



Code of Conduct for Suppliers

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Introduction

Ternium S.A. and its subsidiaries (“Ternium”) are committed to building a corporate culture of transparency and integrity based on ethical behavior and compliance with law. Ternium’s Code of Conduct (available at www.ternium.com) reflects such culture and inspires and guides the actions of Ternium’s employees at all levels.

Ternium understands that high standards of integrity and transparency can only be achieved by setting common rules among their employees, officers and directors but also among the third parties with which the company interacts during the course of business. Since commitment and compliance of such common rules by Ternium’s Suppliers becomes essential for securing Ternium’s goals and expectations on ethical, transparent and rightful behaviour, Ternium has developed a Code of Conduct for Suppliers which shall be applied by Suppliers and their respective employees, officers, directors or authorized representatives, without exception, in all dealings and transactions involving Ternium.

Diligent and consistent compliance with the provisions of the Code of Conduct for Suppliers will be considered for selection, retention and evaluation of Suppliers. Supplier shall be responsible for, which shall apply the principles contemplated in this Code of Conduct for Suppliers even in the relationships with the sub-suppliers they work with to the extent they participate in any way in transactions or dealings with Ternium.

In no case Suppliers shall abide to any order, request or instruction that might imply a breach or an infringement of the provisions of this Code of Conduct for Suppliers.

For this Code of Conduct “Suppliers” shall include any person or entity performing any services or supplying any goods to Ternium or its subsidiaries, whether or not acting on behalf of Ternium or its subsidiaries, including subcontractors.

Expectations and Obligations

1. Conflicts of Interest

Suppliers should avoid any interaction with any Ternium's employee that may conflict, or appear to conflict with the best interests of Ternium.

For example, Suppliers should not employ or otherwise make payments to any employee of Ternium during the course of any transaction between the Supplier and Ternium. If a Supplier's employee has family relation (such as being spouse, parent, sibling, grandparent, child, grandchild, mother- or father-in-law, etc.) to an employee of Ternium, or if a Supplier's employee has any other relationship with a an employee of Ternium that might represent a conflict of interest, the Supplier should disclose such circumstance to Ternium.

Conflicts of interests involving an employee of Ternium must be fully disclosed in writing. To disclose any conflict of interest, Suppliers shall contact the corresponding Ternium's contracting area.

2. Gifts, Meals, Entertainment

Suppliers should not provide any gift¹, trips, meal or entertainment to a Ternium's employee in any situation in which it might influence, or appear to influence, any employee decision in relation to the Supplier. To the extent the circumstances merit, Suppliers may provide modest gifts, meals or entertainment to Ternium's employees if they do not violate any law and they are:

- not cash or cash equivalents
- consistent with customary business practice and Supplier company policy
- not frequent or expensive

¹ "Gift" means anything of value which include, but is not limited to, any gratification, favor (such as, for example, the granting of permission to use vehicles or facilities), cash or cash equivalents, travel, lodging, meals, entertainment, kickbacks, loans, rewards, the provision of facilities or services at less than full cost, employment or retention of services and any other advantage or benefit of any kind (whether constituting, or derived from, corporate funds or assets, or personal or third-party funds or assets).

3. Bribery and Kickbacks

Suppliers should not engage in any form of commercial bribery or kickback scheme or otherwise offer any incentive to any Ternium's employee or Ternium employee's family or friends in order to obtain or retain Ternium business.

Suppliers must comply with anti-bribery laws applicable in the country where the respective agreement is entered into, performed or awarded, as well as all local laws dealing with bribery of Public Officials.

“Public Official” means (A) any officer or employee, or any person, whether elected or appointed, who holds a legislative, administrative or judicial position or who represents or acts 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, party official or candidate for public office. 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. “Public Official” also includes a child, spouse, parent or sibling of a Public Official.

In connection with any transaction related to the manufacture, distribution or delivery of goods or services to Ternium, or that otherwise involves Ternium, the Supplier must not transfer anything of value, directly or indirectly, to any Public Official, employee of a government-controlled company, or political party, in order to obtain any improper benefit or advantage (e.g., in connection with regulatory permits, customs, or judicial and legislative proceedings).

Suppliers must keep a current and accurate written accounting of all payments (including any gifts, meals, entertainment or anything else of value) made on behalf of Ternium, or out of funds provided by Ternium. Suppliers must furnish a copy of this accounting to Ternium upon request.

4. Accounting and Business Records

Accurate, reliable information and records are critical to meeting Ternium's financial, legal, and management obligations and they are necessary to fairly reflect Ternium's transactions. Supplier must keep accurate records of all matters related to the Supplier's business with Ternium. This includes the proper, prompt and complete recording of all expenses and payments and the availability of supporting evidence and documentation. Suppliers should not impede, delay, drag out or otherwise hinder Ternium from properly and timely process accounting documents. Alteration or manipulation of any document in a way that may affect transparent and accurate registration shall be considered a serious infringement.

5. Use of Ternium Assets

When the performance of services, the supply of goods or otherwise the discharge of their duties demands the use of Ternium's property, supplies, equipment and other assets, Suppliers are required to do so responsibly and ensure that any such assets are used for the intended purposes and by duly authorized persons.

Suppliers must protect and use responsibly Ternium property and other tangible and intangible assets. Suppliers must not use any trademark or any other intellectual property unless expressly permitted in writing by Ternium.

6. Use of Technological Resources

When the performance of services, the supply of goods or otherwise the discharge of their duties demands the use of Ternium's equipment, systems and technological devices, Suppliers may not do so for purposes other than those authorized by Ternium or which are directly related to the fulfillment of the purposes of the relevant agreement.

Suppliers operating Ternium's technological resources shall be informed about user restrictions and shall not violate licensing agreements or do anything to compromise Ternium's responsibility or subject Ternium to liability to any third party or governmental authority.

Ternium's technological resources shall be handled in accordance with applicable laws and Ternium's policies.

Ternium has the right to monitor, at any time and without any notice, the use of its information technology resources, and therefore to access, review, copy or retrieve, files, documents, records, databases, electronic messages, internet activity and any other information generated through the use of Ternium's information technology resources. Accordingly, users of Ternium's information technology resources should not have any expectations of privacy over information or communications generated or transmitted through, or stored in, Ternium's information technology resources.

Information and data stored on Ternium's premises and information technology resources (including Ternium's computers) belong to Ternium and, accordingly, Ternium may choose to provide this information to regulators or other third parties if it deems it necessary or advisable.

7. Protecting Information. Legitimate use.

Suppliers must keep confidential all the information to which they have access in the performance of their work, services or supply of goods to Ternium, even if such information is not classified or not specifically about Ternium and act to prevent its misuse, theft, fraud, or improper disclosure.

In all cases, Suppliers must use the information they receive or to which they may have access to in a legitimate way, for the specific purpose it was disclosed, received or accessed and in compliance with applicable laws (including without limitation, regulations on antitrust, consumers' protection, data privacy, etc.). Ternium shall not tolerate misuse, dishonest, unauthorized, illegal or improper use of any information, even if the same benefits or otherwise determines an advantage to Ternium.

Suppliers must take all due care in handling, discussing, or transmitting sensitive or confidential information that could affect Ternium, its employees, its customers, the business community, or the general public. Suppliers are directly responsible for taking the necessary steps to safeguard Ternium information from damage or loss and to ensure its safe custody. Disclosure of financial information could influence the actions of shareholders and potential investors and possibly violate securities laws. Suppliers' responsibility to hold Ternium's confidential information as confidential is a continuing obligation even after their assignment or contract with Ternium.

8. Insider Trading

If Suppliers are aware of material, non-public information relating to Ternium or its business, they may not purchase, sell or otherwise trade in securities of Ternium or any company that trades with Ternium or engage in any other action to take advantage of that information.

9. Intellectual Property Rights

Suppliers shall protect, preserve and respect intellectual proprietary rights belonging to Ternium. The ownership of intellectual property includes but is not limited to plans, systems, procedures, methodologies, courses, reports, forecasts or drawings that might be accessed by Suppliers in the course of business with Ternium.

10. Reporting Misconduct

Suppliers who believe that a Ternium's employee, anyone acting on behalf of Ternium, or any of Supplier's employees or representatives or any of Supplier's subcontractors related to the services or supply to Ternium, has engaged in illegal, improper conduct or any potential violation of this Code must report the event to Ternium.

Reports may be made through:

<https://www.ternium.compliance-line.com/ingles/nuevoltr2.asp>

A Supplier's relationship with Ternium will not be affected by an honest report related to misconduct.

11. Compliance with Laws

Suppliers are responsible for ensuring that their directors, officers, employees and subcontractors, or representatives understand and comply with applicable regulations and conventions, as well as regional and national legislation, to the extent applicable to the relevant agreement or commercial relationship.

12. Trade Compliance

Suppliers transactions with Ternium must be at all times be in strict conformity with all relevant economic sanctions and export control laws and regulations, including but not limited to all economic sanctions and export control regimes applicable to Ternium, including but not limited to the United Nations, United States, and European Union regimes.

In the performance of the relevant agreement or any transaction related to Ternium shall not include or involve, directly or indirectly, any prohibited, sanctioned, or designated party under the United Nations, United States, or European Union sanctions regimes, including but not limited to parties on the List of Specially Designated Nationals and Blocked Persons administered by the U.S. Treasury Office of Foreign Assets Control or any entity owned or controlled by such prohibited, sanctioned, or designated party.

Supplier shall not directly or indirectly sell, provide, export, re-export, transfer, divert, loan, lease, consign, or otherwise release or dispose of any equipment, product, services, software or technology received under the relevant agreement or within the performance of any transaction with Ternium to or via any individual, entity or destination, or for any use prohibited by the laws or regulations of any applicable jurisdiction without having obtained prior authorization from the competent governmental authorities as required by all such laws and regulations.

13. Conflict Minerals

Supplier acknowledges and understands that Ternium, as a public company that files reports with the U.S. Securities and Exchange Commission (“SEC”), is subject to Section 1502 of the Wall Street Reform and Consumer Protection Act, also known as the Dodd-Frank Act, and the related rules and regulations of the SEC (together, the “Conflict Minerals Rule”).

Under the Conflict Minerals Rule, Ternium is required to submit reports on an annually basis and disclose on its website information related to the use in its products of Conflict Minerals (as such term is hereinafter defined) originating from the Democratic Republic of Congo or the adjoining countries of Angola, Burundi, Central African Republic, Republic of Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia (the “Covered Countries”); and, in some cases, conduct due diligence processes (by itself or through a subcontractor) to identify the source of the Conflict Minerals.

“Conflict Minerals” means columbite-tantalite (or coltan), cassiterite, gold, wolframite and their derivatives tantalum, tin and tungsten and any other mineral or its derivatives determined by the U.S Secretary of State or any other competent authority, to be financing conflict in the Democratic Republic of the Congo or an adjoining.

Suppliers will be required to represent and warrant to Ternium that none of the products or materials delivered to Ternium will contain Conflict Minerals originated from a Covered Country. From time to time and to the extent necessary, Ternium may require Suppliers to provide documents, information, and other evidence of the accuracy of the foregoing representation and warranty as Ternium shall from time to time request.

Ternium expects Suppliers to immediately inform Ternium in writing if they learn or have reason to believe that the foregoing representation and warranty is untrue with respect to any products, or materials that have been delivered to Ternium.

14. Health and Safety

Ternium Suppliers and subcontractors shall provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.

In addition, any Supplier representative providing on-site services in a Ternium facility is required to adhere to all Ternium health and safety standards.

15. Labor and Human Rights

Ternium is committed to conducting all its operations in a manner that is consistent with human rights principles that are applicable to business and with the Universal Declaration of Human Rights. Ternium expects its Suppliers to adhere to the same standards.

Suppliers shall act in compliance with the principles articulated in the ILO (International Labour Organization) Declaration of Fundamental Principles and Rights at Work. These include the prohibition against child labor, forced labor and discriminatory behavior as well as the recognition of the rights to freedom of association and collective bargaining.

Ternium values and respects the cultures and traditions of the communities in which it works and actively works to take into account the health, safety, environment, human rights and economic well-being of those communities in all its operations and expects its Suppliers to follow, respect and foster such values in all dealings and transactions with Ternium.

16. Discrimination and Harassment

Ternium is committed to creating and sustaining a work environment in which each employee has the opportunity to grow, develop, and contribute fully to the Ternium's success. In such connection, sexual harassment, harassment, intimidation or discrimination of any employee will not be tolerated.

Suppliers shall not subject any person to discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

Ternium Suppliers and subcontracts must treat their employees with respect and dignity. No employee shall be subject to physical, sexual or psychological harassment or abuse and are bound to avoid all forms of unlawful harassment.

17. Environment

Ternium aims to achieve continuous improvement in environmental performance, concentrating its efforts on areas of greatest impact at our manufacturing, distribution and large office sites. Ternium seeks to comply and expects all Suppliers to comply with the spirit as well as the letter of applicable environmental laws and regulations. Where none exists, Suppliers must set themselves appropriately high standards.

Suppliers shall actively strive to increase the positive and limit the negative impact of their operations and supply chain on the environment and society by establishing environmental plans that are focused on critical impacts on the environment.

The scope of these environmental plans must be appropriate in relation to the nature of the Supplier business and risks related to the business.

18. Suppliers' Evaluation and Monitoring

Acceptance and consistent compliance with this Code is an integral part of Ternium's management and evaluation procedure for Suppliers. In accordance with Ternium's a risk-based approach, Suppliers might be eligible to provide specific or further integrity credentials and to comply with additional measures to verify compliance with the requirements of this Code.



<http://www.ternium.com/nuestra-empresa/codigo-de-conducta/?lang=en>
