

Nucor

Modern Slavery Report

WHEREAS:

- Bloomberg Markets Magazine reported in a cover story that “Nucor Corp., the second-largest U.S. steel company, buys pig iron made with charcoal produced by slaves.” The article reported that certain entities in Nucor’s supply chain were identified by Brazilian labor officials as using slaves and also discussed the use of illegal logging in charcoal camps. (*The Secret World of Modern Slavery*, by Michael Smith and David Voreacos, Bloomberg Markets, December 2006)
- The US State Department reports: Brazil is “a source country for men trafficked internally for forced labor.” The report noted that “A lack of government resources and dedicated personnel impeded Brazil’s ability to combat its trafficking problem.” (*U.S. State Department Trafficking in Persons Report (June 2008)*)
- The State Department reports: “Internal trafficking of rural workers into forced labor schemes was a serious problem” and “[t]his typically occurred when employers recruited laborers from poor, rural towns and transported them to remote areas where escape was difficult. Workers then were obliged to toil in brutal conditions until they were able to repay inflated debts.” (*US State Department Country Reports on Human Rights Practices (Released March 11, 2008)*)
- Nucor’s General Counsel stated: “Any amount [of pig iron] that is sold with the use of slave labor is too much.” (*Secret World of Modern Slavery*)
- Slavery is an international crime, actionable in the United States under the Alien Tort Claims Act (ATCA). The ATCA has increasingly been used against corporate defendants, including Drummond, Unocal, Coca-Cola and Talisman.
- Amazon deforestation is a significant problem, with implications for indigenous peoples, biodiversity and climate change. Nucor’s pig iron purchases may be exacerbating this problem.
- In our view, Nucor faces significant reputational and legal risk from its Brazilian supply chain, but has published no information about its efforts to mitigate these risks.

RESOLVED: Shareholders request the Board of Directors to review the company’s policies and practices related to its global operations and supply chain to assess areas where the company needs to adopt and implement additional policies to ensure the protection of fundamental human rights and to report its findings to shareholders, omitting proprietary information and at reasonable expense, by October 2009.

SUPPORTING STATEMENT

We recommend the review include:

1. A risk assessment to determine the potential for human rights abuses at the company’s operations or at the operations of the company’s direct and indirect suppliers, in each country where the company operates or purchases raw materials, with a particular focus on the use of child labor, or forced or trafficked labor, whether in the form of prison labor, indentured labor, bonded labor or labor persuaded by false incentives.

2. A report on the current system in place to ensure that the company and its suppliers are implementing human rights policies in their operations, including monitoring, training and addressing issues of non-compliance.
3. The company's strategy of engagement with internal and external stakeholders relating to human rights issues.