompass a thorough examination of studies related to heritage and impact mitigation integration. The project scope encompasses the professional expertise required for the task, as well as the resumes of the responsible professionals. The evidence, Prior Cultural Impact Study and Cultural Heritage Impact Report (February 2022), indicates the assessments of cultural heritage were carried out by competent and experienced professionals in the subject.

On-site interviews with company management indicate that the methods used are scientifically robust.

3.7.1.2. Screening, assessment and the development of mitigation measures and procedures related to the management of cultural heritage shall include consultations with relevant stakeholders.



The evidence, minutes of two meetings where cultural heritage preservation projects were presented to the community members of Miguel Burnier (meetings held on September 2021 and September 2022), as well as interviews with a sample of stakeholders and key personnel, indicate that the company informed some community members about the cultural heritage screening and assessment of the Miguel Burnier district.

The evidence does not include information to confirm that stakeholders' consultations were included during the development of mitigation measures and does not indicate that community members from other relevant communities (e.g., Chrockatt de Sá and Mota) were invited to these meetings.

3.7.1.3. Cultural heritage assessments, management plans and procedures shall be made available upon request to community stakeholders and other stakeholders who have been engaged with the mine site on cultural heritage issues.



The evidence, minutes of two meetings where cultural heritage preservation projects were presented to the community members of Miguel Burnier (meetings held on September 2021 and September 2022), indicates that the company informed some community members about the cultural heritage assessments, management plans and procedures related to the management of the cultural heritage of the Miguel Burnier district.

The evidence does not include information to confirm that community members from other relevant communities (e.g., Chrockatt de Sá and Mota) were invited to these meetings.

3.7.2.1. Prior to the development of a new mine, or when there are significant changes to mining-related activities, the operating company shall undertake a screening process to identify risks and potential impacts to replicable, non-replicable and critical cultural heritage from the proposed mining-related activities.



Miguel Burnier is an existing mine with an expansion in progress. For the most recent projects planned or underway, the company carried out screening processes by competent professionals of the potential impacts to replicable, non-replicable and critical cultural heritage. The evidence includes several recent environmental impact assessments (EIAs):

- MB2 Sterile Disposal Pile - Miguel Burnier Mine, Ouro Preto-MG (2017);
- Tailings Disposal Pile (PDR) Sardinha (May 2020);
- UTM II Project – Itabiritos Miguel Burnier Mine. Ouro Preto-MG (December 2020).

The evidence reviewed does not indicate that new or appropriate supplemental screening processes have been carried out, considering the potential cultural heritage impacts associated with the mining operation, facilities or structures that have been significantly revised. More updated evidence on monitoring will be needed during the surveillance audit.

Interviews with a sample of stakeholders and onsite observations indicate that the Miguel Burnier Railway Complex, a legally protected area, is being impacted by the mining operations in expansion.

3.7.2.2. If the screening indicates the potential for replicable, non-replicable or critical cultural heritage to be encountered during mining-related activities, the operating company shall assess the nature and scale of the potential impacts and propose mitigation measures to avoid, minimize, restore or compensate for adverse impacts. Mitigation measures shall be consistent with the requirements below (see criteria 3.7.3, 3.7.4, 3.7.5 and 3.7.6), based on the type of cultural heritage likely to be affected.




The evidence, Prior cultural impact study and cultural heritage impact report (February 2022), as well as interviews conducted with key personnel, indicate that the company has assessed potential impacts on replicable, non-replicable and critical cultural heritage by the mine operation, including the nature and the scale of impacts. The report also indicates that the company has developed a program named the Safeguarding Program for Affected Cultural Heritage that aims to avoid and minimize any impacts on cultural heritage and restore cultural heritage where necessary (page 284).

3.7.3.1. When tangible replicable cultural heritage that is not critical is encountered during mining-related activities the operating company shall apply mitigation measures that favor avoidance. Where avoidance is not feasible, the following mitigation hierarchy shall apply: a. Minimize adverse impacts and implement restoration measures, in situ, that ensure maintenance of the value and functionality of the cultural heritage, including maintaining or restoring any ecosystem processes needed to support it; b. Where restoration in situ is not possible, restore the functionality of the cultural heritage, in a different location, including the ecosystem processes needed to support it; c. Where restoring the functionality of the cultural heritage in a different location is not feasible, permanently remove historical and archeological artifacts and structures; and d. Where affected communities are using the tangible cultural heritage for long-standing cultural purposes compensate for loss of that tangible cultural heritage.



The evidence, Prior cultural impact study and cultural heritage impact report (February 2022), as well as interviews conducted with key personnel, indicate that there is tangible replicable cultural heritage that is not critical in the mine's area of influence that may be potentially impacted. Chapter 14 of the report gives an overview of the mitigation measures for different types of cultural assets, indicating that the company favors avoidance over mitigation of impacts.

The evidence does not include details such as proposed mitigation measures for each individual tangible asset and related rationale for mitigation measures to confirm that the company favors avoidance of impacts.

<p>3.7.3.2. All mitigation work involving tangible replicable cultural heritage shall be carried out and documented by competent professionals, using internationally recognized practices for the protection of cultural heritage.</p>		<p>The evidence does not include documentation or records to confirm that mitigation measures for impacts on tangible replicable cultural heritage have been carried out and documented by competent professionals, using internationally recognized practices for the protection of cultural heritage.</p>
<p>3.7.4.1. The operating company shall not remove any tangible nonreplicable cultural heritage, unless all of the following conditions are met:</p> <ul style="list-style-type: none"> a. The overall benefits of the mining project conclusively outweigh the anticipated cultural heritage loss from removal; and b. Any removal of cultural heritage is conducted using the best available technique. 	<p>—</p>	<p>Not relevant. The evidence does not indicate that tangible non-replicable cultural heritage is encountered or predicted to be affected by mining-related activities.</p>
<p>3.7.4.2 All mitigation work involving tangible non-replicable cultural heritage shall be carried out and documented by competent professionals, using internationally recognized practices for the protection of cultural heritage.</p>	<p>—</p>	<p>Not relevant. The evidence does not indicate that there are predicted or actual impacts on tangible non-replicable cultural heritage that need to be mitigated.</p>
<p>3.7.5.1. Except under exceptional circumstances, the operating company shall not remove, significantly alter, or damage critical cultural heritage. In exceptional circumstances when impacts on critical cultural heritage are unavoidable, the operating company shall:</p> <ul style="list-style-type: none"> a. Retain external experts to assist in the assessment and protection of critical cultural heritage, and use internationally recognized practices for the protection of cultural heritage; and 	<p>—</p>	<p>Not relevant. The evidence does not indicate that critical cultural heritage is encountered or predicted to be affected by mining-related activities.</p>

b. Collaborate with affected communities to negotiate measures to protect critical cultural heritage and provide equitable outcomes for affected communities, and document the mutually accepted negotiation process and outcomes. (Note: Where impacts may occur to indigenous peoples' critical cultural heritage, negotiation shall take place through the Free, Prior and Informed Consent process outlined in IRMA Chapter 2.2 unless otherwise specified by the indigenous peoples).

- 3.7.5.2. When a new mine is proposed within a legally protected cultural heritage area, including areas proposed by host governments for such designation, or a legally defined protected area buffer zone, the operating company shall:
- a. Comply with the requirement 3.7.5.1;
 - b. Comply with the protected area's management plan;
 - c. Consult with agencies or bodies responsible for protected area governance and management, local communities and other key stakeholders on the proposed mining project; and
 - d. Implement additional programs, as appropriate, to promote and enhance the conservation aims of the protected area.

Not relevant. The evidence does not indicate that there is a legally protected cultural heritage area at the mine site. Therefore, this item is not applicable to the company. Besides, the mine is not new, but is an existing one.

- 3.7.5.3. IRMA will not certify new mines that are developed in or that adversely affect the following protected areas if those areas were

Not relevant. The evidence does not indicate that there are protected areas (UNESCO, UICN, etc.) at mine site or

designated to protect cultural values (See also Chapter 4.6).

- World Heritage Sites, and areas on a State Party's official Tentative List for World Heritage Site Inscription;
- International Union for Conservation of Nature (IUCN) protected area management categories I-III;
- Core areas of UNESCO biosphere reserves.

surroundings. Besides, the mine is not new, but is an existing one.


3.7.5.4 . An existing mine located entirely or partially in a protected area listed in 3.7.5.3 shall demonstrate that:a. The mine was developed prior to the area's official designation;b. Management plans have been developed and are being implemented to ensure that activities during the remaining mine lifecycle will not permanently and materially damage the integrity of the cultural values for which the area was designated or recognized; andc. The operating company collaborates with relevant management authorities to integrate the mine's management strategies into the protected area's management plan.


Not relevant. The evidence does not indicate that there are protected areas (UNESCO, UICN, World Heritage, etc.) at the mine site or surroundings.

3.7.5.5. To safeguard irreplaceable cultural heritage and respect indigenous peoples' right to self-determination, the operating company shall not carry out new exploration or develop new mines in areas where indigenous peoples are known to live in voluntary isolation.

Not relevant. The evidence does not indicate that the company has undertaken any exploration or developed mines in areas where Indigenous people are known to live in voluntary isolation.

<p>3.7.6.1. Where the operating company proposes to use the intangible cultural heritage, including knowledge, innovations or practices of local communities for commercial purposes, the company shall inform these communities of their rights under national and international law, of the scope and nature of the proposed commercial development, and of the potential consequences of such development.</p>	<p>—</p>	<p>Not relevant. The evidence does not indicate that the company has proposed to use the intangible cultural heritage of local communities.</p>
<p>3.7.6.2 The operating company shall not proceed with such commercialization unless it:</p> <ul style="list-style-type: none"> a. Collaborates with affected communities using a good faith negotiation process that results in a documented outcome; and b. Provides for fair and equitable sharing of benefits from commercialization of such knowledge, innovation, or practice, consistent with local customs and traditions. 	<p>—</p>	<p>Not relevant. The evidence does not indicate that the company has proposed to use the intangible cultural heritage of local communities.</p>
<p>3.7.6.3 Where the operating company proposes to use indigenous peoples' cultural heritage for commercial uses, negotiation shall take place through the Free, Prior and Informed Consent process outlined in IRMA Chapter 2.2 unless otherwise specified by the indigenous peoples.</p>	<p>—</p>	<p>Not relevant. The evidence does not indicate that the company has proposed to use the intangible cultural heritage of local communities.</p>
<p>3.7.7.1. A cultural heritage management plan or its equivalent shall be developed that outlines the actions and mitigation measures to be implemented to protect cultural heritage.</p>	<p>●</p>	<p>The evidence, Prior cultural impact study and cultural heritage impact report (February 2022), is equivalent to a cultural heritage management plan and outlines the actions and mitigation measures to be implemented to protect cultural heritage that could be potentially affected by the mine operation, enhance conditions and use of existing cultural</p>

		<p>heritage, and indicates that most actions, such as social and cultural programs, are being held as scheduled.</p>
<p>3.7.7.2. If a new or existing mine is in an area where cultural heritage is expected to be found, the operating company shall develop procedures for:</p> <ul style="list-style-type: none"> a. Managing chance finds, including, at minimum, a requirement that employees or contractors shall not further disturb any chance find until an evaluation by competent professionals is made and actions consistent with the requirements of this chapter are developed; b. Managing potential impacts to cultural heritage from contractors and visitors; c. Allowing continued access to cultural sites, subject to consultations with affected communities and overriding health, safety, and security considerations; and d. If the mining project affects indigenous peoples' cultural heritage, the operating company shall collaborate with indigenous peoples to determine procedures related to the sharing of information related to cultural heritage. 		<p>The evidence, a workshop presented to workers and contractors related to cultural heritage (no date), as well as interviews with a sample of workers and with key personnel, indicate that workers and contractors were trained and were given information material manage chance finds, including not further disturb, requirement a. There are no Indigenous people that could be affected by the site, as described in d.</p> <p>The evidence does not include details to confirm the company has documented procedures or agreements for the issues listed in sub-requirements b. through c.</p>
<p>3.7.7.3. The operating company shall ensure that relevant employees receive training with respect to cultural awareness, cultural heritage site recognition and care, and company procedures for cultural heritage management.</p>		<p>The evidence, a workshop presented to workers and contractors related to cultural heritage (Workshop on Cultural Heritage – November 2022), as well as interviews with a sample of workers and with key personnel, indicate that workers and contractors were trained and were given</p>








information material to know how to act in case they find archeological remnants.

Principle 4: Environmental Responsibility

Note The objective of this IRMA Principle is to assess the management of wastes and materials to verify that the entity addressed the topics of short- and long-term physical and chemical risks, and health and safety of communities, as well as future land and water uses, as indicated by the IRMA Guidance (June 2018). In conducting this assessment, the auditing team exercised professional judgment based on the information available to them, demonstrating the same level of care and skill typically employed under similar circumstances by reputable consultants providing comparable services in the same geographical area. It is important to acknowledge that reasonable individuals may hold differing views on matters involving professional judgment, which could consequently lead to varying opinions on a question of professional judgment. The evaluation of the requirements in this Principle pertaining to the structural stability of mining facilities (such as TSF, open pit, dams, reservoirs, etc.) should not be misconstrued as a certification or a professional engineering assessment of these structures. The responsibility for certifying the stability or the appropriateness of these structures is outside the scope of the IRMA assessment. Those responsibilities lie solely with authorized technical and governmental organizations.

RATING LEGEND Description of performance

	Fully meets
	Substantially meets
	Partially meets
	Does not meet
	Not relevant

Chapter 4.1—Waste and Materials Management

Basis for rating

4.1.1.1. The operating company shall develop a policy for managing waste materials and mine waste facilities in a manner that eliminates, if practicable, and otherwise minimizes risks to human health, safety, the environment and communities.



Does not meet. The evidence, a procedure for the Management of Solid Waste (2019) covers solid waste, hazardous and non-hazardous waste, inert and non-inert waste, tailings, and byproducts with a focus on non-mining waste, including an annex dedicated to instructing on how to use the waste tracking system, record the transport of waste (Annex 2), and label waste containers (Annex 3).

The evidence does not include a policy for managing waste materials and mine waste facilities in a manner that eliminates, if practicable, and otherwise minimizes risks to human health, safety, the environment, and communities including both waste materials and mine waste with guidance for the team in charge of the TSF, waste rock dumps, and dry stack tailings to manage it.

4.1.1.2. The operating company shall demonstrate its commitment to the effective implementation of the policy by, at minimum:

- a. Having the policy approved by senior management and endorsed at the Director/Governance level of the company;
- b. Having a process in place to ensure that relevant employees understand the policy to a degree appropriate to their level of responsibility and function, and that they have the competencies necessary to fulfill their responsibilities;



Does not meet. The evidence, Solid Waste Management Plan (2019), is not a policy or an equivalent thereof and does not include a commitment to effective implementation of the policy that meets the sub-requirements a. through d.

- c. Having procedures and/or protocols in place to implement the policy; and
- d. Allocating a sufficient budget to enable the effective implementation of the policy.

- 4.1.2.1. The operating company shall:
- a. Identify all materials, substances and wastes (other than mine wastes) associated with the mining project that have the potential to cause impacts on human health, safety, the environment or communities; and
 - b. Document and implement procedures for the safe transport, handling, storage and disposal of those materials, substances and wastes.



The evidence, a Solid Waste Management Plan (2019), contains a classification of waste types based on its potential to cause harm to the environment. The classification, requirement a., offers some examples of the specific waste for each category that have the potential to cause impacts on human health, safety, the environment, or communities, as well requirement b., documented instructions for the packaging, storage, collection, transport, and disposal as applicable for each identified type of waste.

The evidence does not include an aggregated list or map identifying waste facilities, including recycling, or documentation to confirm the implementation relating to documented storage, handling, and disposal practices - b.

- 4.1.3.1. The operating company shall identify all existing and/or proposed mine waste facilities that have the potential to be associated with waste discharges or incidents, including catastrophic failures, that could lead to impacts on human health, safety, the environment or communities.



- The evidence,
- a combined operational risk matrix for Miguel Burnier and Várzea do Lopes mines (Mining Operational Risks Worksheet, issued May 2020, last updated May 2022),
 - Emergency Action Plans for PDR Vigia, and PDE Vigia Unificada (January 2023), Alemães Tailings Dam (February 2022), and UTM II Sedimentation Ponds (March 2022), and
 - Mine Closure Plan (2022),

indicates the company has identified the following operating mine waste facilities:

1. PDE Vigia Unificada - Waste rock storage facility, which is further broken down into PDE Vigia, PDE Vigia 2, and PDE Vigia 3 in the Conceptual Mine Closure Plan;
 2. PDR Vigia - Dry stack tailings facility;
 3. UTM II Sedimentation Ponds (1 and 2), which receive any drainage from the filters, tank, or slurry line that feeds the tailings filter presses;
 4. Sumps North and South for PDR Vigia; and
 5. Diverse smaller sumps throughout the site;
- and following decommissioned mine waste facility:
- 6) Alemães Tailings Dam – Tailings Storage Facility (decommissioned), which was decommissioned and officially de-characterized as a dam on July 12, 2023, tailings deposition into this dam ceased in February 2023 (Inspection Report, State Environment Foundation, October 19th, 2023); and
 - 7) PDR Bocaina – former tailings dam (decommissioned), which was decommissioned and officially de-characterized as a dam in 2019 and is completely silted up and dry.

The evidence further indicates that the following mine waste facilities are planned:

- PDER MB2 - Waste rock storage facility (planned)
- Sumps East and West for PDER MB2 – Sedimentation ponds (planned)
- Tailings Disposal Pile (PDR) Sardinha– Dry stack tailings facility (planned)

Onsite observations confirm that all mine waste facilities present at the site are accurately documented in the company's records

- 4.1.3.2. The operating company shall perform a detailed characterization for each mine waste facility that has associated chemical risks. Characterization shall include:
- a. A detailed description of the facility that includes geology, hydrogeology and hydrology, climate change projections, and all potential sources of mining impacted water (MIW);
 - b. Source material characterization using industry best practice to determine potential for acid rock drainage (ARD) or metals leaching (ML). This shall include:
 - i. Analysis of petrology, mineralogy, and mineralization;
 - ii. Identification of geochemical test units;
 - iii. Estimation of an appropriate number of samples for each geochemical test unit; and
 - iv. Performance of comprehensive geochemical testing on all samples from each geochemical test unit.
 - c. A conceptual model that describes what is known about release, transport and fate of contaminants and includes all sources, pathways and receptors for each facility;
 - d. Water balance and chemistry mass balance models for each facility; and
 - e. Identification of contaminants of concern for the facility/source materials, and the potential resources at risk from those contaminants.



IRMA's notes on the requirement indicate that if a mine waste facility has no chemical risks, evidenced by geochemical characterization proving non-reactivity of waste and construction materials, it is exempt from the detailed characterization in requirements 4.1.3.2.

Evidence shows that chemical characterizations have been conducted on the tailings storage facilities (Alemães Tailings Dam and PDR Vigia) and the UTM II sedimentation ponds, and the waste has been classified as inert, indicating low risk for acid rock drainage or metals leaching. The supporting documentation includes:

- The Extraordinary Safety Audit Report (March 2023, p. 31), which details the chemical characterization of the tailings at the TSF Alemães. The report classifies the tailings as Class II B – inert and non-hazardous, per legal requirement ABNT NBR 10.004/2004, based on eight samples collected from various points of the dam.

- The Technical Report on Classification of Solid Waste (ABNT NBR 10.004: 2004- Assessment of Corrosivity, Reactivity, and Toxicity, May 2020) confirms the tailings from the UTM II ore treatment plant, tested by third-party laboratory SGS Geosol Laboratories Ltda., are non-reactive, non-corrosive, with an average pH of 7.3. This indicates a low chemical risk for ARD at the TSF, the PDR Vigia dry tailings pile, and the UTM II sedimentation pond.

- The Assessment of Compliance and Operability of the Emergency Action Plan (Herkenhoff & Prates, June 2022, p. 27) notes that the UTM II sedimentation ponds are classified as Class II B – inert.

These chemical characterizations have not identified any chemical constituents exceeding legal thresholds for tailings discharge or other contaminants of concern.

- 4.1.3.3. The operating company shall identify the potential physical risks related to tailings storage facilities and all other mine waste facilities where the potential exists for catastrophic failure resulting in impacts on human health, safety, the environment or communities. Evaluations shall be informed by the following:
- a. Detailed engineering reports, including site investigations, seepage and stability analyses;
 - b. Independent technical review (See criteria 4.1.6)
 - c. Facility classification based on risk level or consequence of a failure, and size of the structure/impoundment;
 - d. Descriptions of facility design criteria;
 - e. Design report(s);
 - f. Short-term and long-term placement plans and schedule for tailings and waste rock or other facilities subject to stability concerns;
 - g. Master tailings placement plan (based on life of mine);
 - h. Internal and external inspection reports and audits, including, if applicable, an annual dam safety inspection report;
 - i. Facility water balances (See also 4.1.3.2.d); and

The evidence does not include a detailed chemical characterization of its waste rock storage facility PDE Vigia Unificada to confirm that it does not pose a chemical risk.

The company has identified the potential physical risks related to its mine waste facilities where the potential exists for catastrophic failure resulting in impacts on human health, safety, the environment, or communities. Evaluations have been informed by the items (a) to (j), as follows:

For the Alemães Tailings Dam and UTM II sedimentation ponds, the evidence includes:

- Technical Report on the addition of a buttress to the Alemães Tailings Dam to adjust the prior upstream construction method to downstream (Executive Project – Downstream Adjustment Massif, DAM, September 2019), including descriptions of geological, geotechnical, hydrological aspects, facility design criteria, and stability analyses,
- Emergency Action Plans for Alemães Tailings Dam (February 2022), and UTM II Sedimentation Ponds (March 2022),
- two audit reports (Extraordinary Safety Audit Report, March 2022 and 2023);
- a safety inspection report for the Alemães Tailings Dam (Regular Safety Inspection Report (RISR) – ANM, September 2022),
- a safety inspection report for the UTM II sedimentation ponds (UTM II Bays Regular Safety Inspection Report – 1st Half of 2022, September 2022),

Indicating that the company's assessment of the physical risk of the Alemães Tailings Dam retrofitted with a buttress, and UTM II sedimentation ponds are based on detailed engineering reports (a), facility classifications (c), short-term and long-term placement plans (f, g), internal and external

j. Dam breach inundation (if applicable) and waste rock dump runout analyses.

inspection reports and reviews (b, h), and dam breach inundation analyses (j).

For the waste rock storage and dry stack tailings facilities, the evidence includes the following:

- a design report for PDR Vigia, PDE Vigia 2, and PDE Vigia 3 (Executive Project – Descriptive Report and Calculation Memory, BVP, January 2022) including a description of the facility, geological, geotechnical, and hydrogeological aspects, stacking plans, a facility classification for PDR Vigia based on risk level per the Canadian Dam Association with damage potential result “low”, and stability analysis
- a design report for PDE Vigia Unificada (Executive Project – Descriptive Report and Calculation Memory, BVP, February 2023) including a description of the facility, geological, geotechnical, and hydrogeological aspects, stacking plans, a facility classification for PDE Vigia Unificada based on risk level per the Canadian Dam Association with damage potential result “high”, and stability analysis.
- an independent third-party audit report for waste rock storage and dry stack tailings facilities (November 2022), and
- Emergency Action Plans for PDR Vigia and PDE Vigia Unified (January 2023).

These documents indicate the physical risk assessment of these structures considered design reports including site investigations and stability analyses (a, e), independent reviews (b, h), facility classifications (c), long-term placement plans (f), and descriptions of facility design criteria (d).

The evidence does not indicate whether physical risk evaluations of mine waste facilities have been informed by:

- design reports (a), facility design criteria (d) of the UTM II sedimentation dams, and facility water balances (i) for the tailings dam and UTM II sedimentation ponds.

4.1.3.4. Facility characterizations shall be updated periodically to inform waste management and reclamation decisions throughout the mine life cycle.

- facility water balances (i) and waste rock dump runout analyses (j) for waste rock storage and dry stack tailings facilities.

The audit evidence provided includes several recent reports indicating that facility characterizations have been conducted and are being used to inform waste management and reclamation decisions. Specifically:

Alemães Tailings Dam: Two safety audit reports (Extraordinary Safety Audit Report, March 2022 and 2023) and a regular safety inspection report (Regular Safety Inspection Report, ANM, September 2022) include facility characterizations of the tailings dam. These reports confirm that facility classifications have been performed and inform waste management and reclamation decisions for the Alemães Tailings Dam.

PDE Vigia Unificada and PDR Vigia: According to the Technical Audit Report on the Piles (November 2022), the company has completed physical and hydrological characterizations of these facilities, along with geochemical characterization of the dry stack tailings materials. Two reports on the waste rock and tailings storage facilities (Executive Project – Descriptive Report and Calculation Memory, BVP, January 2022, and February 2023) indicate classifications of physical damage potential have been conducted according to Canadian Dam Association guidelines (see 4.1.3.3.).

UTM II Sedimentation Ponds: A safety inspection report (UTM II Bays Regular Safety Inspection Report – 1st Half of 2022, GeoHydroTech, September 2022) provides the characterization of the UTM II sedimentation ponds.

Sump Norte and Sump Sul: The Emergency Action Plan for PDE Vigia Unified (January 2023) notes that the company has assessed the risk potential for these sumps as “low.” However, the risk assessment documentation was not provided during the audit.

Closure and Reclamation Planning: The Conceptual Mine Closure Plan (June 2022) outlines that the closure plan shall be updated every 3 to 5 years (Ch. 12.1.3.), incorporating the results of supplementary studies on physical, hydrological, and/or geochemical characterizations (Ch. 12.1.2.). This plan reflects the most recent facility classifications and considers the future configuration of the tailings dam (Ch. 5).

While the evidence provided is recent and shows that facility characterizations are being carried out, there is no evidence yet to demonstrate that waste management and reclamation plans are updated periodically as required (e.g. when there are changes in the physical, hydrological, or geochemical characterization of the facilities, or significant operational changes occur that would necessitate a reassessment of the facility characterizations).

4.1.3.5. Use of predictive tools and models for mine waste facility characterization shall be consistent with current industry best practice, and shall be continually revised and updated over the life of the mine as site characterization data and operational monitoring data are collected.

The evidence includes Emergency Action Plans for Alemães Tailings Dam (February 2022), and UTM II Sedimentation Ponds (March 2022), as well as interviews with key personnel, and indicate that dam breach inundation models were generated using a two-dimensional computer model (software RiverFlow2D) with model criteria consistent with guidelines by the American Federal Emergency Management Agency, and that dam rupture scenarios were modelled following guidelines for Guidelines For Dam Breach Analysis by the Federal Emergency Management Agency.

The audit reports for the Alemães Tailings Dam (September 2022) and the Safety Inspection report for UTM II sedimentation ponds (September 2022) issued by specialized companies, consider updated design, hydrology, site geology, and geotechnical data.

The evidence indicates that the company's use of predictive tools and models for some mine waste facility characterization, which are consistent with current industry best practice and are continually revised and updated over the

	<p>life of the mine as site characterization data and operational monitoring data are collected.</p> <p>The evidence does not include details to confirm the company considered updated hydrogeology and methodology to model the water balance of its tailings dam.</p>
<p>4.1.4.1. Critical. A risk-based approach to mine waste assessment and management shall be implemented that includes:</p> <ul style="list-style-type: none"> a. Identification of potential chemical risks (see 4.1.3.2.e) and physical risks (see 4.1.3.3) during the project conception and planning phase of the mine life cycle; b. A rigorous risk assessment to evaluate the potential impacts of mine waste facilities on health, safety, environment and communities early in the life cycle; c. Updating of risk assessments at a frequency commensurate with each facility's risk profile, over the course of the facility's life cycle; and d. Documented risk assessment reports, updated when risks assessments are revised (as per 4.1.4.1.c). 	<p>The company has implemented a risk-based approach to mine waste assessment and management that includes:</p> <ul style="list-style-type: none"> a. Identification of potential chemical risks (see 4.1.3.2.e) and physical risks (see 4.1.3.3) during the project conception and planning phase of the mine life cycle. The chemical and physical risk identification covers some aspects of most waste facilities (e.g., waste rock storage, dry stack tailings, tailings dam, and sedimentation ponds). The potential risks are addressed in the Environmental Social Impact Assessments (ESIA), which are developed during the planning stage of each project at the site (e.g., MB2 Sterile Disposal Pile, Sete, February 2017). The documents indicate that the chemical components of the tailings generated after the iron ore beneficiation process are characterized as Class II non-inert waste, according to Brazilian regulation NBR 10,004. In addition, the industrial effluent from this beneficiation process is periodically analyzed according to the standards defined by federal resolution COPAM/CERH 08/22 (see also Chapter 4.2). b. A rigorous risk assessment to evaluate the potential impacts of mine waste facilities on health, safety, environment, and communities early in the life cycle. Once in operation, the risks of the facilities are evaluated with tools such as the ORM (Mining Operational Risks Worksheet, issued May 2020, last updated May 2022) and assessed monthly during the life of the facilities. c. Updating the risk assessments at a frequency commensurate with each facility's risk profile during its life cycle. Monthly updates are made as indicated by a sample of

- 4.1.4.2. The operating company shall carry out and document an alternatives assessment to inform mine waste facility siting and selection of waste management practices. The assessment shall:
- a. Identify minimum specifications and performance objectives for facility performance throughout the mine life cycle, including mine closure objectives and post-closure land and water uses;
 - b. Identify possible alternatives for siting and managing mine wastes, avoiding a priori judgements about the alternatives;



meeting records (Monthly Assessment of Risk Management Governance ERM, October 2022, January and March 2023), in addition to regularly updates to risks as indicated in the ESIA's (e.g., MB2 Sterile Disposal Pile, Sete, February 2017) and the company's operational risk matrix (Mining Operational Risks Worksheet, issued May 2020, last updated May 2022).

d. Documented risk assessment reports, updated when risk assessments are revised (as per 4.1.4.1.c). In 2017, the company developed a Mining Operational Risks Worksheet (issued May 2020, last updated May 2022), which compiles the risks identified in different assessments. The risk register is developed and signed off by the qualified technical team. As described above in requirement b., monthly meetings (the last one evidenced in March 2023) are held to discuss risks related to situations that tend to have a higher probability of materializing and that are linked to the operation.

The evidence does not present potential physical and chemical risks for all mine waste facilities such as PDE Vigia Unificada (refer to 4.1.3.2. and 4.1.3.3.).

The company has partially carried out and documented an alternatives assessment to inform mine waste facility siting and selection of waste management practices as in (a) - (f) as presented below. The evidence includes the Environmental and Social Impact Assessments (ESIAs) for MB2 Sterile Disposal Pile (2017, Ch. 4) and Tailings Disposal Pile - Sardinha (December 2020, Ch. 5). The analysis conducted for the facility MB2 (PDE MB2) and Tailings Disposal Pile Sardinha indicates compliance with:

- a. Identifying minimum specifications, such as socio-environmental criteria, and performance objectives for facility performance throughout the mine life cycle, including mine closure objectives and post-closure land and water uses;

c. Carry out a screening or “fatal flaw” analysis to eliminate alternatives that fail to meet minimum specifications;

d. Assess remaining alternatives using a rigorous, transparent decision-making tool such as Multiple Accounts Analysis (MAA) or its equivalent, which takes into account environmental, technical, socio-economic and project economics considerations, inclusive of risk levels and hazard evaluations, associated with each alternative;

e. Include a sensitivity analysis to reduce potential that biases will influence the selection of final site locations and waste management practices; and

f. Be repeated, as necessary, throughout the mine life cycle (e.g., if there is a mine expansion or a lease extension that will affect mine waste management).

b. Identifying possible alternatives for siting and managing mine wastes (e.g. tailings disposal in pits or piles, as paste, drained or filtered stacking, different filtering and pumping methods), avoiding a priori judgements about the alternatives;

c. and d. carrying out a comparative evaluation of siting alternatives using decision-making tools similar to MAA to eliminate alternatives that fail to meet minimum specifications and taking into account environmental, technical, socio-economic considerations for the remaining alternatives (e.g. proximity to stakeholders, potential for presence of archeological heritage, potential to interfere with legal reserves) as well as operational and community safety, and

In addition, Minutes of Governance from March 2023 and interviews with key personnel, indicate that alternatives assessments:

f. Are repeated, as necessary, throughout the mine life cycle, as for example the Alemães Tailings Dam, which was constructed using an upstream raising method, was decommissioned in June 2023 (Inspection Report, State Environment Foundation, October 2023) to reduce risks and establish compliance with Minas Gerais, Law 23.291/2019, and tailings are now filtered and dry stacked in PDR Vigia (e.g., if there is a mine expansion or a lease extension that will affect mine waste management).

The evidence does not include details to confirm that the company conducted sensitivity analysis (e) during their alternatives assessments of PDE MB2 and PDR Sardinha, or documentation to confirm that existing mine waste facilities, such as the PDE Vigia Unificada, PDR Vigia, and Alemães Tailings Dam have undergone alternative assessments during early planning phases.

4.1.5.1. **Critical.** Mine waste facility design and mitigation of identified risks shall be consistent with best available technologies (BAT) and best available/applicable practices (BAP).

Mine waste facility design and mitigation of identified risks has been substantially consistent with best available technologies (BAT) and best available/applicable practices (BAP).

Design:

- Waste rock storage and dry stack tailings facility designs are informed by design reports, external site investigations, regular inspections, and stability analyses (see 4.1.3.3). Safety factors of the facilities align with international guidelines, as evidenced by independent third-party audits (SRK Consulting, November 2022) and design reports that include descriptions, calculations, and engineering analyses supporting these designs (Waste Rock Pile – PDE Vigia Unificada, Executive Project – Descriptive Report and Calculation Summary, BVP, February 2023; PDR Vigia, PDE2 Vigia, and PDE3 Vigia, Descriptive Report and Calculation Summary, BVP, January 2022).

- The Alemães Dam design was modified from an upstream to a downstream tailings dam, based on detailed studies and stability analyses of various structural elements (e.g., buttress, existing slopes) as documented in the Alemães Dam – Downstream Adjustment Massif technical report (DAM, September 2019).

Risk Management:

- Independent third-party audits and regular safety inspections are conducted on mine waste facilities, with drainage and stormwater management infrastructure monitored and assessed regularly:

- Two audit reports on waste management (Extraordinary Safety Audit Report, March 2022 and 2023) and a safety inspection for the Alemães Tailings Dam (Regular Safety Inspection Report – ANM, September 2022).

- An audit report on waste rock storage and dry stack tailings facilities (Technical Audit Report on the Sterile Piles at the Miguel Burnier Mine, November 2022) which confirms that safety factors in stability analyses exceed the minimum standards and that stormwater management infrastructure (Sump Norte and Sul) is appropriate.

- Recommendations from a third-party's monthly safety inspection (Lighthouse and PDR Vigia Recommendations, March/April 2023, BVP, May 2023).

- A third-party safety inspection report for the UTM II sedimentation ponds (UTM II Bays Regular Safety Inspection Report, 1st Half of 2022, September 2022) and regular internal inspection reports (see 4.1.5.6).

- Monthly performance and risk reviews are conducted by internal committees for the Alemães Tailings Dam and waste rock and dry tailings storage facilities. This includes action plan review, assignment of responsibilities, and mitigation action implementation, as evidenced by risk management reports (ERM, October 2022, January and March 2023) and performance reports (waste rock storage facilities, January-March 2023).

- A Geotechnical Action Control Worksheet (2023) documents all identified anomalies and action plans, responsibilities, and the implementation to resolve identified issues for water-containing structures (tailings dams and sedimentation ponds).

Tailings Dam Construction Change and Mitigation:

The evidence, including the Minutes of Governance from March 2023 and a sample of Regular Inspection Reports for the Alemães Tailings Dam (June to August 2023), indicates that risks associated with the tailings dam raise construction type of the Alemães Tailings Dam are addressed by modifying its construction method from an upstream to a downstream dam, reduces risk of failure of the dam, and an Inspection

Report (State Environment Foundation, October 2023) indicates that this was completed in June 2023. No tailings have been deposited into the tailings dam since February 2023. This change aligns with best available practices.

Gaps in underlying studies (e.g., run-out analysis, water balance, chemical characterization of waste rock material) of physical and chemical risk assessments (see 4.1.3.2 and 4.1.3.3), as well as gaps in maintenance programs for waste rock, dry stack tailings facilities, and stormwater infrastructure (see 4.1.5.5), indicate the company's mine waste facility design and risk mitigation efforts are not fully aligned with BAPs as outlined throughout the requirements of Chapter 4.1. of the IRMA Standard.

4.1.5.2. Mitigation of chemical risks related to mine waste facilities shall align with the mitigation hierarchy as follows:

- a. Priority shall be given to source control measures to prevent generation of contaminants;
- b. Where source control measures are not practicable or effective, migration control measures shall be implemented to prevent or minimize the movement of contaminants to where they can cause harm; and
- c. If necessary, MIW shall be captured and treated to remove contaminants before water is returned to the environment or used for other purposes.



The evidence, including analytical test results from tailings samples (thickened sludge) collected from the UTM II ore treatment plant between October 2019 and February 2020 (2020) and the Water Resources Monitoring Report for Surface Water Quality (Gerdau, June 2022), indicates that the company has assessed the toxicity, reactivity, and corrosivity of releases from UTM II in accordance with Brazilian regulation (ABNT NBR 10004:2004) to determine if the material is hazardous. The results indicate that the sampled material from this mine waste facility is not corrosive, toxic, or reactive (see 4.1.3.2.). Evidence provided in 4.2.4.4., indicates the company has implemented some mitigation measures that include the prevention and minimization of MIW through stormwater management infrastructure (b), and treatment of MIW before discharge – requirement c.

The evidence does not include details to confirm the company has assessed the need for mitigation actions for all mine waste facilities or MIW, and that the company prioritizes source control – a. (e.g. addition of neutralizing agents to MIW, geosynthetic liners, and covers).

4.1.5.3. For high-consequence rated mine waste facilities, a critical controls framework shall be developed that aligns with a generally accepted industry framework, such as, for example, the process outlined in Mining Association of Canada's Tailings Management Guide.

IRMA defines "high-risk facilities" as those where a breach could result in inundation of residence(s) and loss of life (on or off property).

In the absence of waste rock dump runout analyses (see 4.1.3.3.), the auditors assume that the waste rock and dry tailings storage facilities are high-risk facilities, as inundation of residence(s) or loss of life in the event of collapse/liquefaction cannot be ruled out.

The company has developed a critical control framework including failure modes, monitoring of performance measures and implementation of corrective actions, which are reviewed monthly as indicated in Monthly Performance Reports (January to March 2023), and critical controls including responsibilities, predefined control actions, and emergency communication protocols as outlined in the Emergency Action Plans for PDR Vigia and PDE Vigia Unificada (January 2023).

For the Alemães Tailings Dam, classified as a high consequence mine waste facility, the company has developed a critical controls framework aligned with generally accepted industry standards, such as the Mining Association of Canada's, Tailings Management Guide. The evidence includes two assessments of the Compliance and Operability of the Emergency Action Plan for the Alemães Tailings Dam and UTM II sedimentation ponds (June 2022), as well as the Dam Risk Management Process for the Alemães Tailings Dam (December 2022).

The evidence does not include details to confirm the tailings dam and sedimentation ponds' critical control framework includes the assignment of risk and critical control owners or a periodic review and updating of risk controls as per the TMG.

4.1.5.4. Mine waste management strategies shall be developed in an interdisciplinary and

The evidence, a sample of ERM Governance Self-Assessment and Minutes regarding risk management (October 2022, and

interdepartmental manner and be informed by site-specific characteristics, modeling and other relevant information.

January-March 2023) indicate the company's mine waste management strategies have been developed in an interdisciplinary and interdepartmental manner and are informed by site-specific characteristics, modeling, and other relevant information.

Interviews with company personnel indicate that mine waste strategies are generated by the technical services team, implemented by engineering, and operationalized by the geotechnical and mine operation department with input by environmental risk and water resource managers.

4.1.5.5. The operating company shall develop an Operation, Maintenance and Surveillance (OMS) manual (or its equivalent) aligned with the performance objectives, risk management strategies, critical controls and closure plan for the facility, that includes:

- a. An operations plan that documents practices that will be used to transport and contain wastes, and, if applicable, effluents, residues, and process waters, including recycling of process waters;
- b. A documented maintenance program that includes routine, predictive and event-driven maintenance to ensure that all relevant parameters (e.g., all civil, mechanical, electrical and instrumentation components of a mine waste facility) are maintained in accordance with performance criteria, company standards, host country law and sound operating practices;
- c. A surveillance program that addresses surveillance needs associated with the risk management plan and critical controls

The evidence includes the Operation, Maintenance and Surveillance (OMS) manual for the UTM II sedimentation ponds (Operating Manual and Risk Chart - Bays 1 and 2 of UTM II, DAM, 2016), the OMS manual for the TSF (Operating Manual and Risk Chart - Alemães Tailings Dam, 2020), and samples of Monthly Performance Reports for waste rock and dry stack tailings storage facilities PDE Vigia Unified and PDR Vigia (January to March 2023), indicates the company has developed an OMS manuals that are substantially aligned with the performance objectives, risk management strategies, critical controls, and closure plan for the respective facilities.



The OMS manuals for the Alemães Tailings Dam and UTM II sedimentation ponds, as well as the Monthly Performance Reports for PDE Vigia Unificada and PDR Vigia, indicate the company has developed:

- a. operations plan that document practices that will be used to transport and contain wastes, effluents, residues, and process waters, including recycling of process waters for the Alemães Tailings Dam and UTM II sedimentation ponds (OMS manuals, Ch. 6).
- b. a documented maintenance program that includes routine, predictive and event-driven maintenance to ensure that all relevant parameters are maintained in accordance with

management, and includes inspection and monitoring of the operation, physical and chemical integrity and stability, and safety of mine waste facilities, and a qualitative and quantitative comparison of actual to expected behavior of each facility;

d. Documentation of facility-specific performance measures as indicators of effectiveness of mine waste management actions; and

e. Documentation of risk controls and critical controls (see also 4.1.5.3), associated performance criteria and indicators, and descriptions of pre-defined actions to be taken if performance criteria are not met or control is lost.

performance criteria, company standards, host country law and sound operating practices, including corrective maintenance based on inspection reports and a list of routine maintenance to be carried out after inspections for the Alemães Tailings Dam and UTM II sedimentation ponds (OMS manuals, Ch.11).

c. a surveillance program that includes inspection and monitoring of the operation, physical and chemical integrity and stability, and safety of mine waste facilities, and a qualitative and quantitative comparison of actual to expected behavior of each facility, including inspection procedures for the Alemães Tailings Dam and UTM II sedimentation ponds (OMS manual, Ch. 7 and 10). The Monthly Performance Reports indicate the company has developed a surveillance program including regular monitoring and inspections to evaluate movements, access, drainage, stormwater infrastructure, erosions etc., stability, safety factors of actual vs design of the PDE Vigia Unified and PDR Vigia.

d. facility-specific performance measures as indicators of effectiveness of mine waste management actions (OMS manuals, Ch. 9 and Monthly Performance Reports).

e. risk and critical controls for the Alemães Tailings Dam and UTM II sedimentation ponds as outlined in their respective Emergency Action Plan (June 2022), as well as the Dam Risk Management Process for the Alemães Tailings Dam (December 2022) (see 4.1.5.3).

The evidence does not include comprehensive OMS manuals or equivalent documents for the PDE Vigia Unificada and PDR Vigia that includes an operations plan (a), a maintenance program (b), and risk and critical controls (e), or any documentation to confirm similar manuals have been developed for other stormwater management infrastructure such as the Sumps Norte and Sul.

- 4.1.5.6. **Critical.** On a regular basis, the operating company shall evaluate the performance of mine waste facilities to:
- a. Assess whether performance objectives are being met (see 4.1.4.2.a and 4.1.5.5);
 - b. Assess the effectiveness of risk management measures, including critical controls (see 4.1.5.3);
 - c. Inform updates to the risk management process (see 4.1.4.1.c) and the OMS (see 4.1.5.7); and
 - d. Inform the management review to facilitate continual improvement (see 4.1.5.8).

The site has following existing mine waste facilities: one wet tailings storage facility (Alemães Tailings Dam, decommissioned and decharacterized as a dam on July 12, 2023), one dry tailings stacking facility (PDR Vigia), one waste rock storage facility (PDE Vigia Unificada), and two sedimentation ponds (UTM II Norte and UTM II Sul). Additionally, the site monitors a water dam, Soledade Dam, which they use for water collection and abstraction. These facilities and their drainage and stormwater management infrastructure are evaluated regularly by the company, with supporting evidence as follows:

a. The Alemães Tailings Dam OMS manual (2020) and UTM II sedimentation ponds OMS manual (2016), describe the frequency of inspections and monitoring of the Alemães Tailings Dam and UTM II Sedimentation ponds. Performance assessments include routine inspections, instrumentation control, and preventative maintenance against a set of defined performance indicators, which allows the company to detect anomalies, operational deficiencies, and/or other conditions that may affect stability.

The Alemães Tailings Dam and UTM II sedimentation ponds are inspected at least every two weeks, with weekly inspections during the rainy season, as evidenced by a sample of inspection reports for the Alemães TSF (Regular Inspection Forms dated April 26, 2023, and May 10, 2023) and for the UTM II sedimentation ponds (Regular Inspection Forms dated March 3, 2023, and April 11, 2023). Waste rock piles are inspected monthly as indicated by inspection reports for the PDR Vigia pile (PDR VIGIA 01, February 2023; and PDR Vigia, March 2023) and similar reports for the PDE Vigia pile. Internal performance reviews are complemented by third-party reviews as indicated in 4.1.5.1.

b. The internal committee evaluates risks associated with the operation of the tailings facilities in monthly committee meetings (Monthly Assessment of Risk Management

Governance ERM, October 2022, January and March 2023), which are informed by the results of internal and external inspections. The committee updates routine actions, contingency actions, control measures, and improvement actions for each scenario and tracks the status of each action in the improvement plan.

c. The company's risk matrix (Mining Operational Risks Worksheet, issued May 2020, last updated May 2022) is updated monthly and informed by reports from third-party auditors, that describe the physical and operational integrity of the tailings dam such as the Risk Management Scenario Report (October 2022) and monthly reviews of action plans for the Alemães (Sample of reports, January and March 2023). Actions derived from the third-party recommendations are included in the monthly performance reviews.

d. Third-party recommendations for the tailings pile PDR Vigia are sent directly to the management team as indicated by Lighthouse and Watchman PDR Recommendations Worksheet – March/April 2023 (April 2023). Regular safety inspection reports from independent third-party, Geoconsultoria (samples provided for March, September 2022 and March 2023) are issued every six months by an external company, these are reviewed and signed off by Gerdau's CEO as indicated in three samples (Declarations of Stability Condition for the Alemães Tailings Dam, August 2022 and March 2023; and Declaration of Stability Condition for UTM II Sedimentation Ponds, June 2022).

The evidence does not include updated versions of the risk matrix and OMS manual – requirement c., to confirm that performance evaluations consistently result in updates to the risk management process and OMS as necessary.

4.1.5.7. The OMS manual shall be updated and new or revised risk and critical control strategies implemented if information reveals that mine

Not relevant. The evidence, a sample of monthly committee meetings on mine waste facilities (Monthly Assessment of Risk Management Governance ERM, October 2022, January and

waste facilities are not being effectively operated or maintained in a manner that protects human health and safety, and prevents or otherwise minimizes harm to the environment and communities.

March 2023), which are informed by the results inspections, indicate that the mine waste facilities are being effectively operated.

- 4.1.5.8. The operating company shall implement an annual management review to facilitate continual improvement of tailings storage facilities and all other mine waste facilities where the potential exists for contamination or catastrophic failure that could impact human health, safety, the environment or communities. The review shall:
- a. Align with the steps outlined in the Mining Association of Canada's Tailings Management Protocol or a similar framework; and
 - b. Be documented, and the results reported to an accountable executive officer.



Does not meet. The evidence, Declarations of Stability Condition for the Alemães Tailings Dam (August 2022 and March 2023) and Declaration of Stability Condition for UTM II Sedimentation Ponds (June 2022); all e-signed by the independent third-party geologist from Geoconsultoria, a specialized consultancy, who conducted the inspection, and by the director president of Gerdau Ouro Branco, indicate that management is involved in reviewing the stability reports for the Alemães Tailings Dam and UTM II sedimentation ponds.

The evidence, monthly performance and risk reviews by internal committees of the Alemães Tailings Dam and the waste rock and dry tailings storage facilities as indicated in a sample of reports (Monthly Assessment of Risk Management Governance ERM, October 2022, January and March 2023; and Performance Reports for waste rock storage facilities, January to March 2023), indicates the company meets regularly to review mine waste facility management.

The information does not provide details to confirm the company has implemented and documented an annual management review of all mine waste facilities, including waste rock storage facilities, fully aligned with the steps outlined in the Mining Association of Canada's Tailings Management Protocol or a similar framework with the results reported to an accountable executive officer.

- 4.1.6.1. The siting and design or re-design of tailings storage facilities and other relevant mine waste facilities, and the selection and



Does not meet. The evidence does not indicate whether independent reviews as listed in 4.1.6.2. are taken into account for the selection and modification of strategies to manage

modification of strategies to manage chemical and physical risks associated with those facilities shall be informed by independent reviews throughout the mine life cycle.

chemical and physical risks and prior to the siting of TSF or other relevant mine waste facility.

4.1.6.2. Reviews shall be carried out by independent review bodies, which may be composed of a single reviewer or several individuals. At high-risk mine waste facilities, a panel of three or more subject matter experts shall comprise the independent review body.

The evidence, including interviews with mine personnel and the engineer of record (BVP), along with audits of the Alemães Tailings Dam (March and September 2022, and March 2023), a third-party inspection report for the sediment retention dam at UTM II (September 2022), and an audit report for waste rock storage and dry stack tailings facilities (November 2022), confirms that the company engages independent consultants for regular safety inspections.

Declarations of Stability Condition for the Alemães Tailings Dam (August 2022 and March 2023) and for UTM II Sedimentation Ponds (June 2022), along with Regular Safety Inspection Reports of the Alemães Dam from Geoconsultoria, show that independent reviews of the tailings dam and other mine waste facilities are conducted.

These Declarations of Stability Condition, all e-signed by the inspecting geologist and the director president of Gerdau Açominas, along with an agreement with BVP for an Engineer of Record for Miguel Burnier (Engineering Records of Geotechnical Structures - Tailings Disposal Piles, Technical Proposal, September 2023), indicate that the decommissioned Alemães Tailings Dam is classified as low-risk and reviewed independently every six months.

The evidence does not include a policy or procedure for independent review as specified by the Mining Association of Canada.

4.1.6.3. Independent reviewers shall be objective, third-party, competent professionals.



The evidence, two safety audit reports for the Alemães Tailings Dam (Extraordinary Safety Audit Report, March 2022 and March 2023), a sample of regular safety inspection reports for the Alemães Tailings Dam (Regular Safety Inspection Report - ANM, March, September 2022 and March 2023) and interviews with key personnel, indicates that the company has an independent consultant, conducting regular safety inspections of the tailings dam. According to the Brazilian Association of Geology and Environmental Engineering, the geologist responsible for conducting the inspections is a competent professional to perform that job. Additional studies are conducted by a third-party auditor on the physical and operational integrity of the tailings dam as indicated in a sample of three Risk Scenario Reports (March and October 2022, March 2023).

The evidence that the independent and professional reviewers do not have a conflict of interest was not presented.




4.1.6.4. Independent review bodies shall report to the operation's general manager and an accountable executive officer of the operating company or its corporate owner.



The evidence includes three Risk Scenario Reports (March and October 2022, March 2023) that were issued by a third-party auditor that report on the physical and operational integrity of the tailings dam. The documents are also signed by the company's executive director of mining and raw materials. Declarations of Stability Condition for the Alemães Tailings Dam (August 2022 and March 2023) and for UTM II Sedimentation Ponds (June 2022), along with Regular Safety Inspection Reports of the Alemães Dam from a specialized consultancy, show that independent reviews of the tailings dam and other mine waste facilities are conducted.

These Declarations of Stability Condition, all e-signed by the inspecting geologist and the director president of Gerdau Ouro Branco.

The evidence does not include a policy or procedure for reporting to the operation's senior manager and an

		<p>accountable executive officer of the company or its corporate owner.</p>
<p>4.1.6.5. The operating company shall develop and implement an action plan in response to commentary, advice or recommendations from an independent review, document a rationale for any advice or recommendations that will not be implemented, and track progress of the plan's implementation. All of this information shall be made available to IRMA auditors.</p>		<p>The evidence, including interviews with mine site personnel and the engineer of record, as well as audits of the Alemães Tailings Dam (March, September 2022 and March 2023), and an inspection report for the sediment retention dam at UTM II (September 2022), indicates the company enlists the aid of independent consultants conducting regular safety inspections. Monthly reviews of mine waste facilities (Monthly Assessment of Risk Management Governance ERM, October 2022, January and March 2023), and Performance Reports for waste rock storage facilities, January to March 2023), indicate the company includes recommendations from independent reviews in their action plans and track progress of their implementation.</p> <p>The evidence does not include detail to confirm all recommendations are considered or documented rationale for any advice or recommendations not taken.</p>
<p>4.1.7.1. Stakeholders shall be consulted during the screening and assessment of mine waste facility siting and management alternatives (see 4.1.4.2), and prior to the finalization of the design of the facilities.</p>		<p>Miguel Burnier is an existing mine with an expansion in progress. The recent environmental impact assessments (EIAs), including the ones for MB2 Sterile Disposal Pile (2017) and PDR Sardinha Tailings Disposal Pile (May 2020), indicate that stakeholders were consulted during the finalization of the design of the facilities.</p> <p>The evidence and interviews with a sample of potentially affected stakeholders do not indicate that stakeholders were consulted during the screening and assessment of mine waste facility siting and management alternatives.</p>
<p>4.1.7.2. Emergency preparedness plans or emergency action plans related to catastrophic failure of mine waste facilities shall be discussed and</p>		<p>The evidence, Emergency Action Plans for the PDE Vigia Unificada and PDR Vigia (2023), UTM II sedimentation ponds (March 2022), and for the Alemães Tailings Dam (Sete,</p>

prepared in consultation with potentially affected communities and workers and/or workers' representatives, and in collaboration with first responders and relevant government agencies. (See also IRMA Chapter 2.5)

February 2022), indicate emergency preparedness and action plans related to catastrophic failure of mine waste facilities have been discussed with and prepared in collaboration with first responders and relevant government agencies. The emergency action plans are prepared by an outsourced company and receive the approval of the Civil Defense, in addition to being disclosed to all competent bodies (see 2.5.2.1.).

The evidence, including interviews with company managers and stakeholders do not provide details (i.e., meetings or workshop) to confirm the company consulted potentially affected communities and workers and/or workers' representatives in the preparation of emergency preparedness and response plans.

4.1.7.3. Emergency and evacuation drills (desktop and live) related to catastrophic failure of mine waste facilities shall be held on a regular basis. (See also IRMA Chapter 2.5)



The evidence, including interviews with potentially affected stakeholders and workers as well as an external audit (Compliance and Operability Assessment of the Emergency Action Plan for the Alemães Tailings Dam, June 2022) indicates that emergency and evacuation drills (desktop and live) related to catastrophic failure of the Alemães Tailings Dam are held on a regular basis.

The evidence does not include UTM II or other mine waste facilities, where a potential for catastrophic failure exists.

4.1.7.4. If requested by stakeholders, the operating company shall report to stakeholders on mine waste facility management actions, monitoring and surveillance results, independent reviews and the effectiveness of management strategies.



The evidence, including a review of <https://app.anm.gov.br/Sigbm/publico>, and interviews with the company, its stakeholders and the civil defense indicate that information on the company's mine waste facilities is available to stakeholders, and available upon request.

4.1.8.1. **Critical.** At the present time, mine sites using riverine, submarine and lake disposal of mine waste materials will not be certified by IRMA.



At Miguel Burnier, mine waste disposal facilities are situated near the mining site and inspectable. Wet tailings used to be placed in the Alemães Tailings Dam until February 2023, and since then tailings are dried, and stacked in PDR Vigia dry stack tailings facility only. Waste rock is placed in the PDE Vigia Unificada waste rock storage facility. At the time of the onsite audit, observations, interviews with personnel and stakeholders, and reviews of evidence including Conceptual Mine Closure Plan (June 2022), Figure 8 – location map, and inspection reports, confirmed that the company does not dispose of mine waste in lakes, rivers, or oceans.

Chapter 4.2—Water Management



Basis for rating

4.2.1.1. The operating company shall identify water users, water rights holders and other stakeholders that may potentially affect or be affected by its mine water management practices.





The evidence, Responses to Request for Additional Information SEMAD/SUPRI (May 2022) Section 3.2, and interviews with company and its stakeholders indicates the company has identified 21 existing surface water rights holders and stakeholders who may potentially affect or be affected by mine water management practices (i.e., the site's water use and discharge): 3 users from Gerdau, 1 user from COPASA (Companhia de Saneamento de Minas Gerais), 3 for public supply, and 14 individual users related to Burnier and Do Mango rivers and Macaquinhos, Lagoa dos Porcos, Buraco dos Lobos, Carro Quebrado streams. Additional research to identify and describe individual water users and other stakeholders (i.e., government entities, local authorities, NGOs) is in progress as part of the expansion permit application process (UTM II - Itabiritos).

The evidence, as well as interviews with a sample of potentially affected stakeholders, does not include identification of groundwater users (i.e., wells and springs), whether these

		<p>users have official water rights or not, or the type of water use (e.g., domestic, industrial, irrigation, etc.).</p>
<p>4.2.1.2. The operating company shall conduct its own research and collaborate with relevant stakeholders to identify current and potential future uses of water at the local and regional level that may be affected by the mine's water management practices.</p>		<p>The evidence, Responses to Request for Additional Information SEMAD/SUPRI (May 2022) Section 3.2, as well as interviews with the company and its stakeholders, indicates the company has partially identified current and potential future uses of water at the local and regional level that may be affected by the mine.</p> <p>The identification includes mainly surface uses:</p> <ul style="list-style-type: none"> • Gerdau: for mining activities (about 11 liters per second) • COPASA: for public supply (drinking water) • Public supply (not COPASA). <p>The evidence does not include identification of groundwater uses, individual uses of surface water, or information that collaboration and input from relevant stakeholders was pursued to identify current and potential future uses of water such as for drinking water, agricultural, industrial, commercial or recreational purposes, or water needed to support water-dependent natural resources (e.g., aquatic ecosystems and organisms, riparian ecosystems, wetlands, wildlife, etc.) and ecosystem services that could be affected if there are mining-induced changes to water quality or quantity.</p>
<p>4.2.1.3. The operating company shall conduct its own research and collaborate with relevant stakeholders to identify and address shared water challenges and opportunities at the local and regional levels, and shall take steps to contribute positively to local and regional water stewardship outcomes.</p>		<p>The evidence, Technical Cooperation Agreement Between Minas Gerais Sanitation Company (COPASA MG) and Gerdau Ouro Branco (December 2018), as well as interviews with a sample of key staff and stakeholders indicates the company collaborates with some stakeholders to identify water challenges and contribute positively to stewardship outcomes through participation in local/regional water planning (Mining</p>

	<p>Institute of Water Management of the River Paraopeba, see https://comites.igam.mg.gov.br/lista-de-conselheiros-sf5).</p> <p>The evidence does not provide specific information on company contributions or research that have helped to identify current and potential water challenges (i.e., promoting better water use and management, cooperating to address water shortages, flooding, contamination, etc.), make a positive difference in the management of water, or improved outcomes (i.e., water security, sanitation).</p>
<p>4.2.2.1. The operating company shall gather baseline or background data to reliably determine:</p> <p>a. The seasonal and temporal variability in:</p> <p>i. The physical, chemical and biological conditions of surface waters, natural seeps/springs and groundwaters that may be affected by the mining project;</p> <p>ii. Water quantity (i.e., flows and levels of surface waters, natural seeps/springs and groundwaters) that may be affected by the mining project; and</p> <p>b. Sources of contamination and changes in water quantity or quality that are unrelated to the mining project.</p>	<p>Miguel Burnier District has undergone three centuries of mineral exploitation by various operators, and Gerdau began mining operations at the site in 2011. The evidence indicates that the company has collected some background data on water quantity and quality:</p> <p>a. ii. The evidence, Responses to Request for Additional Information SEMAD/SUPRI (May 2022), indicates in Chapter 3 that the company has collected water quantity data of 13 local springs since mid 2011 and indicates that this data will be used as a background value to identify and quantify future impacts. The data indicates that seasonal variations in water quantity were captured as well.</p> <p>b. A sample of Technical Water Monitoring Reports (January to December 2022) indicate in their conclusion that the water in the area naturally has a higher concentration of aluminum, iron, and manganese because of local geochemical characteristics, indicating that the company uses background water quality data for comparison.</p> <p>The evidence does not include details to confirm that the company has collected background data on the physical, chemical, and biological conditions of surrounding waterbodies (a. i.), water quantity of surface and groundwater bodies (a. ii.). While some sources of contamination are referenced b., the evidence does not include the actual</p>

		<p>background values (e.g. mg/l) used for comparison or any other possible sources of contamination or causes of changes in water quantity or quality.</p>
<p>4.2.2.2. The operating company shall carry out a scoping process that includes collaboration with relevant stakeholders, to identify potentially significant impacts that the mining project may have on water quantity and quality, and current and potential future water uses. The scoping process shall include evaluation of:</p> <p>a. The mining-related chemicals, wastes, facilities and activities that may pose a risk to water quality; and</p> <p>b. The mine's use of water, and any mining activities that may affect water quantity.</p>		<p>The evidence, including a sample of Environmental and Social Impact Assessments (MB2 Sterile Disposal Pile, February 2017; Tailings Disposal Pile - Sardinha, May 2020; and UTM II Project, December 2020), indicates the company has carried out a scoping process to identify potentially significant impacts that the mining project may have on water quantity and quality.</p> <p>The evidence does not include collaboration with stakeholders, or a detailed evaluation of potential mining-related impacts from chemicals and wastes, from physical alteration of the land surface and runoff of sediments; to springs and streams from construction activities (EIA – MB2 Sterile Disposal Pile – Miguel Burnier Mine, February 2017); from reductions in available flow as a result of water level drawdown (Numerical Hydrogeological Modeling of the Miguel Burnier Mine and Simulation of the 5 MT Pit, December 2020); or to water users of streams of Buraco dos Lobos and Carro Quebrado and river Burnier (Conceptual Hydrogeological Model, April 2020). The evidence does not indicate that the company has developed an identification process of potential water quality impacts (surface and groundwater) from other operating areas (besides MB2 sterile disposal site).</p>
<p>4.2.2.3. Where potential significant impacts on water quantity or quality, or current and future water uses have been identified, the operating company shall carry out the following additional analyses to further predict and quantify the potential impacts:</p>		<p>The company has conducted analyses to further predict and quantify the potential significant impacts on water:</p> <p>a. The conceptual water model, Conceptual Hydrogeological Model (2020), developed by third-party TLM, indicates that the company has a comprehensive understanding of groundwater in the area. The model includes information on</p>

- a. Development of a conceptual site model (CSM) to estimate the potential for mine-related contamination to affect water resources;
- b. Development of a numeric mine site water balance model to predict impacts that might occur at different surface water flow/groundwater level conditions (e.g., low, average and high flows/levels);
- c. If relevant, development of other numerical models (e.g., hydrogeochemical/hydrogeological) to further predict or quantify potential mining-related impacts on water resources; and
- d. Prediction of whether water treatment will be required to mitigate impacts on water quality during operations and mine closure/post-closure.

rain, geology, and hydrogeology, and an impact analysis that focuses on water quantity.

- b. The numerical water model, Numerical Hydrogeological Modeling of the Miguel Burnier Mine and Simulation of the 5 MT Pit (2020), considers potential impacts on surface and groundwater conditions and indicates that the mine is planning to extract 536 m³/h from future wells.

The evidence does not indicate that the company has:

- a. Analyzed the potential for mine-related contamination to affect water resources.
- c. Developed other numerical models, although manganese is a relevant water quality issue (see section 4.2.2.3).
- d. Predicted whether water treatment will be required during operations and mine closure/post-closure.

- 4.2.2.4. Use of predictive tools and models shall be consistent with current industry best practices, and shall be continually revised and updated over the life of the mine as operational monitoring and other relevant data are collected.



The company has developed two models used as predictive tools which are consistent with current industry best practices (Numerical Hydrogeological Modeling of the Miguel Burnier Mine and Simulation of the 5 MT Pit, April 2020; and Conceptual Hydrogeological Model, December 2020). The evidence indicates that the company plans on updating the models between January 2023 and December 2024 with new hydrogeological studies and models (Technical Report Request for Hydrogeological Research Grant Code 23 – IGAM (2022) – Table 12.1 (page 132) for the project expansion UTM II – Itabiritos.

The evidence does not include revised and updated predictive tools and models.

4.2.3.1. The operating company, in collaboration with relevant stakeholders, shall evaluate options to mitigate predicted significant adverse impacts on water quantity and quality, and current and potential future water uses that may be affected by the mine's water management practices. Options shall be evaluated in a manner that aligns with the mitigation hierarchy.



The evidence, including the site-level Preliminary Technical Report on the Water Resources Management Plan (March 2023), outlines an implementation schedule for water impact mitigation actions (Chapter 6.2), which includes water monitoring and updates to predictive models for water users and springs. The plan also mentions that the site recirculates treated water, reducing the need for freshwater from natural sources, demonstrating some alignment with the mitigation hierarchy (Chapter 4).

Interviews with a sample of stakeholders and key staff do not provide information to confirm that the company has engaged in information sharing, dialogue or agreement from relevant stakeholders on the mitigation measures to be implemented to mitigate predicted significant impacts on water quantity and quality.

4.2.3.2. If a surface water or groundwater mixing zone is proposed as a mitigation strategy:

- a. A risk assessment shall be carried out to identify, evaluate and document risks to human health, local economies and aquatic life from use of the proposed mixing zone, including, for surface water mixing zones, an evaluation of whether there are specific contaminants in point source discharges, such as certain metals, that could accumulate in sediment and affect aquatic life; and
- b. If any significant risks are identified, the operating company shall develop mitigation measures to protect human health, aquatic life and local economies including, at minimum:
 - i. Surface water or groundwater mixing zones are as small as practicable;

Not applicable. According to the company, it does not propose a mixing zone as a mitigation measure.

- ii. Water in a surface water mixing zone is not lethal to aquatic life;
- iii. A surface water mixing zone does not interfere with the passage of migratory fish;
- iv. Surface water or groundwater mixing zones do not interfere with a pre-mine use of water for irrigation, livestock or drinking water, unless that use can be adequately provided for by the operating company through another source of similar or better quality and volume, and that this substitution is agreed to by all potentially affected water users; and
- v. Point source discharges into a surface water mixing zone match the local hydrograph for surface water flows to the extent practicable.

- 4.2.3.3. Waters affected by the mining project shall be maintained at a quality that enables safe use for current purposes and for the potential future uses identified in collaboration with relevant stakeholders (see 4.2.1.2). In particular, the operating company shall demonstrate that contaminants measured at points of compliance are:
- a. Being maintained at baseline or background levels; or
 - b. Being maintained at levels that are protective of the identified uses of those waters (See IRMA Water Quality Criteria by End Use Tables 4.2.a to 4.2.h, which correspond to particular end uses).



The intent of this requirement is that mining-related releases (as controlled discharges of treated or untreated effluent, seepage, runoff, or unintended releases) to surface waters or groundwater do not significantly change the quality of affected waters from their baseline water quality/background water quality levels, or do not cause any contaminant to exceed levels deemed necessary for protection.

- a. The evidence, Water Monitoring Technical Report (1st Semester 2022), and a power point summary of groundwater results presented during the site visit, indicates the company monitors surface water and establishes through monitoring that compared to IRMA end-use water quality criteria are being maintained for some but not all parameters at the points of compliance.
- b. A selection of relevant parameters (Al, Fe, Mn, and suspended solids) from surface water stations downstream of the mine (ASP-04: River Burnier, ASP-06: Creek Bocaina

4.2.3.4. Unless agreed by potentially affected stakeholders, water resources affected by mining activities shall be maintained at quantities that enable continued use of those resources for current purposes and for the potential future uses identified in collaboration with relevant stakeholders (see 4.2.1.2).

Negra, ASP-019: Creek Carro Quebrado. EFL-1: Discharge from the Tailings Storage Facility (TSF) dos Alemães) and sampled in January 2022 were reviewed and confirmed to meet water quality criteria. One of the three data at EFL-1 for Mn had a concentration of 1.59 mg/l (above IRMA criteria). Although Mn is regularly high, the evidence indicates that Mn is a naturally abundant metal in the area.

The evidence does not include groundwater quality or water results (groundwater or surface water) compared to baseline or background for all locations over time.

The evidence, Mina de Miguel Burnier Hydrogeology - Monthly Quantitative Monitoring Report (May 2022), as well as interviews with the company and its stakeholders, indicates the company has evaluated water use associated with licensing: 28 L/s from the Bocaina Well, 1 L/s from the Lagoa dos Porcos, and 80 L/s from the Soledade. The water resources affected by mining activities are maintained at quantities that enables continued use, as described below:

Surface water

There are flow measurements in 41 surface water bodies. The information includes historical data, in some cases from 2011 to 2022, and no significant changes in flows are observed. The flows measured in May 2022 were very diverse: from 0.28 m³/h to 2,316 m³/h (Mina de Miguel Burnier Hydrogeology - Monthly Quantitative Monitoring Report, May 2022). A significant reduction tendency was observed at four locations (VTBA-04, EFL-01-D, ASP-04, and ASP-21).

Groundwater

– Springs: there are 13 flow monitoring sites in springs. Of these sites, there is a reducing tendency in stations MB-NA-02 and MB-NA-06 (Mina de Miguel Burnier Hydrogeology - Monthly Quantitative Monitoring Report, May 2022).

– Piezometers: there is a log of groundwater table level measurements in about 40 piezometers, from 2014 to 2023. The piezometers are located around the open pits of the mine site: Bocaina, Campina, Papa Cobra, Boi, and Vigia. The levels do not show a tendency of drawdown (Piezometria_miguel_burnier-vF, no date); however, these wells are installed for stability and may not be reflective of drawdown in the aquifer (no installation information is provided).

While there are no reports from stakeholders that water quantity has been impacted as a result of mining activities, there are no details to confirm that the company has investigated whether the observed drawdown in four surface water bodies and nearby groundwater springs could be affecting current or future water users, distinguishing impacts from mining operations versus those due to regional drought conditions, nor evidence of stakeholder engagement to assess or agree on acceptable water quantity thresholds.

- 4.2.4.1. **Critical.** The operating company shall develop and document a program to monitor changes in water quantity and quality. As part of the program the operating company shall:
- a. Establish a sufficient number of monitoring locations at appropriate sites to provide reliable data on changes to water quantity and the physical, chemical and biological conditions of surface waters, natural springs/seeps and groundwater (hereafter referred to as water characteristics);
 - b. Sample on a frequent enough basis to account for seasonal fluctuations, storm events and extreme events that may cause changes in water characteristics;

The company has developed a program to monitor changes in water quantity and quality as presented in the evidence:

- (1) Quantitative Monitoring (May 2022),
- (2) CAVAS Hydrogeological Monitoring Network Technical Report (April 2022), (3) Water Monitoring Technical Report, 1st Semester 2022, Annex I - Water and effluent monitoring plan (2022),
- (4) <https://ecoarma.com.br/infraestrutura-e-qualidade/> (no date),
- (5) Hydrogeological Research Technical Report (September 2022), and
- (6) through interviews with a sample of key staff and stakeholders.

- c. Establish trigger levels and/or other indicators to provide early warning of negative changes in water characteristics;
- d. Sample the quality and record the quantity of mine-affected waters destined for re-use by non-mining entities;
- e. Use credible methods and appropriate equipment to reliably detect changes in water characteristics; and
- f. Use accredited laboratories capable of detecting contaminants at levels below the values in the IRMA Water Quality Criteria by End-Use Tables.

The hydrogeological report for the site (Hydrogeological Research Technical Report, September 2022) developed by external consultants indicates water resources around the mine have been systematically monitored since 2011. The report identifies:

a) Monitoring locations at appropriate sites to provide reliable information, as follows:

Water Quality - 57 in rivers and 15 in springs. Samples are collected and analyzed for a variety of physical, biological, and chemical parameters. The number of analyzed parameters is around 24.

Water Quantity – 41 in rivers, 13 in springs, and 40 in piezometers. Besides surface water and ground water, the company maintains information on precipitation.

b) Monitoring at a frequency to detect seasonal changes in water levels and quality, which includes provisions for sampling stormwater during or shortly after periods of heavy precipitation (Water and Effluent Monitoring Program, June 2022). According to the evidence, the frequency is monthly in most of the stations, in others its every 15 days, quarterly, every four months, or biannual.

c) Has trigger levels or indicators of negative impacts to align with permit requirements. Quantity: for the levels in piezometers and flows in rivers/springs there are tendency graphs to detect changes in time. Quality: the results are compared to the limits established by local regulation (COPAM/CERH no 01/2008 and COPAM/CERH no 08/2022).

e) Use credible methods and appropriate equipment operated by competent professionals to measure water characteristics reliably. The company uses Standard Methods and local regulation DN COPAM 01/2008 as guidelines for sampling, preservation, and analysis of samples. A micro-pinwheel is

mainly used for flow measurements, or volumetric method and readings in spillways as necessary.

f) Analysis is conducted at external, accredited laboratories capable of detecting contaminants at levels below the values defined by Brazilian legislation. The water quality monitoring is conducted by Ecoar Monitoramento Ambiental, with its laboratory accredited by Coordenacao Geral de Acreditacao, according to ISO/IEC 17025 (<https://ecoarma.com.br/infraestrutura-e-qualidade/>).

The evidence does not include:

- groundwater quality monitoring results from a selection of wells and piezometers as in requirement a.
- groundwater quantity monitoring results (i.e., seasonal fluctuation or effects of water use over time in shallow and deep aquifers) as in b.
- water quality sampling of mine-affected water sent off-site (i.e., for use as irrigation or other purposes) and documented quantities, or rationale and evidence as to why this item is not relevant (i.e., not reused) as in d.
- water quality analysis detection limits (capable of detecting contaminants at levels below the values in the IRMA Water Quality Criteria - Tables 4.2a and 4.2.d (see section 4.2.3.3) as in f.

4.2.4.2. Samples shall be analyzed for all parameters that have a reasonable potential to adversely affect identified current and future water uses. Where baseline or background monitoring, source characterization, modeling, and other site-specific information indicate no reasonable potential for a parameter to exceed the baseline/background values or numeric

The evidence, Water and Effluent Monitoring Plan - Annex I (2022), a general plan, and Technical Water Monitoring Report, 1st Half 2022 (January to June 2022), which reports results from 20 stations (surface water and effluents) located downstream from operations, with laboratory results from January to June 2022. Monitoring information provided indicates the company has sampled all of the parameters on the relevant IRMA end-use water quality criteria for monitoring, also parameters for which there is no reasonable potential for exceedance; and

criteria in the IRMA Water Quality Criteria by End-Use Tables (depending on the approach used in 4.2.3.3), those parameters need not be measured on a regular basis.

established a schedule on which all parameters will be reevaluated to confirm no reasonable potential for exceedance (Water and Effluent Monitoring Plan - Annex I, 2022). The parameters analyzed are: alkalinity, aluminum (dissolved and total), coliforms, conductivity, color, DBO, DQO, phenols, iron (dissolved and total), phosphate, manganese (dissolved and total), settled matter, mercury, nitrogen, oil & grease, dissolved oxygen, pH, total dissolved solids, suspended solids, temperature, and turbidity. Samples were taken from stations on rivers and effluent discharge points, and other locations.

4.2.4.3. The operating company shall actively solicit stakeholders from affected communities to participate in water monitoring and to review and provide feedback on the water monitoring program:

a. Participation may involve the use of independent experts selected by the community; and

b. If requested by community stakeholders, costs related to participation in monitoring and review of the monitoring program shall be covered in full or in part by the company, and a mutually acceptable agreement for covering costs shall be developed.



Does not meet. The evidence, a presentation on the site's Water Management Program (May 2023), indicates that the company has solicited stakeholder's input on mapping of waterbodies around the mine site in 2022 and has informed stakeholders about its water management practices as part of the Environmental Education Program (PEA).

The evidence does not provide details to confirm that it has solicited stakeholder participation on water quality monitoring associated with the Miguel Burnier operation.

4.2.4.4. The operating company shall develop and implement an adaptive management plan for water that:

a. Outlines planned actions to mitigate predicted impacts on current and future uses of water and natural resources from changes



This requirement was assessed for the IRMA Initial audit and subsequently reassessed for the IRMA CAP Verification. The initial audit findings are described first, followed by the CAP assessment. The rating reflects the new CAP assessment.

Initial Audit Findings:

in surface water and groundwater quality and quantity related to the mining project; and

b. Specifies adaptive management actions that will occur if certain outcomes (e.g., specific impacts), indicators, thresholds or trigger levels are reached, and timelines for their completion.

An adaptive management plan (AMP) for water is a tool that provides a structured, iterative process to reduce uncertainty over time via system monitoring. The company has developed a water management plan (Water Resources Management Plan, March 2023) that seeks to detect groundwater quality and quantity in the Bocaina well as well as changes in surface water around and downstream of the Miguel Burnier operation and the TSF. The plan includes monitoring of surface water and groundwater (water chemistry, physical characteristics, and biological monitoring), and seasonal variation in water table elevation and surface water flows.

Gerdau's water management plan includes a general statement relating to predicted impacts (page 59), but does not include evidence of implementation or:

- a. precautionary steps for aquatic resources protection related to the mining project such as maintaining baseline water quality or quantity for current and future uses, or planned actions to respond to or mitigate potential changes to water resources (i.e., rivers, lakes, groundwater, wells/water supplies, springs, seeps) including trigger levels or thresholds that spur adaptive management actions.
- b. specific actions to be taken if proposed mitigation measures are not effective or predefined thresholds or trigger levels are exceeded along with responsibilities and timelines for their completion.

CAP Findings:

After the IRMA Initial Audit, the company developed a comprehensive Adaptive Water Management Plan (AWMP) (Water Services and Technologies, July 2024), a guiding document for managing water resources, that outlines planned actions to prevent and mitigate both current and future impacts on water quality and quantity, and related management systems for the Miguel Burnier mining project. The AWMP, informed by hydrological, hydrogeological,

hydrochemical studies, baseline water data, and flow directions, considers water sources and uses for the Rio das Velhas and Rio Paraopeba watersheds and includes water balance. This data enables the company to understand current water characteristics, predict future scenarios, and identify both natural and operational sources of potential impacts. The AWMP is supported by operational-level procedures and incorporates key policies and roles.

The evidence provides information that the company has:

a. developed specific preventative mitigation actions and monitoring programs for surface and groundwater impacts (AWMP, Chapter 15), supported by procedures that define mitigation strategies for:

- Sediment Runoff: Monitoring of stormwater management effectiveness by drone (Drainage Inspection by Drone procedure, October 2022), preventative procedures for sediment control from roads (Procedure to Clear the Access Road to BR040, Laydown Yards and Settlement Basins, June 2024) and operational areas during the rainy season (Preparation for Rainy Season at the Mine Guidance Plan, May 2024). The latter is implemented annually as indicated by action plan implementation trackers and photos of mitigation actions (P3C Control Plan, no date; P3C Presentations, 2023 and 2024).

- Aquifer (water table) lowering and groundwater use: The company utilizes a water flowchart and the software Visual Water Balance (VWB) to track all water inputs and outputs (Technical Memorandum – Technical Visit Operational Water Balance, July 2024), as well as total water use, consumption, and water recycling and reuse. Procedures for Water Balance Determination (Mine Water Balance, July 2024) and Water Meter Readings and Inspections (Hydrometer Readings, Monitoring, and Inspections of Groundwater Level Lowering System Replacements, June 2024) ensure proper monitoring of dewatering systems, compliance with permits, and

mitigation of impacts on streams and water used by surrounding communities. Note that the company has not yet started extraction of groundwater and there has been no lowering of the water table.

- Recirculation of about 75% of water for ore processing to reduce groundwater abstraction rates and generation of effluents (AWMP, Table 8-2).

b. established trigger levels and updated its adaptive management plans with specific actions to be taken if proposed mitigation measures are not effective or predefined thresholds or trigger levels are exceeded along with responsibilities and timelines for their completion. The Management of Risks, Environmental Aspects and Impacts procedure (April 2024) outlines measures to respond to high-risk environmental incidents and defines actions such as developing and implementing corrective measures and reporting to stakeholders. Supporting procedures include the Incident Procedure (September 2024) and PSIF-E Procedure (August 2024), which detail timelines for investigation, reporting, correction, and preventive measures.

The company conducts regular water quality and quantity monitoring of surface water bodies and springs upstream and downstream of the mine and effluents, in line with its Water and Effluent Monitoring Plan (Annex I, 2022). A review of monitoring records, including a sample of third-party laboratory reports for 15 springs (6 annual reports from 2017 to 2024) and a Technical Water Monitoring Report (1st Semester 2022, June 2022) confirms that the water quality monitoring program has been implemented. Water quality monitoring data is assessed against established baseline measurements and applicable regulatory standards (Environmental State Agency Joint Normative Deliberation No. 01/2008 for effluents and surface water, and Federal Environmental Agency Resolution No. 396/2008 for groundwater) (AWMP, Ch. 7). Additionally, surface water quantity is tracked with an Excel

database covering 63 monitoring points dating back to 2011 (Monthly Report, June 2024) and verified with monthly third-party reports (June 2024). Groundwater levels are also monitored with a database of approximately 75 piezometers and tubular wells dating back to 2014 (Piezometers Miguel Burnier, June 2024). Daily precipitation data is recorded in accordance with the Precipitation Monitoring Procedure (Precipitation Monitoring, February 2023) and compared to a series of Excel databases containing historical data from multiple monitoring points (Pluviometry for the Soledade dam, Alemães tailings dam, Campina pit; Central Offices, and UTM-II, 2012–July 2024).

Rainfall data, along with water quality and quantity monitoring results, is integrated into the Hydro GeoAnalyst (HGA) software, which the company utilizes to track and analyze temporal trends in water characteristics. Precipitation data is further used to contextualize observed short-term variations in water quality and quantity, supporting a comprehensive understanding of hydrological dynamics and water quality in the area (Presentation on Chapter 4.2. - Post-audit feedback, October 2024).

Trigger levels for effluents, surface water bodies, and groundwater springs are defined in the Environmental Monitoring Procedure (July 2024) for both field measurements (e.g., pH, dissolved oxygen, turbidity) and laboratory parameters. Each trigger level is tied to specific response actions with timelines for immediate, post-corrective, or next-monitoring cycle interventions. For ponds and sumps, trigger levels and associated action plans are prescribed in the Inspection of Ponds and Sumps Procedure (November 2023). Operations resume only when water quality is within acceptable limits.

Corrective actions are also required if water quantity monitoring (Watercourse Flow Monitoring, March 2023; and

Groundwater Level and Piezometer Monitoring, November 2022) indicates significant deviations.

A recent incident report (UNC-12681; August 10, 2024) and past incidents between 2012 and 2022, described in AWMP Ch. 9.1, indicate that these procedures are implemented, as identified anomalies in water characteristics triggered the immediate implementation of mitigation actions.

The company has established trigger levels and response actions for community water sources (e.g. supplemental water supply, pipe repairs, and the use of water trucks) as outlined in the General Management Procedure for Water Supply of the Community (March 2024). Implementation of these measures is indicated by specific cases presented in a presentation on Operational Controls and Monitoring (no date) and on feedback on AUDIRE questions (September 2024).

During the CAP on-site audit, stakeholders from the Mota, Retirinho, Chrockatt de Sá, Hargrives, and Miguel Burnier communities, reported concern that the mining operation may negatively impact water quality and quantity of springs. Interviews with the mine's environmental team, observations, and a review of documentation, including a transcript of a government-led meeting on the potential mining-related impacts on one of the springs of concern (the Buracos dos Lobos spring) (May 2024), supplemental evidence (photos and videos; December 2023), a General Management Procedure on Water Supply for the Community (March 2024), a report on Water Supply in the Subdistrict of Mota District of Miguel Burnier (Water Supply in the Subdistrict of Mota District of Miguel Burnier, June 2024), a sample of third-party lab results for the water quality of springs (6 reports each for 15 monitoring points, from 2017 to 2024), a presentation that summarizes the spring infrastructure, water quality and quantity and rainfall monitoring information (Presentation on Chapter 4.2. - Post-audit feedback, October 2024), indicate that the company monitors these sources and investigates

		<p>potential impacts, which are likely due to natural factors like rainfall and drought rather than mining activities. The evidence also indicates that the Buraco Dos Lobos spring is located upstream of the mine, outside the mine concession, and is managed by a government-appointed third party.</p> <p>The adaptive management plan does not provide sufficient details on how groundwater quality changes will be detected without water quality monitoring from groundwater monitoring wells or piezometers, making it unclear if potential impacts (e.g., seepage) would be identified at surface springs around the mine, which may not fully represent groundwater quality due to mixing, surface influences, and complex flow dynamics.</p>
<p>4.2.4.5. Annually or more frequently if necessary (e.g., due to changes in operational or environmental factors), the operating company shall review and evaluate the effectiveness of adaptive management actions, and, as necessary, revise the plan to improve water management outcomes.</p>		<p>The company developed a water management plan (Water Resources Management Plan, March 2023) in early 2023. The last full water resources review was conducted in September 2019 as presented in the evidence (GMA-PGG-010-014, Section 4.10.1 - Analysis and Registration of Results, September 2019). Interviews with the company and a screenshot of its software (Portal da Rotina Gerdau (PRG), May 2023) indicates that mitigation actions to address identified impacts to surface water quality are reviewed continuously by following mitigation actions until resolution.</p> <p>The evidence does not include information to confirm the company conducts a review of its adaptive management plan effectiveness specific to the Miguel Burnier site (i.e., for surface water), or implemented for groundwater, every 12 months.</p>
<p>4.2.4.6. Community stakeholders shall be provided with the opportunity to review adaptive management plans and participate in revising the plans.</p>		<p>Does not meet. The company has not provided stakeholders the opportunity to review and participate in revising the adaptive management plan.</p>

4.2.5.1. The operating company shall publish baseline or background data on water quantity and quality, and the following water data shall be published annually, or at a frequency agreed by stakeholders from affected communities:

- a. Monitoring data for surface water and groundwater points of compliance; and
- b. Monitoring data for water quantity (i.e., flows and levels of surface waters, springs/seeps and groundwater), and the volume of water discharged and extracted/pumped for mining operations.



The company has published baseline data for its new project (EIA - Sterile Disposal Pile MB2, February 2017) and has made it accessible on the website of the local environmental government authority. The company has also published monitoring data for surface water quality at points of compliance (Technical Water Monitoring Report (1st Semester 2022, June 2022) on the website of the local environmental authority. This website, including the baseline and monitoring data, is accessible for public.

The evidence, as well as interviews with a sample of potentially affected stakeholders (i.e., living closest to the mine or in affected areas), does not include monitoring data of groundwater quality, water quantity, or volume of water extracted/pumped or discharged for mining operations, or details to confirm that the published monitoring reports are updated annually.

4.2.5.2. The operating company shall develop and implement effective procedures for rapidly communicating with relevant stakeholders in the event that there are changes in water quantity or quality that pose an imminent threat to human health or safety, or commercial or natural resources.



The company has a written procedure to report water-related emergencies (External handling of environmental incidents, October 2021). This evidence includes a flowchart of the communication chain that is initiated when an emergency has happened. The company also provided its Emergency Response Plan that covers any emergency on site (November 2017).

The evidence does not include technical descriptions of emergencies related to water quality or quantity, actions taken when trigger levels are exceeded, details of external contacts to be informed (communities, authorities, media), and details to confirm that procedures are shared with relevant stakeholders (e.g., public safety agencies, first responders, etc.)

4.2.5.3. The operating company shall discuss water management strategies, performance and



The evidence, Environmental Education Program (2020), indicates the company has presented water quality

adaptive management issues with relevant stakeholders on an annual basis or more frequently if requested by stakeholders.

management strategies (e.g. operational water flowchart, water abstraction sources, water reuse, water use, and environmental controls such as monitoring and stormwater management) as outlined in a presentation (Presentation used to talk about Water Management in Mining, no date, 13 pages) to relevant stakeholders. The evidence indicates that there were 15 participants, including inhabitants of Ouro Branco, Congonhas, Lafaiete, Itabirito and Ouro Preto.

The evidence, as well as interviews with a sample of potentially affected stakeholders (i.e., living closest to the mine or in affected areas), does not include a log of participants in this meeting (i.e., names, locations, contacts) or topics covered to indicate that the company discusses water topics (quality, performance) specific to the Miguel Burnier Mine with stakeholders on an annual basis (including communities, authorities, other stakeholders).

Chapter 4.3—Air Quality

Basis for rating

4.3.1.1. The operating company shall carry out air quality screening to determine if there may be significant air quality impacts associated with its operations.

The company has carried out air quality screening to determine if there is a potential for significant air quality impacts associated from mining-related activities (such as ore processing, dust generation from roads, detonation, transfer points and waste rock dumping), as evidenced in the atmospheric dispersion study (February 2017). The screening exercise is sufficiently robust and geographically appropriate to identify potentially significant impacts that the mine may cause on air quality. The calculated Particulate Matter (PM10) and Suspended Particulates (PTS) results (Table 15, p. 26) are below the maximum allowable air quality limits, as defined by national legislation CONAMA Resolution No. 491 of November 2018. The models and calculations used for the dispersion model are approved by the U.S. EPA. The MB2 Sterile Disposal

		<p>Pile EIA (February 2017, p. 688) categorizes the impact caused by construction work on nearby communities to be of medium magnitude due to its temporary nature and the reversibility of the impacts caused by dust emission.</p>
<p>4.3.1.2. During screening, or as part of a separate data gathering effort, the operating company shall establish the baseline air quality in the mining project area.</p>		<p>The evidence, MB2 Sterile Disposal Pile EIA (February 2017, p. 228) and the atmospheric dispersion study (February 2017, p. 23), indicates that the company has established a baseline for air quality in the mine's area and that the company has implemented continuous monitoring as part of the site's operational control of its daily air quality impacts.</p> <p>The mining operation at Miguel Burnier commenced in 2007. No evidence has been provided for baseline air quality prior to mine construction, such as previous studies of air quality in the region or estimates of what the air quality would have been prior to mine development through air quality modeling.</p>
<p>4.3.1.3. If screening or other credible information indicates that air emissions from mining-related activities may adversely impact human health, quality of life or the environment, the operating company shall undertake an assessment to predict and evaluate the significance of the potential impacts.</p>		<p>The evidence, atmospheric dispersion study (February 2017), indicates that the company has undertaken an assessment to predict and evaluate the significance of potential impacts from mining-related air emissions. The study considered 939 model points across a 15 km x 15 km grid in and around the mine area as well as data from three monitoring points in the communities Mota, Miguel Burnier and Chrockatt de Sá near the company to simulate air pollution concentrations.</p> <p>Although the simulations predicted that 24-hour and annual means of air pollution will remain below legal thresholds as defined in CONAMA Resolution No. 491 of November 2018, the company performs semi-annual monitoring using three monitoring stations in the communities to assess the maximum daily concentration of Total Suspended Particulate Matter (TSP) and Inhalable Particulate Matter (PM10).</p> <p>The air quality monitoring report (Air Quality Monitoring Technical Report, December 2022) indicates that no sample</p>

exceeded the legal thresholds during the monitoring period between July 2022 and January 2023.

Dispersion modeling predictions are complemented by 24-hour air quality sampling for particulate matter, total suspended particulate (TSP) and PM10, at three monitoring locations (Mota, Miguel Burnier and Chrockatt de Sá). Information gathered from the air samplers (climate conditions, flow rate, duration) and lab analysis is reported and used by the company to assess the maximum daily concentration of TSP and respirable particulate matter (PM10). The predictions and sample of monitoring results reviewed indicate compliance with local legislation.

The placement of air samplers, analysis, and supplemental meteorological information in the evidence sample does not allow for estimates on the operation's contribution to downwind receptors as determined by the difference in upwind (background) concentration and downwind concentration of particulate matter to assess potential adverse impacts significance as reported in interviews with a sample of interested stakeholders.

4.3.1.4. The assessment shall include the use of air quality modeling and monitoring consistent with widely accepted and documented methodologies to estimate the concentrations, transport and dispersion of mining-related air contaminants.



The evidence, an atmospheric dispersion study (February 2017, p. 7-8), indicates that the assessment was prepared using the WRF prognostic model, with subsequent application in the AERMOD pollutant dispersion model. Both are widely accepted (e.g., by the U.S. EPA) and documented methodologies. The AERMOD model considers concentrations, transport and dispersion of air contaminants and the underlying mathematical model tends to produce conservative estimation results.

As indicated in the air quality monitoring report (Air Quality Monitoring Technical Report, December 2022), air quality is monitored using three monitoring stations in the surrounding communities, each equipped with a high-volume air sampler

coupled with a fine particle separator to detect particulate matter PM10 and PM2.5.



The evidence does not include parallel measurements up-wind and down-wind of the active operation and analysis of particulate matter concentration to confirm the site's contribution to local air quality considering topography, prevailing wind direction (to the west), seasonality and moisture content of the land surface (wet, humid, dry), and receiving bodies (i.e., communities, habits, biodiversity, ecological services). Interviews with a sample of stakeholders in Miguel Burnier and Chrockatt de Sá indicate dust is an ongoing concern.



4.3.2.1. **Critical.** If significant potential impacts on air quality are identified, the operating company shall develop, maintain and implement an air quality management plan that documents measures to avoid, and where that is not possible, minimize adverse impacts on air quality.

The evidence, Dry Period Preparedness Plan - 2022 (January 2023), is an action item tracker, indicating that the company has developed, maintained and implemented an air quality management plan that documents measures to avoid, and where that is not possible, minimize adverse impacts on air quality.

The evidence a. to d. as listed below, supports this finding as follows:

- a. Air Quality Monitoring Program (January 2023) determines the frequency of air quality measurements;
- b. Air Quality Monitoring Technical Report (December 2022) lists the air quality measurements taken for July to end of year 2022 with none of them exceeding national legislation CONAMA Resolution No. 491 of November 2018;
- c. Climate Screen (May 2023) outlines the information and control of atmospheric emissions by vehicles;
- d. Dry Period Preparedness Plan P³S (2022) shows pictures of the implemented measures taken such as polymer application, road irrigation and vegetation of slopes.

		<p>The evidence indicates air quality management strategies (i.e., avoidance, vegetation, roadway watering and maintenance, processing controls, visible emissions observations, etc.) outlined in the Dry Period Preparedness Plan are being implemented at the site-level. Dust is an ongoing concern by stakeholders (see 4.3.1.3). Although the air quality management plan includes dust control measures, gaps in monitoring (e.g., lack of parallel upwind and downwind measurements and particulate matter analysis, see 4.3.1.4) may not be adequately characterizing dust impacts in communities.</p>
<p>4.3.2.2. Air quality management strategies and plans shall be implemented and updated, as necessary, over the mine life.</p>		<p>Strategies outlined in the management plan are being implemented, as indicated in the action item tracker, the Dry Period Preparedness Plan - 2022 (January 2023), and photographs of the results shown in the Dry Period Preparedness Plan (P³S) – 2022 (2022).</p> <p>The EIA's, which are conducted with each amendment of the mining project, include air quality studies to capture added or reduced sources of air emissions and offer suggestions on how to prevent and/or remedy these impacts as indicated in:</p> <ul style="list-style-type: none"> • MB2 Sterile Disposal Pile - Miguel Burnier Mine, Ouro Preto-MG (2017), p. 741-742 • Tailings Disposal Pile (PDR) Sardinha (May 2020), p. 612-613 • UTM II Project – Itabiritos Miguel Burnier Mine. Ouro Preto-MG (December 2020), PART III, p. 16-15
<p>4.3.3.1. The operating company shall monitor and document ambient air quality and dust associated with the mining project by using personnel trained in air quality monitoring.</p>		<p>The evidence, Air Quality Monitoring Technical Report (December 2022), includes Annex C - Certificate of Accreditation (June 2021) and Annex D - Annotation of Responsibility Technique (July 2021). Both certificates, as well as interviews with key personnel, indicate that the company monitors and documents ambient air quality and dust from</p>

		<p>the mining project and that the monitoring is carried out by appropriately trained personnel.</p>
<p>4.3.3.2. Ambient air quality and dust monitoring locations shall be situated around the mine site, related operations and transportation routes and the surrounding environment such that they provide a representative sampling of air quality sufficient to demonstrate compliance or non-compliance with the air quality and dust criteria in 4.3.4.3, and detect air quality and dust impacts on affected communities and the environment. Where modeling is required (see 4.3.1.4) air monitoring locations shall be informed by the air quality modeling results.</p>		<p>The evidence, Air Quality Monitoring Technical Report (December 2022), indicates that the company implemented monitoring points in surrounding communities (chapter 5.2, p. 8). The placement is in accordance with the MB2 Sterile Disposal Pile EIA (February 2017, p. 227), and is informed by the air quality model as documented in the atmospheric dispersion study (February 2017, p. 23). Air monitors were observed in position at the time of the onsite audit and air monitoring is ongoing according to accepted procedures.</p> <p>The evidence, including interviews with the company and their stakeholders, does not include up-wind and downwind monitor locations to measure the operation's contribution to air quality at the fence line.</p>
<p>4.3.4.1. New mines and existing mines shall comply with the European Union's Air Quality Standards (EU Standards) as amended to its latest form (See Table 4.3, below) at the boundaries of the mine site and transportation routes, and/or mitigate exceedances as follows:</p> <p>a. If a mine is located in an airshed where baseline air quality conditions meet EU Standards, but emissions from mining-related activities cause an exceedance of one or more parameters, the operating company shall demonstrate that it is making incremental reductions in those emissions, and within five years demonstrate compliance with the EU Standards; or</p>		<p>Not scored. Per IRMA guidance this requirement can be marked "not scored" if the company does not follow EU emissions standards. The company complies with host country air quality standards, established by the national law CONAMA Resolution No. 491 of November 2018 and by the values contained in federal regulation (COPAM Resolution No. 01, of May 26, 1981), without considering the standard values of the European Union.</p>

b. If a mine is located in an airshed where baseline air quality is already degraded below EU Standards, the operating company shall demonstrate that emissions from mining-related activities do not exceed EU Standards, and make incremental improvements to the air quality in the airshed that are at least equivalent to the mining project's emissions.

- 4.3.4.2. As an alternative to 4.3.4.1, the operating company may undertake a risk-based approach to protecting air quality as follows:
- a. New and existing mines shall comply with host country air quality standards at a minimum, and where no host country standard exists mines shall demonstrate compliance with a credible international best practice standard;
 - b. Where compliance is met for host country standards but the mine experiences a residual risk related to its air emissions, then more stringent international best practice standards shall apply;
 - c. Where compliance is met for international best practice standards and a mine still experiences a residual risk from its air emissions, then the mine shall set more stringent self-designed limits, and implement additional mitigation measures to meet those limits; and
 - d. For all air-emissions-related risks, the mine shall demonstrate that it is making incremental reductions in emissions, through

Not scored. Per IRMA guidance this requirement can be marked "not scored" if the company does not follow EU emissions standards. The company complies with host country air quality standards, established by the national law CONAMA Resolution No. 491 of November 2018 and by the values contained in federal regulation (COPAM Resolution No. 01, of May 26, 1981), without considering the standard values of the European Union.

The air quality monitoring program includes the following parameters:

- Total Suspended Particles (TSP)
- Inhalable Particles (MP10)
- Breathable Particles (MP2.5)
- Smoke
- SO²
- CO
- O³
- NO²
- Pb.

a multi-year phased plan with defined timelines.

4.3.4.3. Dust deposition from mining-related activities shall not exceed 350 mg/m²/day, measured as an annual average. An exception to 4.3.4.3 may be made if demonstrating compliance is not reasonably possible through ordinary monitoring methods. In such cases the operating company shall utilize best available practices to minimize dust contamination.

Not scored. Per IRMA guidance this requirement can be marked "not scored" if the company does not follow EU emissions standards. The company complies with host country air quality standards, established by the national law CONAMA Resolution No. 491 of November 2018 and by the values contained in federal regulation (COPAM Resolution No. 01, of May 26, 1981), without considering the standard values of the European Union.

4.3.5.1. The operating company shall ensure that its air quality management plan and compliance information is up-to-date and publicly available, or made available to stakeholders upon request.

The environmental control plan for the topsoil disposal pile and for the tailings (March 2019, p. 60), indicates that the mine's air quality management plan was last updated in March 2019 and is updated with each amendment of the project. Interviews with personnel and review of documentation indicate that the document is publicly available on the environmental agency website and made available to stakeholders upon request. Note that no stakeholder requests have been made. The company would provide the following link if a stakeholder requested such information: https://gerdaucld-my.sharepoint.com/:b/g/personal/filipe_costa_gerdau_com_br/ESTKKCjAomRIsirLuj2Asn4BucLF2Uh6U1HZznKVL-_AoA?e=9uPdr3.

The evidence includes a sample of semi-annual air quality monitoring reports (Air Quality Monitoring Technical Report, July and December 2022) indicating that the company maintains updated records of air quality measurements and compliance information.

The evidence describes the means available to stakeholders to access air management and air quality monitoring data or reports routinely provided to agencies (i.e., bi-annually).

Accessibility to stakeholders will be reassessed during the surveillance audit.

Chapter 4.4—Noise and Vibration

Basis for rating

4.4.1.1. The operating company shall carry out screening to determine if there may be significant impacts on offsite human noise receptors from the mining project's noise and/or vibration. Screening is required at all new mines, and also at existing mines if there is a proposed change to the mine plan that is likely to result in a new source of noise or vibration or an increase in existing noise or vibration levels.



The evidence, Environmental Noise Measurement Report (November 2016), included in Annex 9 of the MB2 Sterile Disposal EIA (February 2017), as well as the Tailings Disposal Pile (PDR) Sardinha EIA (May 2020), indicates that the company has carried out screening to determine if offsite noise receptors may be significantly impacted by the mine's noise and mining-induced vibrations. The screening parameters included are in accordance with the maximum allowable noise limits, as defined by national legislation (Law No. 10,100 of January 17, 1990, of the Minas Gerais State).



The evidence does not indicate that new or appropriate supplemental screening has been carried out considering the potential impacts associated with the mining operation, facilities, or structures that have been changed significantly in response to recent expansion.

4.4.1.2. If screening identifies potential human receptors of noise from mining-related activities, then the operating company shall document baseline ambient noise levels at both the nearest and relevant offsite noise receptors.



The evidence, including the most recent Environmental Impact Assessments (EIAs) for the Miguel Burnier Mine (May 2020), identified potential human receptors for mining noise, specifically in the Miguel Burnier district (Monitoring Point 01), Mota district (Monitoring Point 03), and Chrockatt de Sá community (Monitoring Point 04)—all primarily residential areas, with some locations including a clinic (Miguel Burnier) and schools.

The evidence, samples from the Sound Pressure Levels Monitoring Technical Report (dated January 18, 2023, and

		<p>December 7, 2021) indicate that baseline ambient noise levels were measured at both the nearest and relevant offsite noise receptors in appropriate locations. These measurements were documented in compliance with the maximum allowable noise limits defined by national legislation (CONAMA Resolution No. 001 - March 8, 1990 and Brazilian Technical Standard ABNT NBR 10151: 2019).</p>
<p>4.4.2.1. If screening or other credible information indicates that there are residential, institutional or educational noise receptors that could be affected by noise from mining-related activities, then the operating company shall demonstrate that mining-related noise does not exceed a maximum one-hour LAeq (dBA) of 55 dBA during the hours of 07:00 to 22:00 (i.e., day) and 45 dBA at other times (i.e., night) at the nearest offsite noise receptor. These hours may be adjusted if the operating company can justify that alternative hours are necessary and/or appropriate because of local, cultural or social norms.</p>		<p>The evidence, samples of Sound Pressure Levels Monitoring Technical Report (January 18th, 2023 and AR740-21 December 7th, 2021), from nearby receptors (Miguel Burnier district - Monitoring Point 01, Mota district - Monitoring Point 03, and Chrockatt de Sá community - Monitoring Point 04), indicates that noise does not exceed specified levels at specified times of day and night, LAeq (dBA) of 55 dBA during the hours of 7:00 am to 10:00 pm (i.e., day) and 45 dBA at other times (i.e., night). The assessment parameters included are in accordance with the maximum allowable noise limits, in compliance with both parameters established in the Standard IFC Environmental, Health and Safety General Guidelines (IFC, 2007, p. 53), and legal requirements defined by national legislation (CONAMA Resolution No. 001 of March 8th, 1990, and Brazilian Technical Standard ABNT NBR 10151: 2019).</p> <p>While monitoring indicates noise levels are within allowable limits, interviewees in the area around the mine indicate noise from continuous mine operation is a nuisance, especially to inhabitants of Miguel Burnier and Chrockatt de Sá.</p>
<p>4.4.2.2. The following exceptions to 4.4.2.1 apply:</p> <p>a. If baseline ambient noise levels exceed 55 dBA (day) and/or 45 dBA (night), then noise levels shall not exceed 3 dB above baseline as measured at relevant offsite noise receptors; and/or</p>		<p>Not relevant. The evidence, samples of Sound Pressure Levels Monitoring Technical Report (January 18, 2023 and December 7, 2021), indicates that baseline ambient noise levels do not exceed 55 dBA (day) and/or 45 dBA (night).</p>

		<p>b. During periods of blasting, the dBA levels may be exceeded, as long as the other requirements in 4.4.2.4 are met.</p>
<p>4.4.2.3. If screening or other credible information indicates that there are only industrial or commercial receptors that may be affected by noise from mining-related activities, then noise measured at the mine boundary or nearest industrial or commercial receptor shall not exceed 70 dBA.</p>	<p>—</p>	<p>Not relevant. There are no industrial or commercial receptors that may be affected by noise from mining-related activities, and baseline ambient noise levels do not exceed 55 dBA (day) and/or 45 dBA (night).</p>
<p>4.4.2.4. If screening or other credible information indicates that noise or vibration from blasting activities may impact human noise receptors, then blasting operations at mines shall be undertaken as follows:</p> <p>a. A maximum level for air blast overpressure of 115 dB (Lin Peak) shall be exceeded on no more than 5 % of blasts over a 12-month period;</p> <p>b. Blasting shall only occur during the hours of 09:00 to 17:00, on traditionally normal working days; and</p> <p>c. Ground vibration (peak particle velocity) shall neither exceed 5 mm/second on 9 out of 10 consecutive blasts, nor exceed 10 mm/second at any time.</p>	<p>—</p>	<p>Not relevant. The mine has not undertaken any blasting activities since its operation has commenced.</p>
<p>4.4.2.5. Mines may undertake blasting outside of the time restraints in 4.4.2.4.b when the operating company can demonstrate one or more of the following:</p>	<p>—</p>	<p>Not relevant. The mine has not undertaken any blasting activities since its operation has commenced.</p>

<p>a. There are no nearby human noise receptors that will be impacted by blasting noise or vibration;</p> <p>b. Alternative hours are necessary and/or appropriate because of local, cultural or social norms; and/or</p> <p>c. Potentially affected human receptors have given voluntary approval for the expanded blasting hours.</p>		
<p>4.4.2.6. If a credible, supported complaint is made to the operating company that noise or vibration is adversely impacting human noise receptors, then the operating company shall consult with affected stakeholders to develop mitigation strategies or other proposed actions to resolve the complaint. Where complaints are not resolved then other options, including noise monitoring and the implementation of additional mitigation measures, shall be considered.</p>	<p>—</p>	<p>Not relevant. The evidence, the company's grievance log (Manifestations Gerdau 2022-2023), indicates that the company has not yet received any noise or vibration related complaint through their grievance mechanism.</p>
<p>4.4.2.7. All noise- and vibration-related complaints and their outcomes shall be documented.</p>	<p>—</p>	<p>Not relevant. The evidence, the company's grievance log (Manifestations Gerdau 2022-2023), indicates that the company has not yet received any noise or vibration related complaint through their grievance mechanism.</p>
<p>4.4.3.1. When stakeholders make a noise-related complaint, the operating company shall provide relevant noise data and information to them. Otherwise, noise data and information shall be made available to stakeholders upon request.</p>	<p>—</p>	<p>According to some interviewees, including a sample of those who live in Miguel Burnier and Chrockatt de Sá, complaints related to noise levels have been made to the mine in the past 12 months and the company's response may not always fulfill expectations related to timely delivery of relevant information,</p>

and the sharing of technical information of personal significance.

No evidence was provided indicating that the company provides relevant noise data and information to stakeholders when they make a noise-related complaint.

Chapter 4.5—Greenhouse Gas Emissions

Basis for rating

- 4.5.1.1. The operating company or its corporate owner shall develop and maintain a greenhouse gas or equivalent policy that commits the company to:
- a. Identifying and measuring greenhouse gas emissions from the mining project;
 - b. Identifying energy efficiency and greenhouse gas reduction opportunities across the mining project;
 - c. Setting meaningful and achievable targets for reductions in absolute greenhouse gas emissions at the mine site level or on a corporate-wide basis; and
 - d. Reviewing the policy at least every five years and revising as needed, such as if there are significant changes to mining-related activities, new technologies become available, or there are newly identified opportunities for reductions.

The evidence, Gerdau Sustainability Policy (February 2022), indicates that the company has a greenhouse gas policy that meets the sub-requirements a through d, as follows:

- a. Identified and measured greenhouse gas emissions from the mining project through an annual GHG inventory, information management is carried out through the Climas software available on the internet;
- b. Identified energy efficiency increase and greenhouse gas reduction opportunities and prepared proposals for reducing greenhouse gas emissions based on studies of the MACC curve - Roadmap for Reducing Energy Consumption and CO2 Emission for Gerdau Brazil Plants (Rev. 1, May 2022) and includes some of the opportunities in the Gerdau Sustainability Policy (February 2022, Ch. 5.1.5, p. 2);
- c. Has set significant and achievable targets for reductions in absolute greenhouse gas emissions across the company, with the assumed targets to reduce greenhouse gas emissions by 2031, in accordance with the Gerdau Sustainability Policy (February 2022, Ch. 5.1.4, p. 2);
- d. Reviewing the procedures every two years or whenever necessary, according to the Normative Document for Policies and Guidelines (Rev. 8, February 2021, p. 2).

4.5.2.1. The operating company shall comply with emissions quantification methods described in a widely accepted reporting standard, such as the Greenhouse Gas Protocol Corporate Standard or the Global Reporting Initiative's GRI 305 emissions reporting standard.



The company's accounting of GHG emissions for the Miguel Burnier site complies with internationally accepted reporting standards such as the Greenhouse Gas Protocol Corporate Standard and the Global Reporting Initiative's standard as indicated by evidence GHG Inventory Verification Report (December 2022). The evidence includes screenshots of the Climas software in evidence Summary of Evidence (August 2023), as well as interviews with key personnel, indicating that GHG emission data for the site is updated monthly and that a detailed inventory of greenhouse gases such as carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, etc. is maintained for scope 1 and scope 2 emissions.

4.5.3.1. The greenhouse gas policy shall be underpinned by a plan that details the actions that will be taken to achieve the targets set out in the policy.



The evidence, Gerdau Sustainability Policy (February 2022, Ch. 5.1.3, p. 2), indicates that the company has set a reduction target in carbon intensity from 0.93 t CO₂e/t steel (base year 2020) to 0.83 t CO₂e/t steel (target year 2031), regarding Scope 1 and Scope 2 emissions. The public report Gerdau Annual Report 2021 (July 2022) indicates that the company implements actions to reduce its emissions (pp. 93, and 120 - 129).

The evidence did not include a GHG emissions reduction plan specific to the site to achieve its targets.

4.5.3.2. The operating company shall demonstrate progress toward its greenhouse gas reduction targets.



The evidence, Gerdau Annual Report 2021 (July 2022, p. 123), indicates progress toward its greenhouse gas reduction targets for scope 1 and scope 2 emissions with a reduction of 0.03 tCO₂e/t of steel produced from year 2020 to 2021. The evidence lists current emissions and GHG reduction measures on pp. 120 - 129 and indicates on p. 93 that Gerdau has agreed with the Gas Company of Minas Gerais (Gasmig) to use gas-powered trucks at the mine. According to this report they already have one test vehicle on site, which produced favorable results in reducing GHG emissions.

4.5.3.3. The operating company shall demonstrate that it has investigated greenhouse gas reduction strategies, and shall document the results of its investigations.



The evidence, MACC curve study - Roadmap for Reducing Energy Consumption and CO2 Emission for Gerdau Brazil Plants (Rev. 1, May 2022 by Hatch Ltd., pp. 29 - 30), indicates that the company has documented strategies to reduce greenhouse gas emissions from the mining project such as reducing energy and diesel consumption.

4.5.4.1. The greenhouse gas policy shall be publicly available.



The company's greenhouse gas policy is publicly available on their website:

<https://ri.gerdau.com/governanca-corporativa/estatuto-codigos-e-politicas/>

4.5.4.2. On an annual basis, the operating company or its corporate owner shall:

a. Disclosure to IRMA auditors an accounting of its greenhouse gas emissions from the mining project; achievement of and/or progress towards mine-site-level greenhouse gas reduction targets; and efforts taken to reduce emissions from the mining project and mining-related activities; and

(Note: sub-requirement 4.5.4.2.a is not included in the self-assessment rating).

b. Publicly report on mine-site-level or corporate-level greenhouse gas emissions, progress towards greenhouse gas reduction targets and efforts taken to reduce emissions.



The company produces annual public sustainability reports, that:

a. are publicly available at:

<https://www2.gerdau.com.br/sustentabilidade/#sust-Anual-Report>;

b. include Gerdau's progress towards corporate-level greenhouse gas reduction targets, showing a reduction of 0.03 tCO₂e/t of steel produced, comparing the emissions of the year 2020 with 2021 as indicated in the evidence, Gerdau Annual Report 2021 (July 2022, p. 123). The evidence also includes efforts taken to reduce emissions throughout the corporation (p.93 and pp. 120 - 129).

Chapter 4.6—Biodiversity, Ecosystem Services and Protected Areas

Basis for rating

4.6.1.1. Biodiversity, ecosystem services and protected areas screening, assessment, management planning, implementation of mitigation measures, and monitoring shall be carried out and documented by competent professionals using appropriate methodologies.



The evidence, Single opinion (LP+LI - PDE-MB2, 2020), Environmental Control Program Compliance Summary Report (January 2023) and interviews with key personnel, indicates that the company has contracted an external multidisciplinary environmental team, who used appropriate methodologies in biodiversity-related assessments and management. The team includes environmental analysts, an environmental manager, environmental analysts with legal training and archaeologists. Other experts include biologists, geographers, civil engineers, geologists, environmental engineers, and chemical engineers. The environmental team developed the baselines, impact assessments related to biodiversity, management, mitigation measures, and environmental control programs. The license number (credentials) was provided for each professional.

The evidence does not include the CVs of the environmental team to confirm that the team has relevant education, knowledge, proven experience, necessary skills and training.

4.6.1.2. Biodiversity, ecosystem services and protected areas screening, assessment, management planning, and the development of mitigation and monitoring plans shall include consultations with stakeholders, including, where relevant, affected communities and external experts.



The evidence, Communication and Public Hearing (PA) Report for the Tailings Disposal Pile (PDR) project (October 2022), as well as interviews with key personnel, indicate that the company has solicited feedback from stakeholders regarding the company's planned expansion. The evidence indicates that this was executed as part of a public hearing in which the company presented the EIA for the implementation of the PDR Sardina pile. The targeted groups included are:

- Inhabitants of the municipalities (Ouro Preto and Congonhas).
- Mayors, councilors and municipal representatives of the Environment and Cultural Heritage. (Ouro Preto and Congonhas).
- Titular and substitute members of the specialized technical chamber of the State Council for Environmental Policy (COPAM).
- Regular and substitute members of the Hydrographic Basin Committee.
- Public Ministry of the State of Minas Gerais (District Prosecutor's Office).

The evidence indicates that community communication and dissemination is achieved through:

- State official newsletter.
- State press (O Tempo, from Belo Horizonte); Regional press (O Liberal, from Ouro Preto).
- Posters, banners and brochures delivered to the communities.
- Banners on main streets.
- Invitations to entities by mail and email.
- Car with sound to broadcast the event.
- Regional radio stations with coverage in municipalities and rural areas.
- Publication on the company's website and its social networks.

The evidence does not include detail to confirm the company engages stakeholders in relation to biodiversity, the specific concerns about ecosystem services and protected areas,

		<p>screening, assessment, management planning and mitigation plans.</p>
<p>4.6.1.3. Biodiversity, ecosystem services and protected areas impact assessments, management plans and monitoring data shall be publicly available, or made available to stakeholders upon request.</p>		<p>The evidence, Summary report on compliance with the environmental control program (2022), indicates that the company makes biodiversity, impact assessments, and monitoring data information available to stakeholders through the disclosure of environmental monitoring programs and community environmental education programs.</p> <p>Interviews with the management team indicate a priority to educate and include the community in biodiversity management. Outreach occurs through events at the Germinar Biodiversity Center such as training local teachers in important biodiversity values and including students in research.</p> <p>The evidence does not indicate that information on ecosystem services, protected areas, and management plans is publicly available to project stakeholders.</p>
<p>4.6.2.1. Critical. New and existing mines shall carry out screening or an equivalent process to establish a preliminary understanding of the impacts on or risks to biodiversity, ecosystem services and protected areas from past and proposed mining-related activities.</p>		<p>Miguel Burnier is an existing mine. The company carried out a screening process which included a formal biodiversity assessment to establish a preliminary understanding of the impacts and risks to biodiversity for projects planned or underway. The evidence includes several recent environmental impact assessments (EIAs):</p> <ul style="list-style-type: none"> • MB2 Sterile Disposal Pile - Miguel Burnier Mine, Ouro Preto-MG (2017) • Tailings Disposal Pile - Sardinha (December 2020) • UTM II Project – Itabiritos Miguel Burnier Mine. Ouro Preto-MG (December 2020)

These EIA reports assess stages of planning, implementation, and operation for potential impacts on biodiversity for native plant and animal species, ecosystem services and protected areas, including ecological corridors.

The permitting process for the MB2 Sterile Disposal EIA included stakeholder participation, such as the Paraopeba River Basin Committee. Public hearings, initiated at the company's request, were held in connection with the draft EIAs for the Miguel Burnier Sardinha Tailings Disposal Pile and UTM II Itabiritos expansion projects. During these hearings, the project results, analyses, and characteristics were presented to the community, and a synthesis report was generated, incorporating the community's contributions into the EIA.

The evidence and interviews with a sample of stakeholders indicate that not all communities near the mine were consulted during the MB2 permitting process (see 2.1.9.2). The evidence does not include details to confirm that the company's screening process is comprehensive enough to assess the impacts or risks to biodiversity, ecosystem services, and protected areas (e.g. community consultation, use of standardized methodologies to evaluate cultural and provisional ecological services).

4.6.2.2. Screening shall include identification and documentation of: a. Boundaries of legally protected areas in the mine's actual or proposed area of influence, and the conservation values being protected in those areas; b. Boundaries of Key Biodiversity Areas (KBA) in the mine's actual or proposed area of influence, the important biodiversity values within those areas and the ecological processes and habitats supporting those values; c. Areas of modified habitat, natural



The company developed a formal screening process as part of its EIAs (2017 and 2020) for its direct and indirect area of influence. The evidence, Partial annual report. Fauna Monitoring Program with Emphasis on Threatened Species and Species of Conservation Interest - Miguel Burnier Complex – Ouro Preto/MG (2022), indicates that the Miguel Burnier Mine is inserted in a priority area for the conservation of biodiversity in the State of Minas Gerais called Area 85 – Quadrilátero Ferrífero. The evidence identifies:

a. That the company is not being developed in priority national conservation areas established by law or in buffer zones

habitat and critical habitat within the mine's proposed or actual area of influence, and the important biodiversity values (e.g., threatened and endangered species) present in the critical habitat areas; and d. Natural ecosystems or processes within the mine's proposed or actual area of influence that may or do provide provisioning, regulating, cultural and supporting ecosystem services.

(buffer zones) (EIA MB2 Sterile Disposal Pile, 2017; EIA Project UTM II – Itabiritos, 2020 and EIA Tailings Disposal Pile (PDR) Sardina. 2020).

b. The natural habitat including the vegetation and fauna, and the species that have conservation status under national regulations or IUCN.

The evidence does not include details to confirm that the company has screened for:

b. Key Biodiversity Areas (KBAs): Alliance for Zero Extinction (AZE), Important Bird Areas (IBA) and Important Plant Areas (IPA); or

c. Areas of modified habitat and critical habitat; or

d. Identification of provisioning, regulating, cultural and supporting ecosystem services within the area of influence.

4.6.3.1. When screening identifies protected areas or areas of potentially important global, national or local biodiversity or ecosystem services that have been or may be affected by mining-related activities (e.g., KBAs, critical habitat, threatened or endangered species), the operating company shall carry out an impact assessment that includes:

a. Establishment of baseline conditions of biodiversity, ecosystem services and, if relevant, conservation values (i.e., in protected areas) within the mine's proposed or actual area of influence;

b. Identification of potentially significant direct, indirect and cumulative impacts of past and proposed mining-related activities on biodiversity, ecosystem services and, if relevant, on the conservation values of

The evidence, EIA MB2 Tailings Disposal Pile (2017) and EIA Tailings Disposal Pile - Sardina (2020), indicates that the company has developed a process for identifying national protected areas and priority areas. Key Biodiversity Areas (KBAs) and ecosystem services were not identified in the mines area of influence. The evidence for this requirement, as well as interviews with key personnel, include:

a. Baseline conditions of key biodiversity and conservation values at the national level.

b. Identification of impacts derived from the interaction of the mining complex within its area of influence. The EIA Tailings Disposal Pile - Sardina (2020) has an analysis of cumulative and synergistic impacts.

c. Evaluation of options to avoid potentially significant adverse impacts on biodiversity and conservation areas.

d. The partnership plan includes conservation actions through environmental education aimed at improving the



protected areas throughout the mine's lifecycle;

- c. Evaluation of options to avoid potentially significant adverse impacts on biodiversity, ecosystem services and conservation values of protected areas, prioritizing avoidance of impacts on important biodiversity values and priority ecosystem services; evaluation of options to minimize potential impacts; evaluation of options to provide restoration for potential and actual impacts; and evaluation of options to offset significant residual impacts (see 4.6.4.1 and 4.6.4.2); and
- d. Identification and evaluation of opportunities for partnerships and additional conservation actions that could enhance the long-term sustainable management of protected areas and/or biodiversity and ecosystem services.

management of local and regional biodiversity. Gerdau's "Germinar" Project, initiated in 1990 as an environmental education program in Minas Gerais, has reached over 465,000 people and operates in the municipalities of Ouro Branco, Congonhas, Conselheiro Lafaiete, Ouro Preto (Miguel Burnier and Mota districts), Moeda, and Itabirito. Its objective is to promote knowledge dissemination and use education as a tool to support environmental awareness and conservation, as outlined in the "Gerdau Annual Report 2021 - People who shape the future."

The evidence does not indicate:

- a. that a baseline for the conditions of ecosystem services was established; or
- c. that the company has evaluated options to avoid potentially significant adverse impacts on ecosystem services.

4.6.4.1. **Critical.** Mitigation measures for new mines shall:

- a. Follow the mitigation hierarchy of:
 - i. Prioritizing the avoidance of impacts on important biodiversity values and priority ecosystem services and the ecological processes and habitats necessary to support them;
 - ii. Where impacts are not avoidable, minimizing impacts to the extent possible;
 - iii. Restoring biodiversity, ecosystem services and the ecological processes and habitats that support them; and

Miguel Burnier is an existing mine with an expansion in progress. For the expansion, the company has developed mitigation measures as part of the EIA approval process. These measures follow the mitigation hierarchy, requirement a., including activities to avoid impacts on key values of biodiversity and habitats listed in its EIA's for the projects:

- EIA UTM II Project Itabiritos (December 2020, p. 636)
- EIA Tailings Disposal Pile - Sardinha (December 2020, p. 920)

The company provided as evidence a summary report on Miguel Burnier's environmental performance (February 2023) indicating implementation of mitigation measures is underway and linked to ecosystem services within the expansion's area of influence (p. 62).

iv. As a last resort, offsetting the residual impacts.

b. Prioritize avoidance of impacts on important biodiversity values and priority ecosystem services early in the project development process;

c. Be designed and implemented to deliver at least no net loss, and preferably a net gain in important biodiversity values, and the ecological processes that support those values, on an appropriate geographic scale and in a manner that will be self-sustaining after mine closure.

b. Mitigation measures prioritize avoidance of impacts on important biodiversity values, including a study of locational alternatives developed early in the project (EIA UTM II Project Itabiritos, p. 31).

Interviews with a sample of workers (drillers, exploration and development logistics contractors, and biologists) indicate the company has a commitment to biodiversity protection and restoration (i.e., revegetation; flora recovery planning), and this is communicated at operational levels. According to interviews with the company's biologist at the Germinar Center, research is underway to understand alternatives in planting for increased biodiversity value (i.e., through proliferation of native species) including the rescue of resilient and endangered plants.

The evidence does not include observations to confirm onsite restoration is underway at the mine at the time of the audit as in (a. iii.) or documentation that mitigation is designed and implemented to deliver no net loss (preferably a net gain in important biodiversity values, self-sustaining after mine closure).

4.6.4.2. At existing mines:

a. Where past adverse impacts on important biodiversity values and priority ecosystem services have been identified, the operating company shall design and implement onsite restoration strategies, and also, through consultation with stakeholders, design and implement additional conservation actions to support the enhancement of important biodiversity values and/or priority ecosystem services on an appropriate geographic scale; and



The evidence, Chapter 14 (EIA MB2 Sterile disposal pile, Miguel Burnier Mine, 2017) and Chapter 13 (EIA UTM Project II-Itabiritos Miguel Burnier Mine, 2020), indicates that the company has identified impacts on key components of biodiversity and designed and implemented mitigation measures on site for existing facilities. The evidence, as well as interviews with key personnel, indicate that the company has considered:

a. That the project has suppressed native vegetation in the past, and that there is a need to restore degraded ecosystems and conserve native, rare, and threatened species by developing seedling production techniques, seed collection, processing, and storage, and substrate management. The implementation of actions, control, mitigation, monitoring,

b. If there is the potential for new impacts on important biodiversity values or priority ecosystem services (e.g., as a result of mine expansions, etc.), the operating company shall follow the mitigation hierarchy, prioritizing the avoidance of impacts on important biodiversity values or priority ecosystem services, but where residual impacts remain, shall apply offsets commensurate to the scale of the additional (new) impacts.

and compensation program plans are presented in the evidence and include:

- Flora conservation program.
 - Forest vegetation suppression project.
 - Follow-up program for vegetation suppression activities and eventual fauna rescue.
 - Terrestrial fauna monitoring program.
 - Ichthyofauna monitoring program.
 - Biological Communities Monitoring Program.
 - Environmental compensation program.
 - Environmental education program.
- b. The possibility of new impacts on biodiversity values.

The company will continue to apply the mitigation hierarchy through actions, plans, control programs, mitigation, monitoring, and environmental compensation as described in Chapter 14, EIA MB2 Sterile disposal pile, Miguel Burnier Mine (2017).

b. The company follows the mitigation hierarchy for potential new impacts stemming from mine expansions as described in 4.6.4.1.

The evidence does not indicate that the company has designed and implemented restoration strategies because of stakeholder consultation related to restoration development, conservation actions, and mitigation options to support enhancement of important biodiversity values and ecosystem services.

4.6.4.3. Offsetting, if required, shall be done in a manner that aligns with international best practice.



The evidence, an Environmental Control Program within the EIA MB2 Waste Disposal Pile (2017), as well as interviews with

- 4.6.4.4. The operating company shall develop and implement a biodiversity management plan or equivalent that:
- a. Outlines specific objectives (e.g., no net loss/net gain, no additional loss) with measurable conservation outcomes, timelines, locations and activities that will be implemented to avoid, minimize, restore, enhance and, if necessary, offset adverse impacts on biodiversity and ecosystem services;
 - b. Identifies key indicators, and ensures that there is an adequate baseline for the indicators to enable measurement of the effectiveness of mitigation activities over time;
 - c. Provides a budget and financing plan to ensure that funding is available for effective mitigation.

key personnel, indicate the company has the following offsetting projects:

- Compensation for intervention in the Atlantic Forest.
- Compensation for intervention in the Permanent Preservation Area (APP).

In addition, the document Summary Report on Compliance with the Environmental Control Program (2022), describes the Forest Reconstruction Program.

The evidence does not indicate that the development of environmental compensation plans was informed by stakeholder participation and consultation as outlined in international best practice standards, such as the Standard on Biodiversity Offsets (2019).

The company has a Biodiversity Conservation Program as indicated in the evidence (EIA MB2 Sterile disposal pile, Miguel Burnier Mine, 2017), which follows a specific conservation and monitoring strategy for flora and fauna. The company has a Biodiversity Research Center, implemented in the Germinar Biocenter, Municipality of Ouro Branco/MG with a total area of 1.3 ha. It has a greenhouse and infrastructure for the development of techniques and research for the production of biodiversity and recovery of degraded areas.

The Flora Conservation Program consists of a set of measures aimed at the conservation and maintenance of local plant biodiversity, with the following objectives:

- Contribute to the preservation of the genetic patrimony of the local flora;
- Contribute to the conservation and acquisition of knowledge about endangered species;
- Acquire knowledge about rescue practices and propagation of different species. the local flora;

- Use of knowledge acquired in rehabilitation practices of degraded areas;
- Contribute to the Degraded Areas Recovery Plan (PRAD) of the project

The Fauna Monitoring Program, with emphasis on Threatened Species and Species of Conservation Interest, aims to:

- Confirm the occurrence of species of amphibians, reptiles, birds and terrestrial mammals already registered for the region where the project is located,
- Evaluate the richness, composition and abundance, when possible, of the local fauna species.
- Compare the occurrence of fauna species in portions of the territory with and without the influence of mining, using adequate delimitation and control areas,
- Evaluate the influence of landscape variables, including mining as a source of variation, on the frequency of occurrence of fauna species, with emphasis on those that are threatened and of interest for conservation.
- Propose more effective environmental strategies for the management, territorial ordering, and conservation of biodiversity, with emphasis on threatened species and species of interest for conservation.

This program partially covers sub-requirements a, b, and c, however the evidence does not include stakeholder participation in consultations related to the development of environmental compensation plans, budgets, and/or a financing plan for mitigation development.

4.6.4.5. Biodiversity management shall include a process for updating or adapting the management plan if new information relating



The company has a process for updating its biodiversity management plan when new information relating to biodiversity or ecosystem services becomes available during the mine lifecycle. The evidence includes compliance reports,

to biodiversity or ecosystem services becomes available during the mine lifecycle.

that summarize the company's adherence to its environmental control program (2022). Compliance checks are conducted biannually. The PCA encompasses fauna rescue and monitoring, flora rescue, and forest restoration programs.

The monitoring program is validated by the Fauna Management Authorization No. 424.023/2016. The company's biodiversity management system includes:

- Fauna Monitoring Program with emphasis on Threatened Species and Species of Conservation Interest, 2022. This monitoring considers 2 campaigns in the rainy season and 2 campaigns in the dry season.
- Fauna monitoring program (herpetofauna, avifauna & mammalian fauna)
- EIA MB2 Disposal Pile of sterile waste (2017), including the following programs:- Water quality monitoring program.
- Flora conservation program.
- Follow-up program for vegetation suppression activities and eventual fauna rescue.
- Terrestrial fauna monitoring program.- Ichthyofauna monitoring program
- Biological communities monitoring program.
- Plan for the recovery of degraded areas (PRAD).
- Environmental compensation program.

4.6.5.1. An operating company shall not carry out new exploration or develop new mines in any legally protected area unless the applicable criteria in the remainder of this chapter are met, and additionally the company:



The company is developing new exploration and/or developing new mines in the area, as allowed by local protected area legislation. The following evidence includes analyses and descriptions of the protected areas in the region in which the mining project is developed:

- a. Demonstrates that the proposed development in such areas is legally permitted;
- b. Consults with protected area sponsors, managers and relevant stakeholders on the proposed project;
- c. Conducts mining-related activities in a manner consistent with protected area management plans for such areas; and
- d. Implements additional conservation actions or programs to promote and enhance the conservation aims and/or effective management of the area.

- EIA MB2 Disposal Pile of sterile waste. Miguel Burnier Mine, 2017.
- EIA UTM Project II Itabiritos, 2020.
- EIA Sardina tailings disposal pile, 2020.

These documents, as well as interviews with key personnel, identify the legislation in force at the federal, state and municipal level and the pertinent legal norms for the operation of the mine, indicating:

- a. Mining activities are legally permitted. The Serra do Ouro Branco State Park is located at the southern end of the Serra do Espinhaço, in the Municipalities of Ouro Branco and Ouro Preto. This park is a conservation unit close to the mining project area created by Decree No. 45,180 in September 2009. The Project area within a 3 km radius is located on the boundary of the Park's Buffer Zone. According to the National System of Conservation Units (SNUC), the Buffer Zone represents the environment of a conservation unit, where human activities are subject to specific rules and restrictions, in order to minimize negative impacts on the unit. These limits are defined through CONAMA Resolution No. 13 of 1990 and correspond to connectivity areas.
- b. The company has consulted with its stakeholders on the proposed projects.
- c. Mining activities are not carried out in protected areas, and management plans for biodiversity are implemented in the areas where the Mine operates (Fauna Monitoring Program with emphasis on Threatened Species and Species of Conservation Interest, 2022)
- d. The company has implemented conservation and environmental education programs in addition to the monitoring established as a result of the EIAs, including annual audits of legal requirements for environmental compliance. (Annual Report 2021. Gerdau)

		<p>The evidence does not indicate that the company consulted with sponsors and administrators of protected areas.</p>
<p>4.6.5.2. An operating company shall not carry out new mining-related activities in the following protected areas unless they meet 4.6.5.1.a through d, and an assessment, carried out or peer-reviewed by a reputable conservation organization and/or academic institution, demonstrates that mining-related activities will not damage the integrity of the special values for which the area was designated or recognized.</p> <ul style="list-style-type: none"> • International Union for Conservation of Nature (IUCN) protected area management category IV protected areas; • Ramsar sites that are not IUCN protected area management categories I-III; and • Buffer zones of UNESCO biosphere reserves. 		<p>Not relevant. The evidence presented by the company includes:</p> <ul style="list-style-type: none"> • EIA MB2 Disposal Pile of sterile waste. Miguel Burnier Mine, 2017. • EIA UTM Project II Itabiritos, 2020. • EIA Sardina Tailings Disposal Pile, 2020. • Fauna Monitoring Program with emphasis on Threatened Species and Species of Conservation Interest, 2022. • Environmental control program, 2022. • Map of the Network of Biosphere Reserves and protected areas indicate that the mine is not located within the Internationally Recognized Areas by IUCN, Ramsar and UNESCO. <p>The Miguel Burnier mine and its area of influence are situated within the "Iron Quadrangle," a priority region for biodiversity conservation in the State of Minas Gerais. According to the National System of Conservation Units (SNUC), buffer zones are established around protected areas, permitting activities such as urban development, industry, and resource extraction, which enables the company's operations within these zones.</p>
<p>4.6.5.3. Critical. IRMA will not certify new mines that are developed in or that adversely affect the following protected areas:</p> <ul style="list-style-type: none"> • World Heritage Sites, and areas on a State Party's official Tentative List for World Heritage Site Inscription; 		<p>Not relevant. Miguel Burnier is an existing mine and not developed or operating in a World Heritage, IUCN protected area, or core areas of UNESCO biosphere reserves as confirmed in the following reference sources:</p> <ul style="list-style-type: none"> • EIA MB2 Topsoil Pile, 2017; EIA UTM Project II Itabiritos, 2020; EIA Sardinha Tailings Disposal Pile, 2020

- IUCN protected area management categories I-III;
- Core areas of UNESCO biosphere reserves.

- Fauna Monitoring Program with emphasis on Threatened Species and Species of Conservation Interest, 2022
- Miguel Burnier Environmental Control Program, 2022
- Network of Biosphere Reserves Map (<https://www.unesco.org/en/articles/new-map-world-network-biosphere-reserves-2017-2018?hub=701>)

4.6.5.4. **Critical.** An existing mine located entirely or partially in a protected area listed in 4.6.5.3 shall demonstrate that: a. The mine was developed prior to the area's official designation; b. Management plans have been developed and are being implemented to ensure that activities during the remaining mine lifecycle will not permanently and materially damage the integrity of the special values for which the area was designated or recognized; and c. The operating company collaborates with relevant management authorities to integrate the mine's management strategies into the protected area's management plan.

Not relevant. There are no mining-related activities in indicated areas (refer to 4.6.5.3).

4.6.6.1. The operating company shall develop and implement a program to monitor the implementation of its protected areas and/or biodiversity and ecosystem services management plan(s) throughout the mine lifecycle.

The company has developed monitoring plans for each relevant component of biodiversity:

- Environmental Control Program (2022):
- Program control erosion processes and recovery of degraded areas
- Program for the control and monitoring of liquid effluents and surface water

	<ul style="list-style-type: none"> - Fauna rescue program - Fauna monitoring program - Flora rescue program - Forest restoration program • Fauna monitoring program with emphasis on threatened species and species of conservation interest (2022). • Fauna monitoring program (herpetofauna, avifauna and mammalian fauna) with quarterly campaigns from 2016 to 2022. • EIA MB2 Disposal Pile of sterile waste. Miguel Burnier Mine, 2017: <ul style="list-style-type: none"> - Water quality monitoring program. - Flora conservation program. - Follow-up program for vegetation suppression activities and eventual fauna rescue. - Terrestrial fauna monitoring program - Ichthyofauna monitoring program. - Biological communities monitoring program. - Plan for the recovery of degraded areas (PRAD).
<p>4.6.6.2. Monitoring of key biodiversity or other indicators shall occur with sufficient detail and frequency to enable evaluation of the effectiveness of mitigation strategies and progress toward the objectives of at least no net loss or net gain in biodiversity and ecosystem services over time.</p>	<p>The company monitors key biodiversity indicators periodically to allow evaluation of the effectiveness of mitigation strategies over time as evidenced in:</p> <ul style="list-style-type: none"> • Fauna monitoring program with emphasis on threatened species and species of conservation interest (2022). • Fauna monitoring program (herpetofauna, avifauna and mammalian fauna) (quarterly campaigns from 2016 to 2022). • Environmental Control Program (2022).

		<ul style="list-style-type: none"> - Fauna rescue program. - Fauna monitoring program - Flora rescue program - Forest restoration program
<p>4.6.6.3. If monitoring reveals that the operating company's protected areas and/or biodiversity and ecosystem services objectives are not being achieved as expected, the operating company shall define and implement timely and effective corrective action in consultation with relevant stakeholders.</p>	<p>—</p>	<p>Not relevant. The evidence, Fauna monitoring program with emphasis on threatened species and species of conservation interest (2022), and Fauna monitoring program (herpetofauna, avifauna and mammalian fauna) with quarterly campaigns from 2016 to 2022, indicates that biodiversity and ecosystem services objectives are on track to being achieved as expected.</p>
<p>4.6.6.4 The findings of monitoring programs shall be subject to independent review.</p>	<p>⊗</p>	<p>Does not meet. The evidence does not include independent reviews of the findings of its monitoring programs to verify the implementation of the programs and control measures.</p>

Chapter 4.7—Cyanide Management

Basis for rating

This chapter is not relevant for Miguel Burnier as the site does not use or produce cyanide. The mining project is not a gold or silver mine. The company exclusively extracts iron ore; therefore, mercury and cyanide are not part of any process related to the extraction or processing of its products. The most recent analytical report of the mine tailings (April 1, 2023) demonstrates that, based on the analysis of a series of parameters contained in the NBR 10004 standard, the mine waste was classified as Class II B, which is an inert and non-hazardous material. The provided document evidence the analytical results for mercury and cyanide, both with concentrations in agreement with the reference values (Cyanide: < 0.062 mg/kg and Mercury: < 0.00020 mg/L).

Chapter 4.8—Mercury Management

Basis for rating

This chapter is not relevant for Miguel Burnier. The mining project does not have any thermal processes that may contain mercury. The company exclusively extracts iron ore; therefore, mercury and cyanide are not part of any process related to the extraction or processing of its products. The most recent analytical report of the mine tailings (April 1, 2023) demonstrates that, based on the analysis of a series of parameters contained in the NBR 10004 standard, the mine waste was classified as Class II B, which is an inert and non-hazardous material. The provided document evidence the analytical results for mercury and cyanide, both with concentrations in agreement with the reference values (Cyanide: < 0.062 mg/kg and Mercury: < 0.00020 mg/L).

APPENDIX B – Corrective Action Plan

Topic	Criteria	Requirement Number	Requirement Text	Rating	Action Plan
Community and Stakeholder Engagement	Engagement Processes	1.2.2.2.	<p>The operating company shall foster two-way dialogue and meaningful engagement with stakeholders by:</p> <ul style="list-style-type: none"> a. Providing relevant information to stakeholders in a timely manner; b. Including participation by site management and subject-matter experts when addressing concerns of significance to stakeholders; c. Engaging in a manner that is respectful, and free from manipulation, interference, coercion or intimidation; d. Soliciting feedback from stakeholders on 	Substantially Meets	<ul style="list-style-type: none"> - Continuous improvement of the management of the relationship channel; - Intensify awareness-raising actions directed to the responsible team for feedback in the relationship channel; - Expand knowledge about the service flow of the channel within the communities.

Topic	Criteria	Requirement Number	Requirement Text	Rating	Action Plan
			<p>issues relevant to them; and</p> <p>e. Providing stakeholders with feedback on how the company has taken their input into account.</p>		
Human Rights Due Diligence	Assessment of Human Rights Risks and Impacts	1.3.2.1.	<p>The operating company shall establish an ongoing process to identify and assess potential human rights impacts (hereafter referred to as human rights “risks”) and actual human rights impacts from mining project activities and business relationships. Assessment of human rights risks and impacts shall be updated periodically, including, at minimum, when there are significant changes in the mining project, business relationships, or in the operating environment.</p>	Substantially Meets	<p>- Define in detail in the General Management Procedure the premises for updating the human rights impact assessment and the corresponding risk and impact matrix.</p>

Topic	Criteria	Requirement Number	Requirement Text	Rating	Action Plan
Complaints and Grievance Mechanism and Access to Remedy	Access to Operational-Level Complaints and Grievance Mechanism	1.4.1.1.	The operating company shall ensure that stakeholders, including affected community members and rights holders (hereafter referred to collectively as “stakeholders”), have access to an operational-level mechanism that allows them to raise and seek resolution or remedy for the range of complaints and grievances that may occur in relation to the company and its mining-related activities.	Substantially Meets	- Expand actions to reinforce the relationship channel, strengthening communication and engagement with neighboring communities.
Environmental and Social Impact Assessment and Management	Scoping	2.1.3.1.	(Existing Mines) The operating company shall demonstrate that it has undertaken a comprehensive evaluation of potential environmental and social impacts associated with the mining operation.	Substantially Meets	- Structurally consolidate the history of environmental impact studies, highlighting information related to each phase of the project.

Topic	Criteria	Requirement Number	Requirement Text	Rating	Action Plan
Emergency Preparedness and Response	Emergency Response Plan	2.5.1.1.	All operations related to the mining project shall have an emergency response plan conforming to the guidelines set forth in United Nations Environment Programme, Awareness and Preparedness for Emergencies at the Local Level (APELL) for Mining.	Substantially Meets	- Conduct primary data collection in the secondary safety zone based on the current Emergency Response Plan.
Emergency Preparedness and Response	Community and Worker Consultation	2.5.2.1.	The emergency response plan shall be developed in consultation with potentially affected communities and workers and/or workers' representatives, and the operating company shall incorporate their input into the emergency response plan, and include their participation in emergency response planning exercises.	Substantially Meets	- Conduct primary data collection in the secondary safety zone based on the current Emergency Response Plan.
Occupational Health and Safety	Measures to Protect Workers	3.2.4.1.	The operating company shall implement measures to protect the safety and health of workers including:	Substantially Meets	- Incorporate records related to the disclosure of occupational risks

Topic	Criteria	Requirement Number	Requirement Text	Rating	Action Plan
			<ul style="list-style-type: none"> a. Informing workers, in a comprehensible manner, of the hazards associated with their work, the health risks involved and relevant preventive and protective measures; b. Providing and maintaining, at no cost to workers, suitable protective equipment and clothing where exposure to adverse conditions or adequate protection against risk of accident or injury to health cannot be ensured by other means; c. Providing workers who have suffered from an injury or illness at the workplace with first aid, and, if necessary, prompt transportation from the workplace 		<p>into the evidence, including those carried out through CIPAMIN, Respiratory Protection Program (PPR) training, and Hearing Conservation Program (PCA).</p> <p>- Include evidence of the Risk Management Program (PGR) and the Occupational Health and Medical Control Program (PCMSO), highlighting the annual critical analysis based on the monitoring of health and safety indicators.</p>

Topic	Criteria	Requirement Number	Requirement Text	Rating	Action Plan
			<p>and access to appropriate medical facilities;</p> <p>d. Providing, at no cost to workers, training/education and retraining programs and comprehensible instructions on safety and health matters as well as on the work assigned;</p> <p>e. Providing adequate supervision and control on each shift; and</p> <p>f. If relevant, establishing a system to identify and track at any time the probable locations of all persons who are underground.</p>		
Waste and Materials Management	Waste Facility Assessment	4.1.4.1.	A risk-based approach to mine waste assessment and management shall be implemented that includes:	Substantially Meets	- Incorporate into the evidence the physical-chemical characterization studies of waste

Topic	Criteria	Requirement Number	Requirement Text	Rating	Action Plan
			<ul style="list-style-type: none"> a. Identification of potential chemical risks (see 4.1.3.2.e) and physical risks (see 4.1.3.3) during the project conception and planning phase of the mine life cycle; b. A rigorous risk assessment to evaluate the potential impacts of mine waste facilities on health, safety, environment and communities early in the life cycle; c. Updating of risk assessments at a frequency commensurate with each facility's risk profile, over the course of the facility's life cycle; and d. Documented risk assessment reports, updated when risks assessments are revised (as per 4.1.4.1.c). 	<p>Not applicable</p>	<p>structures initiated in 2024.</p>

Topic	Criteria	Requirement Number	Requirement Text	Rating	Action Plan
Waste and Materials Management	Mitigation of Risks and Management of Mine Waste Management Facilities	4.1.5.1.	Mine waste facility design and mitigation of identified risks shall be consistent with best available technologies (BAT) and best available/applicable practices (BAP).	Substantially Meets	<ul style="list-style-type: none"> - Ensure the continuity and improvement of existing performance evaluations, focusing on consolidating the improvements implemented in 2024, expanding performance indicators based on the guidelines of the Mining Association of Canada (Developing an Operation, Maintenance, and Surveillance Manual for Tailings and Water Management Facilities). - Document the detailed criteria for the rigorous

Topic	Criteria	Requirement Number	Requirement Text	Rating	Action Plan
					inspection, monitoring, and periodic reporting of performance indicators for waste structures.
Waste and Materials Management	Mitigation of Risks and Management of Mine Waste Management Facilities	4.1.5.6.	<p>On a regular basis, the operating company shall evaluate the performance of mine waste facilities to:</p> <ol style="list-style-type: none"> Assess whether performance objectives are being met (see 4.1.4.2.a and 4.1.5.5); Assess the effectiveness of risk management measures, including critical controls (see 4.1.5.3); Inform updates to the risk management process (see 4.1.4.1.c) and the OMS (see 4.1.5.7); and 	Substantially Meets	<ul style="list-style-type: none"> - Ensure continuous management of the performance indicators of waste facilities, following the best practices available. - Ensure the update of operation manuals as per business needs, aligning them with the latest practices and continuous improvement.

Topic	Criteria	Requirement Number	Requirement Text	Rating	Action Plan
			d. Inform the management review to facilitate continual improvement (see 4.1.5.8).		
Water Management	Monitoring and Adaptive Management	4.2.4.1.	<p>The operating company shall develop and document a program to monitor changes in water quantity and quality. As part of the program the operating company shall:</p> <p>a. Establish a sufficient number of monitoring locations at appropriate sites to provide reliable data on changes to water quantity and the physical, chemical and biological conditions of surface waters, natural springs/seeps and groundwater (hereafter referred to as water characteristics);</p> <p>b. Sample on a frequent enough basis to account for seasonal</p>	Substantially Meets	<ul style="list-style-type: none"> - Evaluate the feasibility of expanding the monitoring network, focusing on improving the diagnosis of groundwater quality. - Compare the detection levels of the parameters analyzed by contracted laboratories with the water quality criteria defined by IRMA. - Ensure the update of the Water Resources

Topic	Criteria	Requirement Number	Requirement Text	Rating	Action Plan
			<p>fluctuations, storm events and extreme events that may cause changes in water characteristics;</p> <p>c. Establish trigger levels and/or other indicators to provide early warning of negative changes in water characteristics;</p> <p>d. Sample the quality and record the quantity of mine-affected waters destined for re-use by non-mining entities;</p> <p>e. Use credible methods and appropriate equipment to reliably detect changes in water characteristics; and</p> <p>f. Use accredited laboratories capable of detecting contaminants at levels below the values in the IRMA Water</p>		<p>Management Plan according to predefined premises, as well as ensure the update and monitoring of the prognosis that includes water indicators for future scenarios.</p>

Topic	Criteria	Requirement Number	Requirement Text	Rating	Action Plan
			Quality Criteria by End-Use Tables.		
Water Management	Monitoring and Adaptive Management	4.2.4.4.	<p>The operating company shall develop and implement an adaptive management plan for water that:</p> <p>a. Outlines planned actions to mitigate predicted impacts on current and future uses of water and natural resources from changes in surface water and groundwater quality and quantity related to the mining project; and</p> <p>b. Specifies adaptive management actions that will occur if certain outcomes (e.g., specific impacts), indicators, thresholds or trigger levels are reached, and timelines for their completion.</p>	Substantially Meets	- Evaluate the feasibility of expanding the monitoring network, focusing on improving the diagnosis of groundwater quality.

Topic	Criteria	Requirement Number	Requirement Text	Rating	Action Plan
Air Quality	Air Quality Management Plan	4.3.2.1.	If significant potential impacts on air quality are identified, the operating company shall develop, maintain and implement an air quality management plan that documents measures to avoid, and where that is not possible, minimize adverse impacts on air quality.	Substantially Meets	- Hire a specialized company to evaluate current monitoring processes, aiming to improve procedures based on third-party critical analysis.
Biodiversity, Ecosystem Services and Protected Areas	Biodiversity, Ecosystem Services and Protected Areas Screening	4.6.2.1.	New and existing mines shall carry out screening or an equivalent process to establish a preliminary understanding of the impacts on or risks to biodiversity, ecosystem services and protected areas from past and proposed mining-related activities.	Substantially Meets	- Conduct an annual survey with communities to update perceptions of impacts, associating them with existing mitigation measures or identifying necessary ones. - Ensure the continuity of actions mapped in the stakeholder

Topic	Criteria	Requirement Number	Requirement Text	Rating	Action Plan
					<p>engagement plan, emphasizing transparency initiatives related to socio-environmental issues and creating a positive legacy.</p> <p>- Investigate and incorporate standardized methodologies to evaluate the inclusion of risks to ecosystem services in the methodology currently used in environmental studies.</p>
Biodiversity, Ecosystem Services and Protected Areas	Biodiversity and Ecosystem Services Impact	4.6.4.1.	<p>Mitigation measures for new mines shall:</p> <p>a. Follow the mitigation hierarchy of:</p>	Substantially Meets	- Strengthen participation in biodiversity discussion forums to improve the

Topic	Criteria	Requirement Number	Requirement Text	Rating	Action Plan
	Mitigation and Management		<p>i. Prioritizing the avoidance of impacts on important biodiversity values and priority ecosystem services and the ecological processes and habitats necessary to support them;</p> <p>ii. Where impacts are not avoidable, minimizing impacts to the extent possible;</p> <p>iii. Restoring biodiversity, ecosystem services and the ecological processes and habitats that support them; and</p> <p>iv. As a last resort, offsetting the residual impacts.</p> <p>b. Prioritize avoidance of impacts on important biodiversity values and priority ecosystem services early in the project development process;</p> <p>c. Be designed and implemented to deliver at</p>		<p>management of ecosystem and business impacts.</p> <p>- Document and present clear evidence proving the progress of restoration, including detailed action plans and results achieved.</p>

Topic	Criteria	Requirement Number	Requirement Text	Rating	Action Plan
			<p>least no net loss, and preferably a net gain in important biodiversity values, and the ecological processes that support those values, on an appropriate geographic scale and in a manner that will be self-sustaining after mine closure.</p>	