



## Letter of Acknowledgement for Suppliers

Dear Supplier,

We are honored to contact you in regards of our company's stringent commitment to best practices concerning business conduct.

Ternium<sup>1</sup> understands the fundamental role that its vendors play as part of its supply chain, but also places critical importance on its compliance program. In such regard, Ternium considers your (hereinafter "the Supplier") commitment to business ethics, transparent behavior and honest and fair dealing to be essential to Ternium's maintaining its ongoing commercial relationship with you.

Ternium has long ago embraced as a regular practice the sharing of its standards, principles and values with all those companies with which it does business, including vendors, and has implemented a number of rules to conduct appropriate background reviews to verify consistency between Ternium's standards, principles and values and those of its vendors.

As part of such review and verification procedures, we believe it is important to inform you, as our vendor, about Ternium's standards, principles and values in regards to business conduct.

Acknowledging this letter, the Supplier on its own behalf and on behalf of its subsidiaries, Affiliates<sup>2</sup> (as defined below) and subcontractors (and its and their respective directors, officers, employees, agents and other representatives) (hereinafter collectively referred to as "the Supplier's Group"), as applicable, shall be deemed to have:

- i. Agreed and committed to comply with the principles and standards contemplated under Ternium's Code of Conduct for Suppliers (such document is available at [www.ternium.com/en/about-us/code-of-conduct/](http://www.ternium.com/en/about-us/code-of-conduct/)). To the extent the Supplier has adopted corporate policies and procedures on business conduct, the Supplier's Group shall instead be deemed to have committed to abide by the Supplier's own policies and procedures, provided that it shall be deemed to have represented to Ternium that such policies and procedures are fully consistent with those contemplated in Ternium's Code of Conduct for Suppliers;
- ii. Declared to have not in the past provided any corrupt payment, gratuity, emolument, bribe, kickback, or other improper benefit, to any person and to have not otherwise engaged in any activity prohibited under any applicable anti-bribery laws, rules or regulations;
- iii. Represented not to have any knowledge of any past, current or future, actual or potential, conflict with, or violation of, any anti-bribery laws involving the supplier's group;
- iv. Agreed and committed to notify Ternium immediately if, at any time, the supplier's group becomes aware of any past, current or future act resulting in an actual or potential conflict with the Ternium's code of conduct for suppliers;

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<sup>1</sup> For purposes of this document "Ternium" refers to Ternium S.A. and its Affiliates.

<sup>2</sup> For purposes of this document "Affiliate" means any person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For the purposes of this definition, the term "control", when used with respect to any specified person, means the power to direct the management and policies of such person directly or indirectly, through the ownership of voting securities or the right to elect the a majority of the members of the board of directors or equivalent corporate body of such person; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.



- v. Agreed and committed to not directly or indirectly through third parties, pay, promise or offer to pay, or authorize the payment of, any money or give any promise or offer to give, or authorize the giving of, or request, accept, or agree to accept anything of value or any advantage, to or from any person (including Public Officials<sup>3</sup> as herein defined) for purposes of unduly obtaining or retaining business for or with, or directing business to, any person, by:
  - a) influencing any act, decision or omission;
  - b) inducing to do or omit to do any act in violation of their lawful duty;
  - c) securing any improper advantage; or
  - d) inducing someone to affect or influence any act or decision of another person in each case in order to (i) obtain (whether from such Public Official or his/her employer or any other person or entity) a contract or other business, (ii) direct a contract or other business to any person or entity, (iii) retain business, or (iv) obtain or retain any advantage in the course of business;
- vi. Agreed and committed to not give or pay, or offer, promise or agree to give or pay, or authorize the giving or payment, directly or indirectly, of (i) all or any part of the fee, reimbursements, discounts, expenses or other funds paid or payable to the Supplier, to any such Public Official, for any reason whatsoever, or (ii) anything of value or any advantage to any such Public Official as a kick-back, bribe, commission or payment of any kind;
- vii. Declared that no member of the Supplier's Group is or was a Public Official or has a family member that is or was a Public Official, who might, because of its position, improperly influence, otherwise affect or in any situation gain any undue advantage in connection with the performance of services for Ternium;
- viii. Agreed and committed to keep books, accounts and records that in reasonable detail accurately and fairly reflect the transactions and payments made in connection with the commercial relationship between Ternium and the Supplier; not make or allow in connection with such relationship any off-the-books accounts, inadequately identified transactions, recording of non-existent expenditures, or the entry of liabilities with incorrect identification of their object or the use of false documents;
- ix. Agreed and committed to keep confidential all the information to which the Supplier's Group may have access in the performance of work for or services to Ternium (even if such information is not marked or otherwise identified as confidential or is not specifically about Ternium or its Affiliates), and act to prevent its misuse, theft, fraud, or improper disclosure.

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<sup>3</sup> For purposes of this document, "Public Official" means (A) any officer or employee, or any person representing or acting on behalf of any state, government, or public international organization (for example the World Bank or the United Nations), any division, department, ministry, agency, or instrumentality (including corporations or other entities owned, controlled or operated for the benefit) of such governmental authority, or (B) any political party's official or candidate for public office.

a. Corporations or similar entities "controlled" by a state or government shall include any entity, regardless of its legal form, over which a state or government may, directly or indirectly, exercise a dominant influence. This is deemed to be the case, among others, when the state or government holds the majority of the entity's subscribed capital, controls the majority of votes attaching to securities issued by the entity or can appoint a majority of the members of the entity's administrative or managerial body or supervisory board.

b. "Public Official" also includes a child, spouse, parent or sibling of a Public Official. The definition includes any relative of such Public Official up to the third degree and any person cohabiting with him/her. Whenever "Public Official" is used in this document, it should be understood as to include all of the above, and to include officials in any country where Ternium does business or is represented.



The Supplier's Group shall use the information it may receive or to which it may have access in a legitimate way, for the specific purpose it was disclosed, received or accessed and always in accordance with the provisions of applicable laws (including without limitation, regulations on antitrust, consumers' protection, data privacy, etc.). The Supplier's Group acknowledges that misuse, dishonest, unauthorized, illegal or improper use of any information, even if the same benefits or otherwise results in an advantage to Ternium, is not allowed, shall not be tolerated and shall be considered as a serious infringement by Ternium;

- x. Acknowledged that the commitments and acknowledgements contemplated herein will be used and processed by Ternium and its Affiliates as part of the information gathered for the assessment of the commercial relationship between Ternium and the Supplier's Group. The Supplier's Group expressly authorizes Ternium to share and transfer this letter to its Affiliates (even to those located outside the country where this letter has been signed) for the purpose described in this paragraph;
- xi. Agreed and committed to inform members of the Supplier's Group working on a Ternium matter of the provisions of Ternium's Code of Conduct for Suppliers;
- xii. Consented to Ternium reporting to any governmental authority any violation or suspected violation of the obligations assumed by the Supplier's Group hereunder, and to have agreed and committed to comply and cooperate with any inquiry or investigation by or on behalf of Ternium or any governmental authority relating to compliance with, or a breach of, the obligations assumed hereunder or under any applicable law or anti-corruption provision.
- xiii. Acknowledged and understood that no Ternium employee or representative has or will have authority to give any express or implied direction, whether written or oral, authorizing any member of the Supplier's Group to make any commitment to any third party on behalf of Ternium in violation of the commitments set forth in this letter.
- xiv. Acknowledged that Ternium may suspend any commercial agreement or transaction entered into by and between the Supplier and Ternium if Ternium knows of, or suspects, any violation of the obligations assumed by it hereunder, and Ternium shall be entitled to immediately terminate any commercial agreement or transaction between the Supplier's Group and Ternium without any liability to Ternium (including any obligation to pay any fees or expenses otherwise due and owing to them upon learning of any violation of the commitments assumed hereunder). Termination or suspension by Ternium under this paragraph will be without prejudice to any claim that Ternium or its Affiliates may have against the Supplier's Group or any other person, whether in relation to any breach of any commitments hereunder, the obligations assumed under any commercial agreement or transaction, or otherwise.

Sincerely,

Ternium