



## CORPORATE GOVERNANCE REPORT 2022\_

Chapter - Principle - Practice	Option:	Explanation
1.1.1 - The company's capital stock must be composed only of common shares.	Y	
1.2.1 - Shareholders' agreements must not bind the exercise of voting rights by any manager or member of the supervisory and control bodies.	NA	
1.3.1 - The board of directors must use the meeting to communicate the conduct of the company's business, therefore, the management must publish a manual to facilitate and encourage participation in general meetings.	Y	
1.3.2 The minutes must allow for a full understanding of the discussions held at the meeting, even if drawn up in the form of a summary of the facts that occurred, and include the identification of the votes cast by the shareholders.	Y	
1.4.1 The board of directors must make a critical analysis of the advantages and disadvantages of the defense measure and its characteristics and, above all, the triggers and price parameters, if applicable, explaining them.	NA	
1.4.2 Clauses that make it impossible to remove the measure from the articles of organization, the so-called 'entrenched clauses', should not be used.	NA	
1.4.3 If the articles of organization determine the holding of a public offering for the acquisition of shares (IPO) whenever a shareholder or group of shareholders directly or indirectly reaches a relevant stake in the voting capital, the rule for determining the price of the offer must not impose premium accruals substantially above the economic or market value of the shares.	NA	
1.5.1 The company's articles of organization must state that: (i) transactions involving the sale, directly or indirectly, of shareholding control must be accompanied by a public offering for the acquisition of shares (IPO) addressed to all shareholders, at the same price and conditions obtained by the selling shareholder; (ii) the administrators must comment on the terms and conditions of corporate reorganizations, capital increases and other transactions that give rise to the change of control, and state whether they ensure fair and equitable treatment to the company's shareholders.	P	<p>The Bylaws provide that the sale, directly or indirectly, of the Company's control, can only be contracted under the suspensive or resolute condition, that the acquirer undertakes to make a public offer for the acquisition of the shares of the other shareholders of the Company ("OPA"), in order to guarantee them a price equal to 100% of the amount paid per share with voting rights that is part of the controlling block.</p> <p>There is no specific provision for a statement by Management regarding transactions that give rise to a change in control, however, the Company understands that management can always express itself, regardless of statutory provision.</p> <p>In this regard, the LSA (Corporations Law) already provides for the duties and responsibilities of managers in the exercise of their functions, including the duty of diligence, loyalty and the exercise of their attributions as conferred by the Bylaws, to achieve the purposes that are in the best interest of the company.</p>
1.6.1 The articles of organization shall provide that the board of directors shall give its opinion in relation to any IPO having, as its subject, shares or securities convertible or exchangeable for shares issued by the company, which shall contain, among other relevant information, the opinion of the management on the eventual acceptance of the IPO and on the economic value of the company.	N	<p>The Company's Bylaws do not include an official provision, however the Company has been adopting continuous improvements in its governance practices, regardless of those required by Level 1 Corporate Governance regulations, of which it is part. In this sense, even though there is no official provision in the Bylaws, the Board of Directors has the discretion to, if it deems necessary, express itself in relation to such OPAs, including issuing opinions.</p> <p>When dealing with an OPA resulting from a change in control, the Company understands that the tag along right, as already mentioned in this Report, is a mitigating factor, since all shareholders, including preferred shareholders, will receive 100% of the value per share paid to the controlling shareholder, in case they opt for the joint sale with the controlling block, based on documents to be made available by the management, in accordance with the legislation.</p>
1.7.1 - The company must prepare and disclose a profit allocation policy defined by the board of directors. Among other aspects, this policy should provide for the frequency of dividend payments and the benchmark to be used to define the respective amount (percentages of adjusted net income and free cash flow, among others).	Y	
1.8.1 The articles of organization must clearly and precisely identify the public interest that justified the creation of the mixed capital company, in a specific chapter.	NA	
1.8.2 The board of directors must monitor the company's activities and establish policies, mechanisms and internal controls to determine any costs of serving the public interest and any reimbursement of the company or other shareholders and investors by the controlling shareholder.	NA	

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<p>2.1.1 The board of directors shall, without prejudice to other legal, statutory and other practices provided for in the Code: (i) define business strategies, considering the impacts of the company's activities on society and the environment, aiming at the company's perpetuity and the creation of value in the long term; (ii) periodically evaluating the company's exposure to risks and the effectiveness of the risk management systems, internal controls and the integrity/compliance system, and approving a risk management policy compatible with the business strategies; (iii) define the company's values and ethical principles and ensure that the issuer is transparent in its relationship with all interested parties; (iv) annually review the corporate governance system, with a view to improving it.</p>	Y	<p>With regard to item (i) of the recommended practice, the Board of Directors is the body responsible for defining the general guidelines of the Company's business and deciding on strategic issues, being its responsibility to approve the most relevant projects taking into account their impact in the Company and in the environment. The annual agenda, prepared by the Chairman of the Board of Directors, discussed and approved by the Board Members, includes the approval and review of the strategic plan, in which actions related to social and environmental impacts are forecasted, seeking the perpetuity of the Company, such as the public sustainability commitments assumed in 2021. In addition, the Executive Board periodically participates in Board of Directors meetings to report on performance, business progress, and the results of the implementation of strategic planning, in line with medium and long-term plans.</p> <p>In relation to item (ii), the practice of periodic risk assessment and verification of the effectiveness of risk management, are provided for in the Corporate Risk Management Policy, whose review and consolidation was approved by the Board of Directors. Additional information can be consulted in item 5 of the FRE and the entirety of the Risk Management Policy can be consulted on the Company's website, <a href="https://ri.fras-le.com/estatutos-codigos-e-politicas/">https://ri.fras-le.com/estatutos-codigos-e-politicas/</a>. The Board of Directors annually monitors the risk map, the definition of which risks will be monitored during the period and the results of the monitoring work, including through consolidated reports, so that the Company's exposure level is adequate to the defined risk appetite by the Board of Directors.</p> <p>Regarding item (iii), the Code of Ethical Conduct, whose review, modification and consolidation was approved by the Board of Directors, was widely publicized, and can be consulted on the website <a href="https://ri.fras-le.com/estatutos-codigos-e-politicas/">https://ri.fras-le.com/estatutos-codigos-e-politicas/</a>, establishes the ethical principles that guide the Company's activities and is guided by the transparent relationship with shareholders, investors, suppliers, service providers, customers, public agents, among others.</p> <p>Regarding item (iv) of the recommended practice, the Company adopts the periodic review of its Governance system, as provided for in the Bylaws, which may occur annually or even in shorter periods, if necessary.</p> <p>Regarding item (iv) of the recommended practice, the Company adopts the periodic review of its Governance system, as provided for in the Bylaws, which may occur annually or even in shorter periods, if necessary.</p> <p>The Company constantly seeks to improve its practices, such as adherence to Level 1 of Corporate Governance, from B3, the implementation of corporate policies, the dissemination of policies and staff training, the disclosure of the ESG goals, the structuring of the Governance Secretariat, the disclosure of the Sustainability Report, the implementation of digital meetings, and allowing the participation of shareholders from a distance among other advances.</p>
<p>2.2.1 The articles of organization must establish that: (i) the board of directors is composed mostly of external members, having at least one third of independent members; (ii) the board of directors must annually assess and disclose who the independent directors are, as well as indicate and justify any circumstances that could compromise their independence.</p>	Y	<p>The Board of Directors is mostly composed of external and independent members, which represent more than 2/3 of the total. The independence criteria are provided for in the Bylaws, which also contain the annual review of the independence of the Board Members.</p>
<p>2.2.2 The board of directors must approve a nomination policy that establishes: (i) the process for appointing the members of the board of directors, including the appointment of the participation of other company bodies in said process; (ii) that the board of directors should be composed considering the availability of time of its members to exercise their functions and the diversity of knowledge, experiences, behaviors, cultural aspects, age and gender.</p>	N	<p>The Company does not yet have a formalized appointment policy, however, it adopts recommended practices, where the appointment of members to the Board of Directors takes into account the candidates' experience, knowledge diversity and other aspects, such as cultural, age, group and gender, as well as their availability. Information about the Board of Directors can be consulted in item 12.5 of the Reference Form.</p>
<p>2.3.1 The CEO shall not accumulate the position of chairman of the board of directors.</p>	Y	
<p>2.4.1 The company must implement an annual process for evaluating the performance of the board of directors and its committees, such as collegiate bodies, the chairman of the board of directors, the directors, individually considered, and the governance secretariat, if any.</p>	P	<p>In 2022, the Company implemented a performance assessment process for the Board of Directors, with the application of self-assessment and assessment questionnaires by the body, as a collegiate body, as well as by the governance secretariat.</p>
<p>2.5.1 The board of directors must approve and keep up-to-date a succession plan for the CEO, the preparation of which must be coordinated by the chairman of the board of directors.</p>	N	<p>The succession of the Company's Chief Executive Officer is defined by the Board of Directors, in accordance with the guidelines of the controlling shareholder, with the objective of ensuring that management with professionals, whose professional experience and skills, contribute to good performance and to the preservation of the Company's value.</p> <p>Furthermore, the Company's Board of Executive Officers meets regularly to discuss the Company's management and make decisions together, which contributes to the continuity of management, in the event of a need for the succession of the Chief Executive Officer.</p>
<p>2.6.1 The company must have a previously structured integration program for the new members of the board of directors, so that said members are introduced to the company's key people and its facilities and in which essential topics are addressed for the understanding of the company business.</p>	Y	<p>The integration program for the new members of the Board of Directors is adopted for all new Board Members and, in short, is as follows: (i) the provision by the Company of normative documents, such as: Bylaws, Code of Ethical Conduct, Internal Regulations of the Board of Directors, thematic meeting calendar, corporate organizational chart, among others; (ii) the provision by the Board Member of their personal documentation and provision of information necessary for the respective registration for the purpose of payment of fees and collection of charges; (iii) the Company's institutional presentation, dealing with operational, financial and governance aspects; (iv) holding face-to-face meetings with the Chairman of the Board of Directors and Officers, with the purpose of getting to know the Company's management structure; and (v) a guided tour of the main plants of the Company and its subsidiaries.</p>
<p>2.7.1 The remuneration of the members of the board of directors must be proportional to the attributions, responsibilities and demand of time. There should be no remuneration based on participation in meetings, and the variable remuneration of directors, if any, should not be linked to short-term results.</p>	Y	
<p>2.8.1 The board of directors must have an internal regulation that regulates its responsibilities, attributions and operating rules, including: (i) the duties of the chairman of the board of directors; (ii) the rules for replacing the chairman of the board in his absence or vacancy; (iii) the measures to be adopted in situations of conflict of interest; and (iv) the definition of a sufficient period in advance to receive the materials for discussion at the meetings, with adequate depth.</p>	Y	
<p>2.9.1 The board of directors must define an annual calendar with the dates of ordinary meetings, which must not be less than six or more than twelve, in addition to calling extraordinary meetings, whenever necessary. This calendar must provide for an annual thematic agenda with relevant issues and dates for discussion.</p>	Y	

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2.9.2 Board meetings shall regularly provide exclusive sessions for external directors, without the presence of executives and other guests, to align the external directors and discuss topics that may create embarrassment.	N	<p>The Board of Directors' Internal Regulations provide for the participation of Executive Managers, independent auditors, the Fiscal Council and members of any other bodies of the Company, however, it does not provide for the holding of regular exclusive sessions only with the external board members.</p> <p>However, when the topic to be discussed creates any situation of conflict of interest or constraints on the Board Members that make up the controlling group, meetings are held with the exclusive participation of the external Board Members, who conduct the matter without any influence from the other Board Members.</p>
2.9.3 The minutes of the board meeting must be clearly written and record decisions made, persons present, dissenting votes and abstentions from voting.	Y	The minutes of board meetings are clearly written, where decisions taken, people present, dissenting votes and abstentions from voting are recorded.
3.1.1 The board must, without prejudice to its legal and statutory attributions and other practices provided for in the Code: (i) execute the risk management policy and, whenever necessary, propose to the board any need to review this policy, due to changes in the risks to which the company is exposed; (ii) implement and maintain effective mechanisms, processes and programs for monitoring and disclosing financial and operating performance and the impacts of the company's activities on society and the environment.	Y	
3.1.2 The board of directors must have its own internal regulations that establish its structure, functioning and roles and responsibilities.	Y	
3.2.1 There must not be a reserve of executive positions or managerial positions for direct appointment by shareholders.	Y	
3.3.1 The CEO must be evaluated annually in a formal process conducted by the board of directors, based on verification of the achievement of financial and non-financial performance goals established by the board of directors for the company.	N	The Company has a specific procedure for evaluating the performance of Executive Managers, with a methodology recognized by the market, carried out among its peers, but it does not yet have a formal evaluation process to be conducted by the Board of Directors. This topic is in the process of being studied, which demonstrates that the practices may be subject to gradual improvement.
3.3.2 The results of the evaluation of the other directors, including the proposals of the CEO regarding goals to be agreed and the permanence, promotion or dismissal of the executives in their respective positions, must be presented, analyzed, discussed and approved at a meeting of the board of directors.	N	<p>Eligible board members are evaluated annually by their immediate superior, peers and subordinates (360 assessment). The assessment is carried out based on the premises, behavioral aspects (assessment of the competencies of the Random Leader Profile) and results (based on performance goals).</p> <p>The results of this assessment are periodically shared with the Board of Directors, when the management documents are approved, as well as the fixed or variable compensation for the Board Members.</p>
3.4.1 The remuneration of the executive board must be established through a remuneration policy approved by the board of directors through a formal and transparent procedure that considers the costs and risks involved.	Y	<p>The guidelines on the compensation of the Board of Directors, the Fiscal Council and the Statutory Board are described in the Compensation Policy, approved by the Company's Board of Directors.</p> <p>In accordance with the Policy, which can be accessed on the website <a href="https://ri.fras-le.com/estatutos-codigos-e-politicas/">https://ri.fras-le.com/estatutos-codigos-e-politicas/</a>, the compensation of administrators must not be linked to indicators that may encourage behaviors that increase exposure to risk above the levels considered prudent in the short, medium and long term strategies adopted by the Company.</p>
3.4.2 The remuneration of the executive board must be linked to results, with medium and long-term goals clearly and objectively related to the generation of economic value for the company in the long term.	Y	<p>The composition of the compensation defined for the Officers is aligned with short, medium and long-term interests.</p> <p>Fixed compensation is in line with the market median, thus allowing the Company to direct a significant part of total compensation to short and long-term variable incentives. The fixed portion of the compensation may be changed due to the executive's merit and/or due to misalignment in relation to the market, as demonstrated by the salary survey carried out annually and performance evaluation for the period. This change must be approved by the Board of Directors.</p> <p>Variable compensation is represented by profit sharing, as Short-Term ("ICP") and Long-Term ("ILP") Incentives, and will have the lower of the following amounts as the upper limit: 10% of the Company's profits or the total annual fixed compensation, paid to the managers. Profit sharing will only be paid to the Executive Managers in the fiscal years in which the mandatory dividend is attributed to the shareholders, provided for in the Bylaws.</p> <p>Details of the Executive Board's compensation can be accessed in item 13.1 of the Reference Form.</p>
3.4.3 The incentive structure must be in line with the risk limits defined by the board of directors and prohibit the same person from controlling the decision-making process and its respective supervision. No one should deliberate on their own remuneration.	Y	<p>The compensation of managers, fixed and variable, is proposed by the Board of Directors and approved at the Annual Shareholder Meeting, as provided for in the Corporate Law and the Company's Bylaws, and no Executive Manager controls the decision-making process on the setting of their own compensation.</p> <p>The short- and long-term incentive structure is in line with the provisions of this item and that described in the Compensation Policy and in item 13.1 of the Reference Form, item 13 of the Reference Form.</p>
4.1.1 The statutory audit committee must: (i) have among its attributions the one of advising the board of directors in the monitoring and control of the quality of the financial statements, in internal controls, in risk management and compliance; (ii) be formed mostly by independent members and coordinated by an independent director; (iii) have at least one of its independent members with proven experience in the corporate accounting, internal controls, financial and auditing areas, cumulatively; and (iv) have its own budget for hiring consultants for accounting, legal or other topics, when the opinion of an external expert is required.	N	<p>The Company does not have a statutory audit committee, but it has a Risk Management and Corporate Compliance area, which has internal auditing, linked to the Board of Directors, and an independent audit that rotates every five years.</p> <p>The Risk Management and Corporate Compliance area reports administratively to the CFO (corporate) and functionally to the Board of Directors. Functional subordination implies ensuring that its activities are free from interference of any kind that may limit its scope of action; and administrative subordination has the scope to ensure the material and human resources necessary for the performance of its functions.</p> <p>The Company also has a Fiscal Council, installed since 1999 without interruption, whose attributions of its members contribute to the verification of the effectiveness of the internal controls, accounting records and the accuracy of the financial statements.</p>

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4.2.1 The fiscal council must have its own internal regulations that describe its structure, functioning, work program, roles and responsibilities, without creating any hindrance to the individual performance of its members.	Y	
4.2.2 The minutes of the fiscal council's meetings must comply with the same disclosure rules as the minutes of the board of directors.	Y	
4.3.1 The company must establish a policy for hiring non-audit services from its independent auditors, approved by the board of directors, which prohibits the hiring of non-audit services that could compromise the independence of the auditors. The company must not hire as an independent auditor anyone who has provided internal audit services for the company for less than three years.	Y	
4.3.2 The independent audit team must report to the board of directors, through the audit committee, if any. The audit committee must monitor the effectiveness of the work of the independent auditors, as well as their independence. It should also assess and discuss the independent auditor's annual work plan and submit it for consideration by the board of directors.	Y	The independent auditors report to the Board of Directors, which is responsible for directly monitoring/following up the work of the independent audit, and the Company rotates auditors at least every five years. The Company understands that current practice, combined with the installation of the Fiscal Council that has worked uninterruptedly since 2000, guarantees independent auditors their independence in relation to the Company, managers and shareholders, regardless of the existence of a statutory Audit Committee. The Board of Directors evaluates and discusses the annual work plan of the independent auditors.
4.4.1 - The company must have an internal audit area directly linked to the board of directors.	Y	The Company has a corporate team of 8 internal auditors, who are part of the Risk Management and Compliance corporate area, linked and subordinated to the Board of Directors and coordinated by a management team. The purpose of internal auditing is to add value to the risk management processes, internal controls, integrity and governance of the Company, in accordance with the guidelines established in the Internal Audit regiment.
4.4.2 In case this activity is outsourced, the internal audit services must not be performed by the same company that provides audit services for the financial statements. The company must not hire for internal audit anyone who has provided independent audit services for the company for less than three years.	NA	
4.5.1 The company must adopt a risk management policy, approved by the board of directors, which includes the definition of the risks for which protection is sought, the instruments used for this, the organizational structure for risk management, the assessment of adequacy for the operational structure and internal controls in verifying its effectiveness, in addition to defining guidelines for establishing acceptable limits for the company's exposure to these risks.	Y	The Company maintains a risk management policy approved by the Board of Directors, which establishes guidelines, strategies and responsibilities in risk management – a standard available to the internal and external public. As a complement, the Company maintains a formalized risk management procedure that describes how the corporate risk management process takes place, as well as regulates and outlines the activity of internal controls.
4.5.2 It is incumbent upon the board of directors to ensure that the executive board has mechanisms and internal controls to know, assess and control risks, in order to maintain them at levels compatible with the established limits, including an integrity/compliance program aiming to comply with external and internal laws, regulations and standards.	Y	The Corporate Risk and Compliance area is responsible for the continuous monitoring of corporate risks and for keeping the Executive Board and the Board of Directors aware of the risk indicators and responses. Corporate risk appetite and tolerance are defined by the corporate Executive Committee and the risk classification observes critical impact and probability analyzes for establishing control mechanisms for managing strategic, financial, operational and compliance risks. The Board of Directors is responsible for evaluating and approving the risk map, as well as monitoring the Company's risk monitoring carried out by managers.
4.5.3 The executive board must evaluate, at least annually, the effectiveness of the policies and systems for risk management and internal controls, as well as the integrity/compliance program, and report to the board of directors on this evaluation.	Y	Risk management and internal controls are evaluated by the Corporate Executive Committee, at least once a year, composed of the C-Level and corporate superintendents. On a monthly basis, the risk "owners" analyze the risk indicators under their responsibility. The integrity program is evaluated on a quarterly basis by the Corporate Executive Committee together with the Parent Company's CEO, who deals with issues related to ethics and compliance. Periodically, reports are made to the Board of Directors, which may criticize and recommend improvements, if deemed necessary.
5.1.1 The company must have a conduct committee, endowed with independence and autonomy and directly linked to the board of directors, in charge of implementing, disseminating, training, reviewing and updating the code of conduct and the whistleblowing channel, as well as the management of investigations and proposition of corrective measures related to breaches of the code of conduct.	Y	The Risk Management and Compliance Area, which reports directly to the Board of Directors in relation to Compliance matters, and whose main duties are (i) to continuously monitor the Integrity Program of Randon Companies; (ii) organize training to strengthen the ethical culture and Compliance in Randon Companies. The Integrity Program represents the continuity in the evolution process of the governance of Randon Companies, consisting of the Code of Ethical Conduct, corporate policies, ethics channel, due diligence portal and communication actions to strengthen the ethical culture. The Corporate Ethics Committee is responsible for supporting the execution of the Integrity Program of Randon Companies, encouraging the commitment of senior executives and sponsoring the actions of the Compliance management system. The Board of Directors is responsible for approving the Code of Ethical Conduct and corporate policies for maintaining the Integrity Program.

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5.1.2 The code of conduct, prepared by the board, with the support of the conduct committee, and approved by the board of directors, must: (i) discipline the company's internal and external relations, expressing the expected commitment from the company, its directors, officers, shareholders, employees, suppliers and interested parties with the adoption of adequate standards of conduct; (ii) manage conflicts of interest and provide for the abstention of the member of the board of directors, the audit committee or the conduct committee, if any, which, as the case may be, is in conflict; (iii) clearly define the scope of actions aimed at investigating the occurrence of situations understood as carried out with the use of inside information (for example, use of inside information for commercial purposes or to obtain advantages in the negotiation of securities); (iv) establish that ethical principles underlie the negotiation of contracts, agreements, proposals to amend the articles of organization, as well as the policies that guide the entire company, and establish a maximum value of the goods or services of third parties that managers and employees can accept for free or favored.	Y	
5.1.3 The whistleblower channel must be endowed with independence, autonomy and impartiality, with operating guidelines defined by the executive board and approved by the board of directors. It must be operated independently and impartially, and ensure the anonymity of its users, in addition to promoting, in a timely manner, the necessary investigations and measures. This service may be carried out by a third party of attested capacity.	Y	The ethics channel (for whistleblowing) of Randon Companies is managed by an independent and specialized company and is open to all audiences through telephone and website, which ensures confidentiality and adequate treatment of each situation, and allows the anonymity of the reporter. The incidents received are pre-analyzed by the independent company, with recommendations and forwarded to the Risk Management and Corporate Compliance area, which promotes investigations according to the risk matrix of complaints.
5.2.1 The company's governance rules must ensure the separation and clear definition of functions, roles and responsibilities associated with the mandates of all governance agents. The decision-making authority of each instance must also be defined, with the objective of minimizing possible sources of conflicts of interest.	Y	The governance guidelines of the Company and its subsidiaries are established in corporate policies that define roles, responsibilities and decision-making levels. The Internal Regulations of the Board of Directors, the Internal Regulations of the Executive Board, Policy on Transactions with Related Parties and the Code of Ethical Conduct, provide clear rules on the conduct to be adopted in the event of conflicts of interest.
5.2.2 The company's governance rules must be made public and determine that the person who is not independent in relation to the matter under discussion or resolution in the company's management or supervisory bodies must timely manifest their conflict of interest or private interest. If not, these rules must provide that another person manifests the conflict, if they are aware of it, and that, as soon as the conflict of interest is identified in relation to a specific topic, the person involved withdraws, including physically, from the discussions and deliberations. The rules must provide that this temporary leave is recorded in the minutes.	Y	The Company's governance rules establish that, as soon as the conflict of interest or private interest is identified, the person involved must withdraw from the entire process, including discussions and deliberations, and must temporarily withdraw from the meeting until the matter is closed. Any situation of conflict of interests or private interests, and the removal of the person involved, must be included in the minutes of the meeting. All governance documents mentioned in the previous item are available on the Company's website at the following address: <a href="https://ri.fras-le.com/estatutos-codigos-e-politicas/">https://ri.fras-le.com/estatutos-codigos-e-politicas/</a>
5.2.3 The company must have mechanisms for managing conflicts of interest in the votes submitted to the general meeting, to receive and process allegations of conflicts of interest, and for the annulment of votes cast in conflict, even after the conclave.	Y	Any person who is not independent in relation to the matter under discussion or resolution at the general meeting must state, in a timely manner, their conflict of interest or private interest (direct or indirect) and, failing to do so, another person may state any conflict they are aware of, so that, as soon as the conflict in relation to the specific topic is identified, the person involved will be removed from the respective discussions and deliberations, and this temporary removal or voluntary abstention must be recorded in the minutes.
5.3.1 The articles of organization must define which transactions with related parties must be approved by the board of directors, excluding any members with potentially conflicting interests.	Y	The Bylaws provide that the Board of Directors is responsible for deciding on transactions with related parties that fall within its jurisdiction, as defined in the policy on transactions with related parties, approved by this Board, excluding any members with potentially conflicting interests. The Bylaws can be accessed at <a href="https://ri.fras-le.com/estatutos-codigos-e-politicas/">https://ri.fras-le.com/estatutos-codigos-e-politicas/</a> .
5.3.2 The board of directors must approve and implement a policy on transactions with related parties, which includes, among other rules: (i) provision that, prior to the approval of specific transactions or guidelines for contracting transactions, the board of directors will request from the executive board market alternatives to the transaction with related parties in question, adjusted by the risk factors involved; (ii) prohibition of forms of remuneration for advisors, consultants or intermediaries that generate a conflict of interest with the company, managers, shareholders or classes of shareholders; (iii) prohibition of loans in favor of the controller and administrators; (iv) the hypotheses of transactions with related parties that must be supported by independent appraisal reports, prepared without the participation of any party involved in the transaction in question, be it a bank, lawyer, specialized consulting company, among others, based on realistic assumptions and information endorsed by third parties; (v) that corporate restructuring involving related parties must ensure equitable treatment for all shareholders.	Y	The Company has a Related Party Transactions Policy ( <a href="https://ri.fras-le.com/estatutos-codigos-e-politicas/">https://ri.fras-le.com/estatutos-codigos-e-politicas/</a> ) that meets the provisions of this item, and seeks to ensure that any transactions with related parties and other situations that involve potential conflicts of interest are carried out in accordance with the interests of the Company, under strictly commutative conditions or with adequate compensatory payment and in a transparent manner to shareholders and the market in general.
5.4.1 The company must adopt, by resolution of the board of directors, a policy for trading its securities, which, without prejudice to compliance with the rules established by CVM regulations, establish controls that enable the monitoring of the trades carried out, as well as the investigation and punishment of those responsible in case of non-compliance with the policy.	Y	The Company has an Information Disclosure and Securities Trading Policy ( <a href="https://ri.fras-le.com/estatutos-codigos-e-politicas/">https://ri.fras-le.com/estatutos-codigos-e-politicas/</a> ) which seeks to: (i) establish the procedures related to the disclosure of material acts or facts; (ii) establish standards of good conduct that must be observed by Covered Persons; (iii) ensure compliance with laws and rules that prohibit the practice of Insider Trading; (iv) establish that all trading with shares issued by the Company be carried out through an accredited brokerage firm; and, (v) establish the rules and guidelines that must be observed by the Investor Relations Officer of the Company, to ensure compliance with the best practices for the trading of Securities issued by the Company.

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5.5.1 In order to ensure greater transparency regarding the use of company resources, a policy on voluntary contributions, including those related to political activities, should be drawn up, to be approved by the board of directors and executed by the executive board, containing clear and objective principles and rules.	Y	The Company has a Sponsorship and Donation Policy, approved by the Board of Directors, which aims to establish guidelines and criteria for managing sponsorships and donations, with or without tax incentives, in Random Companies, which can be accessed at the URL <a href="https://ri.fras-le.com/estatutos-codigos-e-politicas/">https://ri.fras-le.com/estatutos-codigos-e-politicas/</a> .
5.5.2 The policy must provide that the board of directors is the body responsible for approving all disbursements related to political activities.	Y	
5.5.3 The policy on voluntary contributions from companies controlled by the State, or which have repeated and relevant commercial relations with the State, must prohibit contributions or donations to political parties or persons connected to them, even if permitted by law.	NA	

**WE DO OUR PART  
TO KEEP YOUR  
LIFE IN MOTION.**

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