



# SUSTAINABILITY REPORT 2021

WE DO OUR PART TO KEEP YOUR LIFE IN MOTION







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# 01

## INTRODUCTION

### RELATED SDGS



### RELATED CAPITALS



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# About the Report

GRI 2-3

We believe in the transparency and responsibility principles, and this report is a way of fulfilling them, sharing, for the 4<sup>th</sup> consecutive year, the breakthroughs and challenges to continue generating value for our employees, customers, suppliers, investors, communities and other stakeholders during the last fiscal year.

Our Sustainability Report was prepared from an in-depth study of the topics that impact our business the most (learn more on page 31) and brings the main financial, social and environmental aspects relevant to our Strategy, operation and results.

## Best practices



For the 3<sup>rd</sup> consecutive year, our report follows the guidelines of the Global Reporting Initiative (GRI), a voluntary standard adopted by companies from the most diverse sectors and countries for sustainability reporting. At the beginning of each subchapter, you will find the disclosures that are reported, using the acronym **GRI-XX**. Also, at the end of the file, you can see a full list of disclosures, on page 101.



For the 1<sup>st</sup> time, we adopted the guidelines of the Sustainability Accounting Standards Board (SASB), a voluntary standard for sector sustainability reporting. Throughout the text, we will present the indicators that can be found by the acronym **SASB-XX**, at the beginning of each subchapter. At the end of the report, we provide the complete list of indicators on page 101.



For the 2<sup>nd</sup> consecutive year, our report also follows the guidelines of the Integrated Report, from the International Integrated Reporting Council (IIRC), which shows the interdependence between business capital and its relevance to long-term value creation. At the beginning of each chapter, you will find a Capital XX marker, indicating our approach, and at the end of the document, the Capital Map (on page 110) points out the pages that present each of them.



In case of questions or suggestions about the topics presented in the Sustainability Report, please contact us by e-mail: [ri@frasle.com](mailto:ri@frasle.com)



The **United Nations' Sustainable Development Goals (SDGs)**, are yet another guideline that guides our reporting. At the beginning of each chapter, you will find the logos of each SDG, showing how the actions presented contribute to the achievement of one or more SDGs and, at the end of the report (page 111), we publish a map that indicates which pages contain relevant content for each impacted SDG.

## INTERACTIVITY

Throughout the report, you can further explore our universe through the symbols:

Hover your cursor over the icon to see additional information.



Click on the hyperlink to access additional information.



# Message from the Administration

GRI 2-9; 2-22

The year of 2021 was a special year for Fras-le. Despite the challenges faced, we managed to overcome the difficulties, so far, and we obtained surprising results.

We have advanced in our Sustainability Strategy, which this year has gained prominence with the presentation of ESG ambition, which in part sets out public commitments and goals to reduce our socio-environmental impacts, but which seeks to go further by designing our journey to build a better future: increasingly responsible, efficient and prosperous.

This construction is already underway with the strategic investments in research, development and innovation carried out in the last five years and which, today, demonstrate our pioneering spirit in sustainable mobility and position us at the forefront of projects with global impacts such as the launch of the new Fras-le Smart Composites, with solutions in smart materials that bring alternatives to the use of materials such as

steel, for example, as well as the creation of NIONE, the newest unit for research, production and application of nanotechnology, shared with Randon Companies, which revolutionized the market with the discovery of an unprecedented and economically viable method to manufacture niobium nanoparticles on a large scale.

Also, we closed another cycle in our transformation process and managed to consolidate ourselves as one of the biggest market leaders in auto parts replacement, we took important steps towards the diversification of our business model, with acquisitions and the creation of new areas, processes and products. And despite the macroeconomic scenario, still affected by the pandemic, we ended 2021 with an excellent performance, marking one of the best financial results in the Company's history.

We could not have arrived here without the commitment and competence of our employees. Therefore, guided by our principle of “people valued and respected,” we continue to support career development, reinforce

investments in health and safety, implement initiatives to reduce occupational risks and continue with actions to promote diversity.

We remain optimistic for the coming year, based on the purpose and principles that govern our business and on the trust that permeates our relationships. We know we will face obstacles ahead, but we are confident that we have what it takes to overcome them and keep us moving.

We thank everyone who contributed to another excellent year in the history of Fras-le and we wish you enjoy your reading!



**Sérgio L. Carvalho**

President and CEO of Fras-le



# HIGHLIGHTS 2021

## INNOVATION AND TECHNOLOGY

(learn more on page. 55)

- » **R\$ 410,1 million** of Net Revenue, which corresponds to 44.51%, comes from new products launched in the last 5 years.
- » **Launch of Fras-le Smart Composites**, a new product line in composite materials, with items up to 65% lighter. ➤
- » **Fras-le and RTC discover a new method for obtaining niobium nanoparticles** on a large scale. ➤
- » **NIONE, the launches the first product with niobium nanoparticles**, and the application is planned by Fremax. ➤
- » The **Randon Technological Center presents a new positioning** and aims at innovations for the future of mobility. ➤

## SUSTAINABILITY

(learn more on page. 51 and 68)

- » **Launch of ESG Ambition**, a corporate sustainability strategy that establishes public commitments.
- » **Launch of Rota Verde**, with goals established until 2025 and 2030, reinforcing our environmental commitment.
- » **Fras-le partners with eureciclo** to offset around 22% of the total volume of packaging generated in its products, sending it to cooperatives for recycling. ➤
- » **Randon Technological Center Achieves** ISO 45001:2018 occupational health and safety management certification ➤
- » **Fremax achieves international certification** in environmental management 14001:2015.
- » **R\$ 586,5 million allocated** to social actions via the Elisabetha Randon Institute



# HIGHLIGHTS 2021

## HEALTH AND SAFETY

(learn more on page. 79)

- » We promoted the 3<sup>rd</sup> edition of Dia S ("Day S"), an event that seeks to reinforce the culture of safety within the Company. »
- » **Jurid do Brasil and Fras-le North America (FNAI)** complete one year without serious accidents.
- » **Fras-le installs vaccination points against Covid-19** and 1,477 people receive the 1<sup>st</sup> or 2<sup>nd</sup> dose of the immunizer, among employees and people from the local community.

## ICONIC BRANDS

(learn more on page. 11)



- » **1<sup>st</sup> and 3<sup>rd</sup> place** in the Brake Pads category<sup>1,2</sup>



- » **1<sup>st</sup> place** in the Brake Disc category<sup>1,2</sup>



- » **1<sup>st</sup> place** in the Shock absorbers<sup>2</sup> category and **1<sup>st</sup>** place in the Pivot and Terminal category<sup>1</sup>



- » **2<sup>nd</sup> place** in the Brake Pad category<sup>2</sup>

<sup>1</sup> Innovation Award 2021

<sup>2</sup> Best of the Year – Sinderepa-SP

## FINANCIAL

(learn more on page. 17)

- » Net Income of **R\$ 210.6 million** (+15.7% vs. 2020)
- » Net Revenue of **R\$ 2.6 billion** (+54.5% vs. 2020)
- » Adjusted EBITDA of **R\$ 413.3 million** (+46% vs. 2020)
- » Market value of **R\$ 3.0 billion** in 2021

## INVESTMENTS

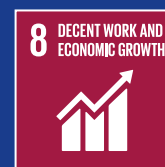
- » **R\$ 35.8 million** in Capacity Increase / Expansion
- » **R\$ 7.0 million** in Innovation/New products
- » **R\$ 24.7 million** in Productivity and Automation
- » **R\$ 16.4 million** in Health and Safety



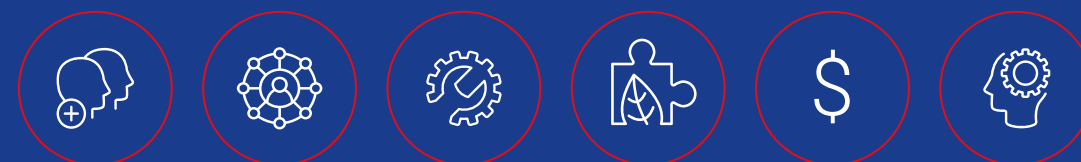
02

# FRAS-LE UNIVERSE

RELATED SDGS



RELATED CAPITALS



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# Who we are

We are Fras-le S.A., a global company, with 68 years of history, dedicated to offering quality products and focusing on safety, comfort and movement control on roads, rails, airstrips and in many other applications, thus ensuring the integrity of life.

Focused on services, trade and the manufacture of parts and systems for automotive application in new vehicles and in the repair of the circulating fleet, we are an auto parts replacement powerhouse represented by iconic brands in their respective markets (learn more on page 11).

Since 1996, we have been part of Randon Companies, which allows us to access synergies, markets and advantages in several areas of its operation, which qualify results and value its entire chain of stakeholders.

Note 1 – Forward-looking statements: The statements contained in this report regarding Fras-le's business prospects, projections and results and growth potential are mere forecasts and were based on Management's expectations regarding the Company's future. These expectations are highly dependent on changes in the market, the general economic performance of the country, the sector, and international markets, and may change.



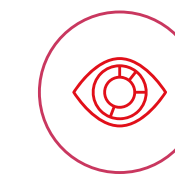
## Purpose

Connecting people and riches to generate prosperity.



## Mission

Giving safety and comfort to the transport of people and goods so that life remains in motion.



## Vision

Being recognized in sustainable solutions for mobility, surpassing R\$ 4.5 billion in revenue by 2025.



## Business

Safety and innovation in movement control.

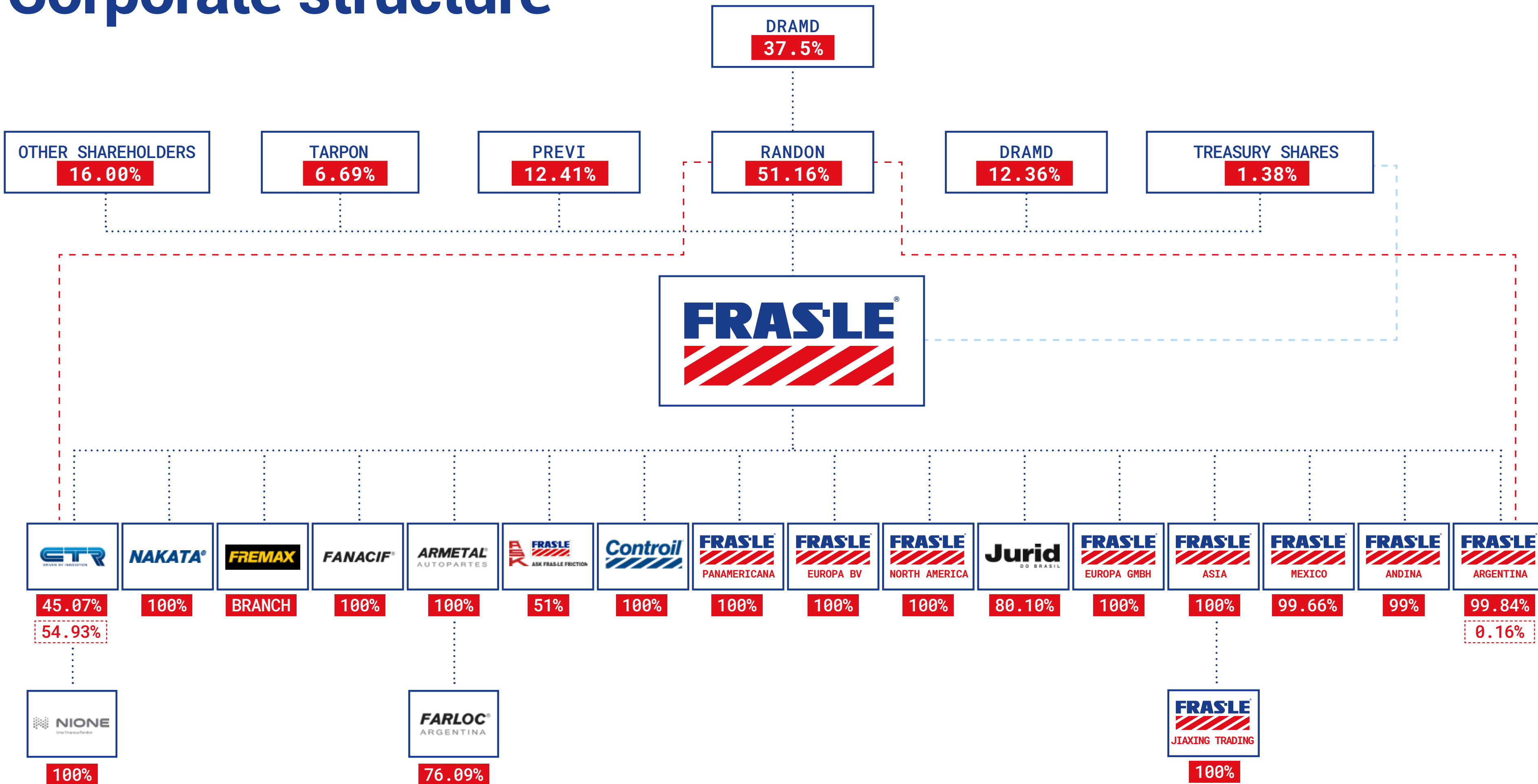


## Principles

- Valued and respected people
- Ethics
- Satisfied customers
- Profit with sustainability
- Safety and Quality
- Innovation and Technology
- Preservation of image and legacy
- Innovation and technology
- We are all RANDON.



# Corporate structure



**STAY TUNED !**

Throughout the document, whenever we use the terms "Fras-le" or "Company", we are referring to all our subsidiaries. When we refer specifically to one of the businesses, we use the names of the subsidiaries: Armetal, Controil, Farloc, Fanacif, Fras-le (in a specific location), Fremax, Jurid and Nakata. To refer to the controlling group, we will use the terms "Random Companies" or "Group."

Note: organization chart on 12/31/2021.



# Iconic Brands

GRI 2-6

Our brands are differentials in our Business model and bring together a portfolio of premium quality products and more than 18 thousand references in auto parts solutions that ensure consistent performance, both in the national and international markets:



68  
YEARS  
IN THE MARKET

Global leading brand in products and components for controlling movement on roads, rails and landing strips, serving the most diverse segments (heavy vehicles, automobiles, motorcycles, rail, aviation, agricultural and industrial).



69  
YEARS  
IN THE MARKET

The most beloved brand in the workshops<sup>3</sup> and one of the mechanics' favorites<sup>4</sup>, Nakata is a leader in the suspension and steering segments for light, heavy vehicles and motorcycles.



64  
YEARS  
IN THE MARKET

The most purchased brand of master cylinders and brake servos<sup>1</sup> in Brazil, Controil is the market leader in the replacement of components for hydraulic brakes.



35  
YEARS  
IN THE MARKET

Awarded for the Best Brake Disc<sup>3</sup>, Fremax is the main brand of brake discs and drums for light vehicles in Brazil, with recognition for quality and safety in the most demanding automotive markets in the world.



50  
YEARS  
IN THE MARKET

Lonaflex is one of the main brands of linings and pads for vehicle brakes.

<sup>3</sup> Best of the Year Award – Sinderepa (Union of Vehicle Repair and Accessories Industries of the State of São Paulo), 2021.

<sup>4</sup> Survey "O Mecânico" ("The Mechanic"): the preferred brands of mechanics", carried out by IPEC, 2021.



# Awards

## THE BEST OF THE YEAR 2021

Our brands were featured once again in the “The Best of the Year” by Sindirepa-SP (Repair Industry Union), an award that recognizes the performance of the best partners in the vehicle repair sector in each segment.



For the 2<sup>nd</sup> consecutive year **Bronze Seal** in the **Brake Pad** category.



For the 7<sup>th</sup> consecutive year **Gold Seal** in the **Shock Absorber** category.



For the 3<sup>rd</sup> consecutive year **Gold Seal** in the **Brake Disc** category.



**Silver Seal** in the **Brake Pad** category.



## 2021 INNOVA AWARD

Fras-le, Nakata and Fremax ranked 1<sup>st</sup> in several categories in the “Inova Award – Indústrias do Novo Varejo 2021”. The survey, carried out by After.Lab, surveyed 500 retailers of components for light vehicles in Brazil in relation to manufacturers of automotive components and the products and services offered to the aftermarket.



1<sup>st</sup> place in the **Brake Pad** category.



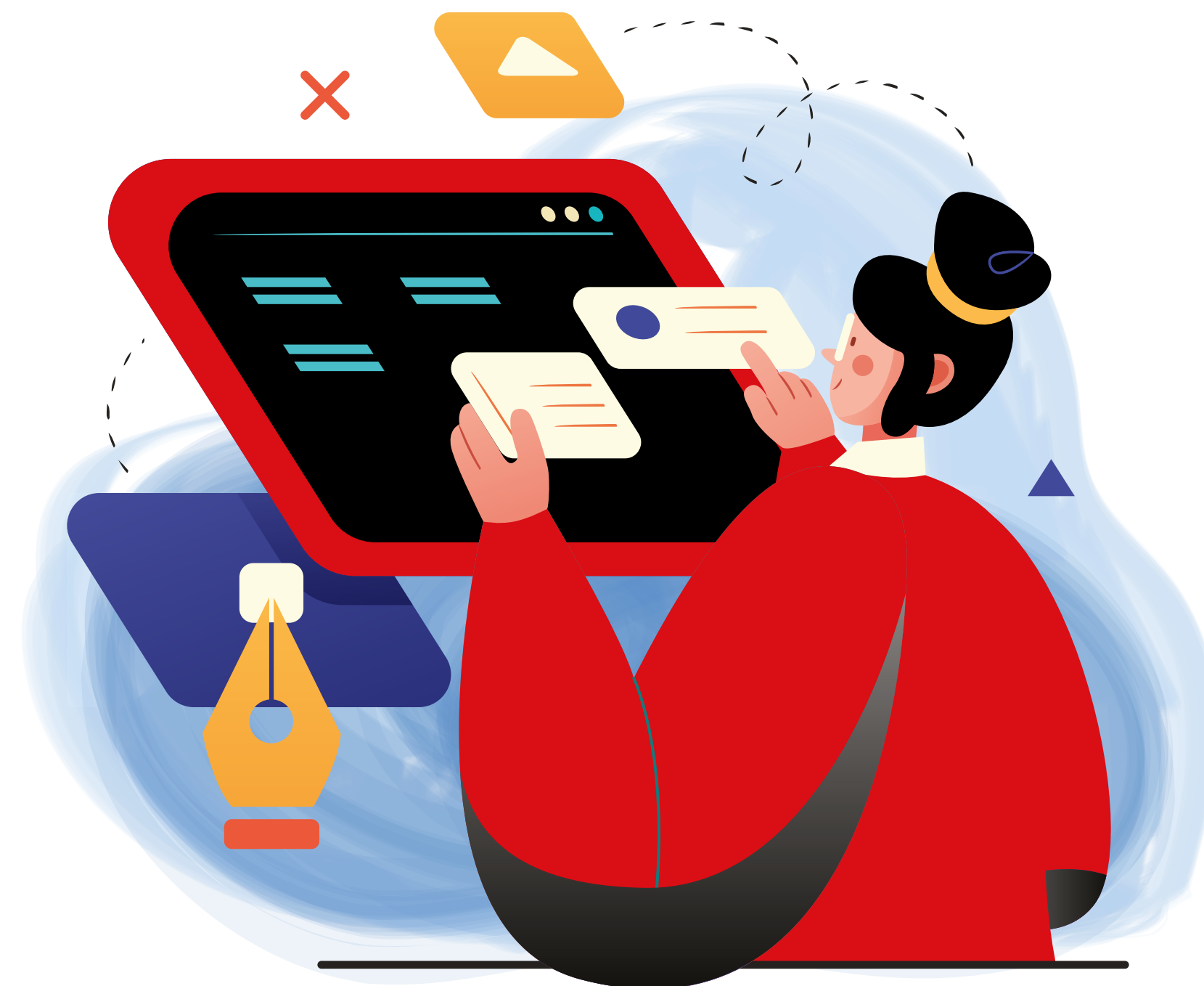
1<sup>st</sup> place in the **Pivot and Terminal** category.



1<sup>st</sup> place in the **Brake Disc** category.

## EXPORT PRIZE RS

Fras-le was recognized among the main exporting companies in Rio Grande do South at the 49<sup>th</sup> edition of the RS Export Award, as one of the largest suppliers of friction materials in the world, ranking 1<sup>st</sup> in the Outstanding Sector category – Vehicles and Auto Parts.





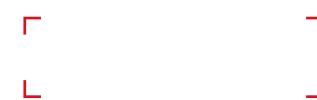
## O MECÂNICO ("THE MECHANIC") SURVEY 2021

Fras-le, Nakata and Fremax were recognized in the 5<sup>th</sup> edition of the "O Mecânico" Survey, carried out in partnership with IPEC (Instituto Inteligência em Pesquisa e Consultoria), which reveals the preferred brands in the automotive sector for mechanics.

**FRAS-LE** It occupies the **1<sup>st</sup> place** in the "best known brand" and "most purchased brand" categories for the Brake lining segment. For the Brake Pad segment, it ranks **2<sup>nd</sup>** in the most purchased category and **3<sup>rd</sup>** in the best-known category.

**NAKATA** For the 3<sup>rd</sup> consecutive year, it occupies the **2<sup>nd</sup> place** among the brands that mechanics like the most. It also ranks **1<sup>st</sup>** in the "best known brand" and "most purchased brand" categories in five segments: Pivot, Tray and Suspension Articulated Rod, Axial Terminal and Steering Terminal, in addition to **2<sup>nd</sup> place** in the "best known brand" category for the Shock Absorbers segment.

**FREMAX** For the **3<sup>rd</sup>** consecutive year, it occupies **2<sup>nd</sup> place** in the "best known brand" and "most purchased brand" categories for the Brake Disc segment.

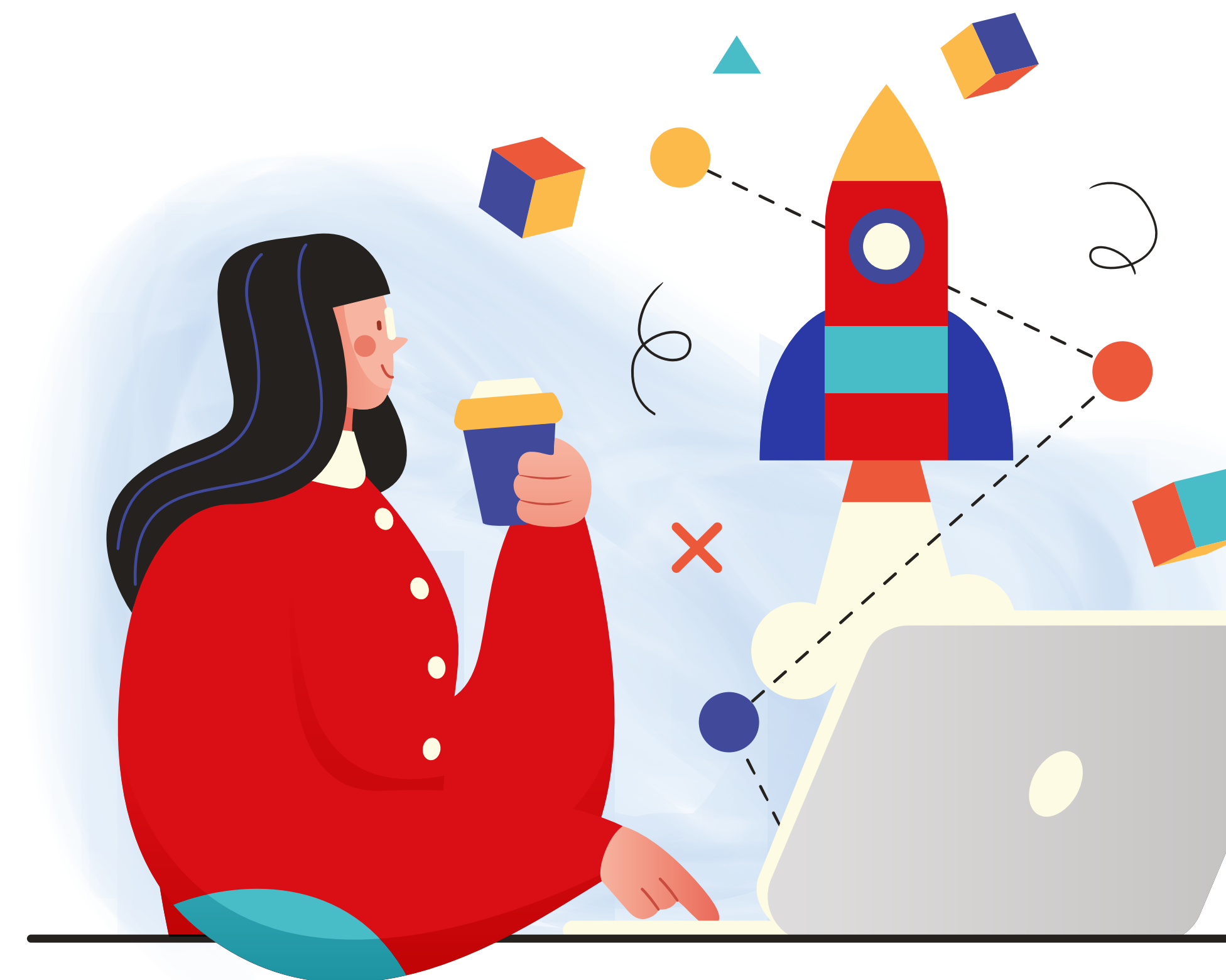


## SMALL BUSINESS OF THE YEAR AWARD – Prattville

Fras-le North America was recognized with the Small business of the year Award, from the Chamber of Commerce of the city of Prattville, Alabama (USA), where the plant is located. The award recognizes the best companies in the city, evaluating aspects such as involvement with the local community, business success, participation in the chamber, among other indicators that measure the company's positive impact on the community.

## ALABAMA SMALL BUSINESS OF THE YEAR GOLD AWARD (51-100 Employees)

Fras-le North America also won the Alabama Small Business of the Year Gold Award, a gold category of the Alabama Chamber of Commerce (USA) award, which recognizes outstanding small businesses (51 to 100 employees) across the state by evaluating their positive impacts on the communities where they are located.





GRI 2-1; 2-6





# Diversification and technology

To ensure our leadership position in the auto parts market and to expand it more and more to new markets, we seek to anticipate changes in the automotive sector, investing in the diversification of our Business model and investment in innovation and technology.

Throughout our expansion trajectory, we made acquisitions to increase revenue, taking advantage of the synergy between the businesses.

As a result, we have consolidated ourselves as one of the largest market leaders in this segment in the Americas, with strong and recognized brands in their respective markets.

STRATEGIC DIFFERENTIALS

AMONG THE BIGGEST IN THE WORLD

Production of brake linings for commercial vehicles.

RESILIENCE IN GROWTH

Diversification of markets and segments.

DIVERSIFIED MODEL

Diversified revenue base across currencies and markets.

STRONG AND RECOGNIZED BRANDS

Favorite brands, global consumers.

GLOBAL PRESENCE

Share in markets such as NAFTA, South America, China and India.

DISTRIBUTION NETWORK

Presence in the main global distributors of the segment.

## OUR ACQUISITIONS

1980/90	2000/12	2017	2018	2020
<div>Acquisition Lona Flex</div> <div>Fras-Le Argentina</div> <div>Fras-Le North America</div>	<div>Fras-Le Europe</div> <div>Fras-Le Asia</div> <div>Acquisition Controil</div>	<div>New plant Fras-Le China</div> <div>Fras-Le Panamericana</div> <div>Acquisition Armetal, Farloc and Fanacif</div>	<div>Acquisition Jurid (80.1%)</div> <div>JV ASK Fras-Le (51%)</div> <div>Acquisition Fremax</div>	<div>Acquisition Nakata</div>

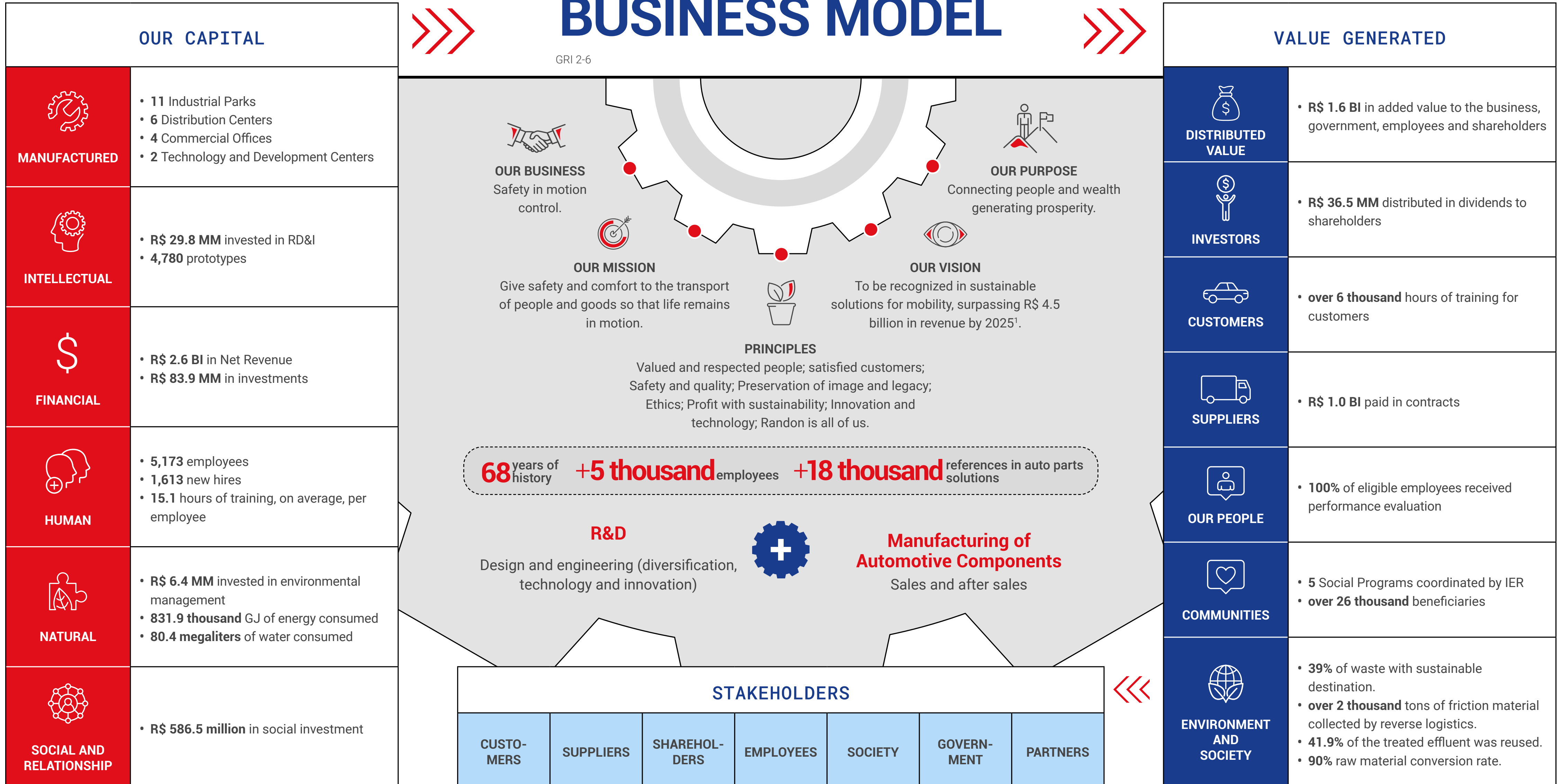
In addition, we advanced into new geographies, expanded our product portfolio and modernized our operation, with investments in process automation and digitalization, in addition to increasing production capacity.

Thinking about the future, we are investing heavily in research and innovation, in order to anticipate relevant megatrends for the transformation of our sector, such as the application of smart materials (learn more on page 64).



# BUSINESS MODEL

GRI 2-6





# Financial results

GRI 201-1

Fras-le's financial result in 2021 was very positive and reflects the consolidation of the business Strategy that makes it a replacement powerhouse. In addition, its sales performance during the period demonstrates the strength of a broadly diversified Business model—both in terms of product lines and markets—which presented unprecedented volumes and revenues in the period.

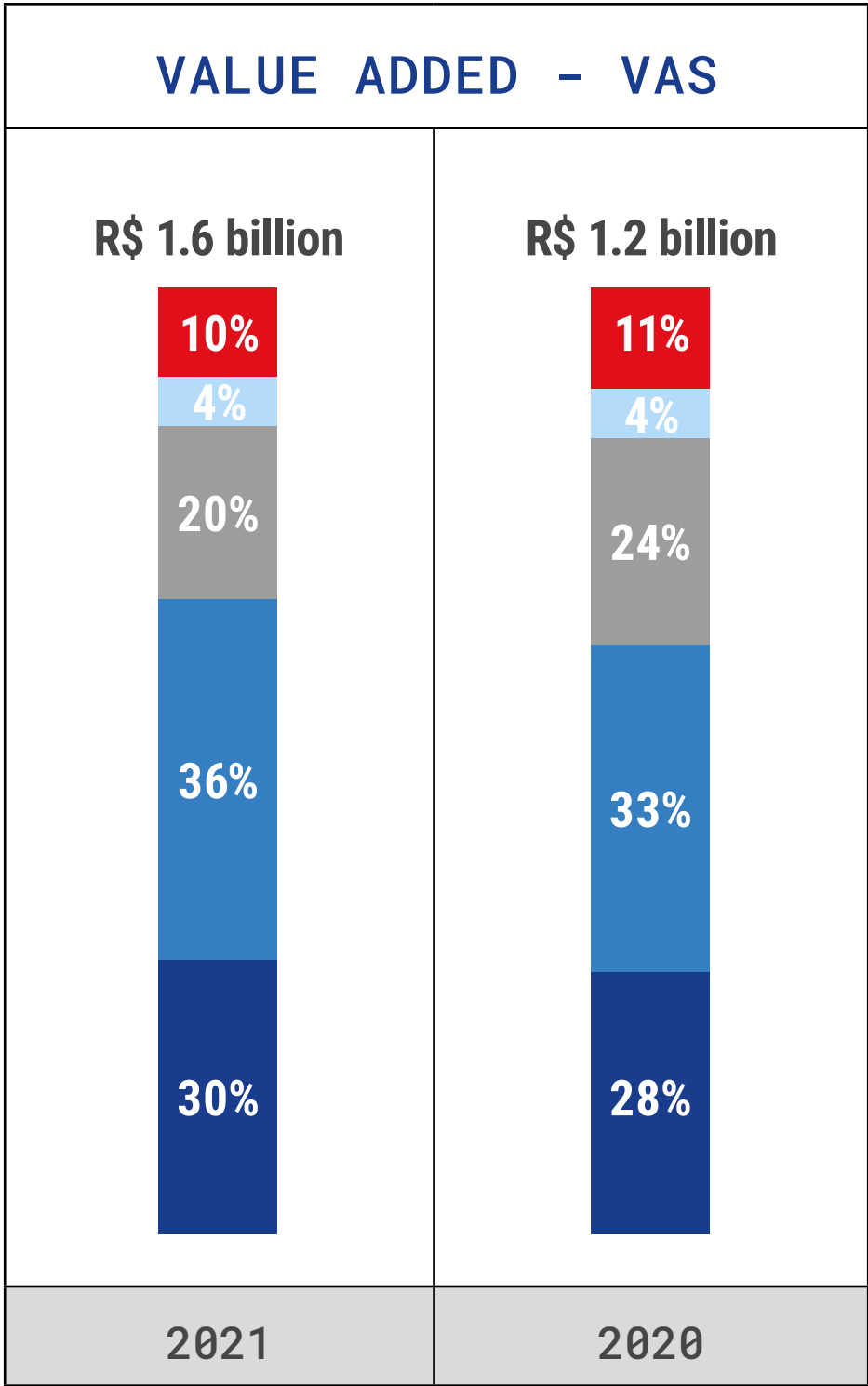
Thus, Net Revenue in 2021 was R\$ 2,582.2 million, recording an increase of 54.5% compared to 2020. Adjusted EBITDA was R\$ 413.3 million, 46.0% above that presented in 2020 (R\$283.1 million), and the adjusted EBITDA margin was 16.0% in 2021 compared to 16.9% in 2020. In turn, Net Income totaled R\$210.6 million in 2021, with a net margin of 8.2 %.

To access the complete Income Statement, access the [➤ 2021 Management Report](#).

INCOME STATEMENT SUMMARY (IN R\$ MILLION)			
	2021	2020	Δ%
Total Gross Revenue <sup>5</sup>	3,649.4	2,372.2	53.8%
Net Revenue	2,582.2	1,670.8	54.5%
<i>Internal market</i>	1,590.6	920.2	72.8%
<i>External market<sup>6</sup></i>	991.5	750.5	32.1%
Adjusted EBITDA	413.3	283.1	46.0%
EBITDA Margin - Adjusted (%)	16.0%	16.9%	-0.9 p.p.
Net profit	210.6	182.0	15.7%
<i>Net Margin</i>	8.2%	10.9%	-2.7 p.p.

<sup>5</sup> No elimination of intercompany sales

<sup>6</sup> Exports Brazil + Operations Abroad



■ WORK ■ GOVERNMENT ■ FINANCING  
■ SHAREHOLDERS ■ RESERVES



03

# ETHICAL AND RESPONSIBLE DRIVING

## RELATED SDGS



## RELATED CAPITALS



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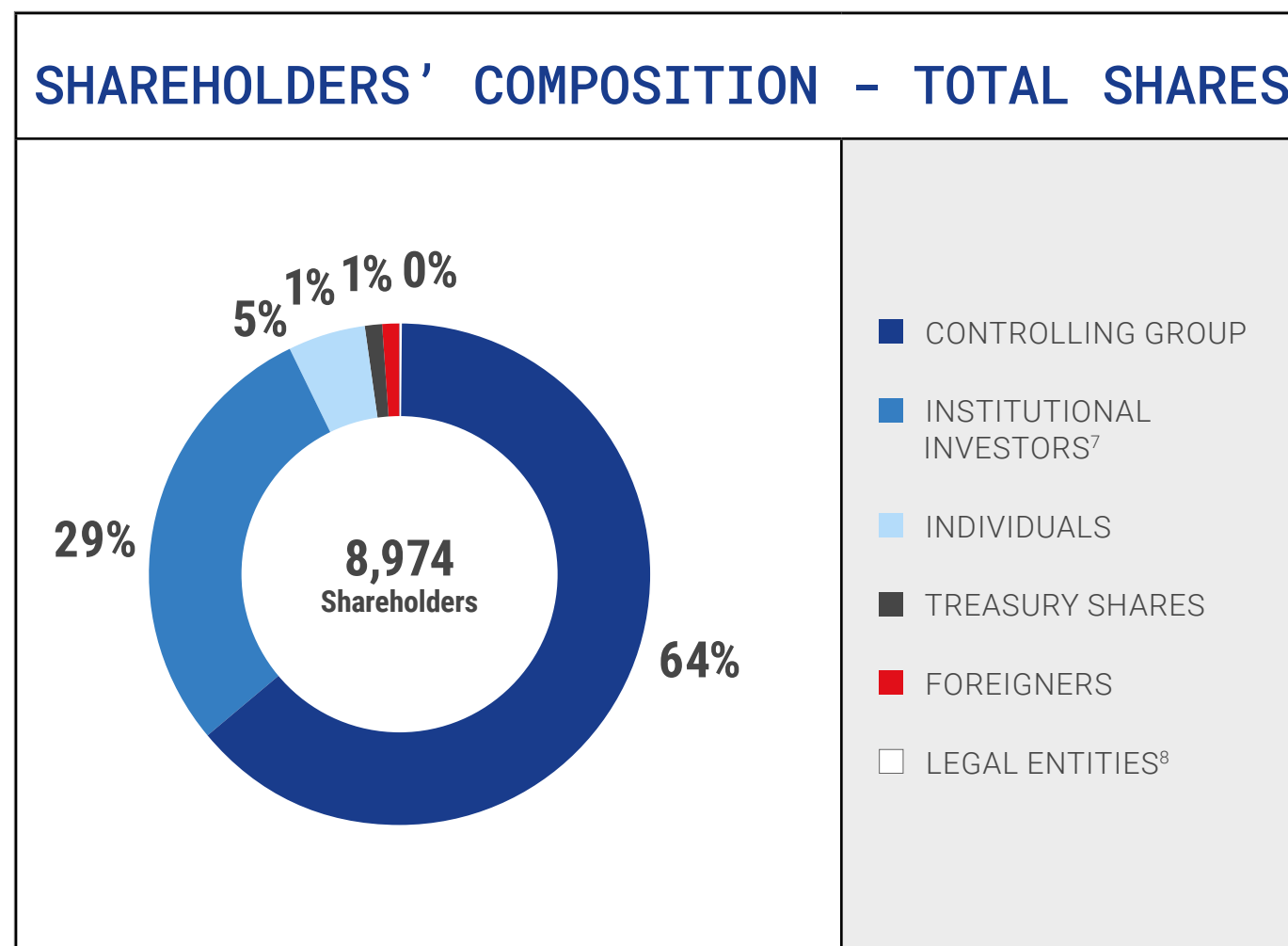
# Governance that creates value

GRI 3-3

The **Corporate Governance Report** is available on our Investor Relations website, which provides details on the practices adopted here [➤](#).

## Overview

Fras-le is a publicly traded company, comprising 217,566,343 common shares, with a market value of R\$3.0 billion, at the end of 2021, traded on B3 under the codes FRAS3 and FRAS3F (fractional market).



<sup>7</sup> Investment Funds and Clubs

<sup>8</sup> Companies, Banks, Brokers and Associations



## FOLLOW ON

In search to continue the expansion strategy and their innovation investments, Fras-le announced, in March 2022, the subsequent share offering of FRAS3, at B3, with a primary public distribution of 52,450,000 new shares.

*"This movement represents the success of our operation's strategy aimed at raising funds for Fras-le's continued growth. We'll continue our market expansion, expand our international presence and explore new technologies."*

**Hemerson de Souza**

M&A and Investors Relations Director

## Best practices

Publicly traded for almost 50 years, since 1971, we are committed to transparency and ethics, and we adopt the best governance practices in order to expand our value generation in a sustainable way.

## GOVERNANCE HIGHLIGHTS

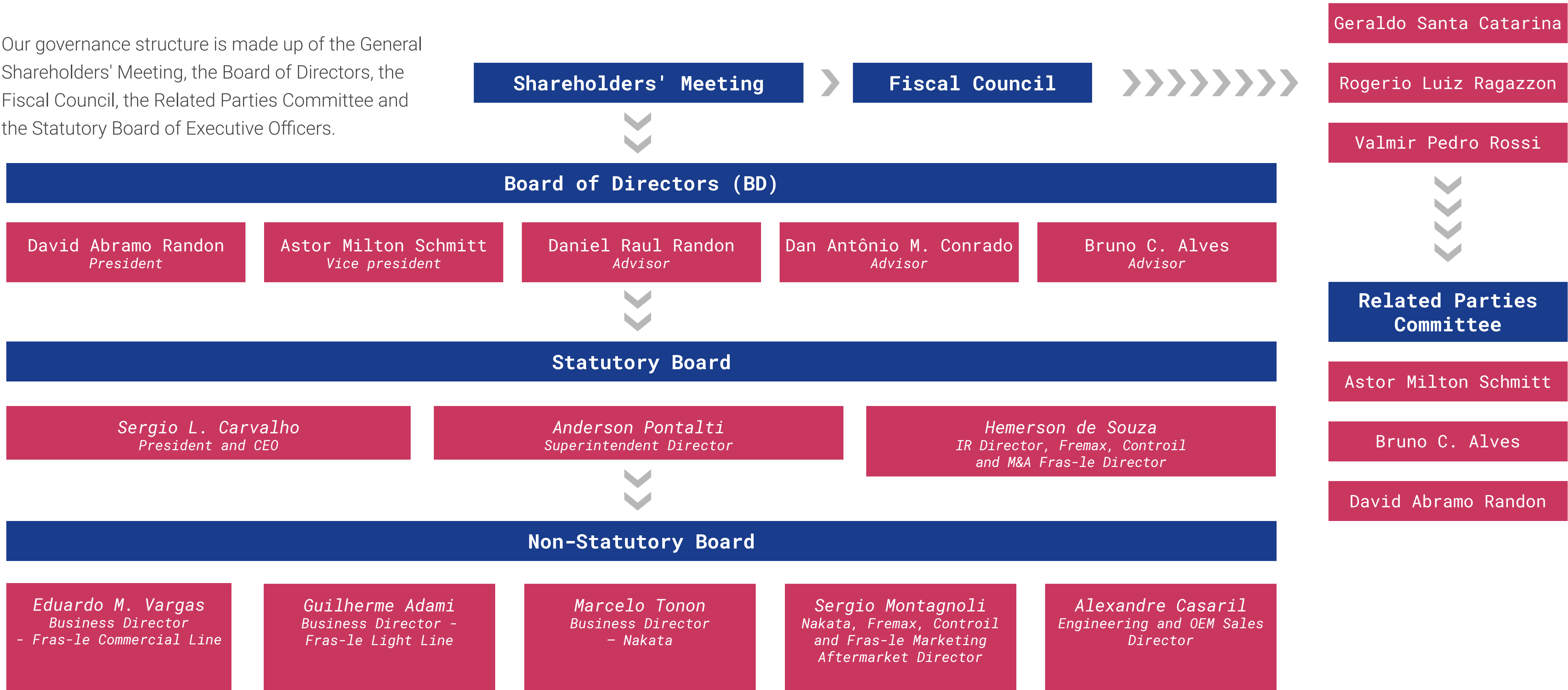
- B3 Corporate Governance **Level 1**
- **34.9%** free float
- **100%** tag along
- **40% independent members** in the Board of Directors (BD) - 2 out of 5
- **Related-Party Committee** (non-statutory)
- Manual for **Participation in Meetings**
- **Internal Regulations** for Boards and Executive Board
- **Internal Audit and Compliance**
- Independent, third-party **whistleblower channel**
- Various **Corporate Policies**
- **Corporate Governance Department**



# Governance Structure

GRI 2-9

Our governance structure is made up of the General Shareholders' Meeting, the Board of Directors, the Fiscal Council, the Related Parties Committee and the Statutory Board of Executive Officers.





Board of Directors GRI 2-9; 2-11

It is composed of three to nine members, elected by the General Shareholders’ Meeting, with a unified term of office of two years and no possibility of automatic renewal. In 2021, the average tenure of the Board of Directors was 8.6 years. Furthermore, the Board of Directors met 14 times, with 100% average attendance.

The responsibilities of the Board of Directors are set out in our > Bylaws and in the > Internal Regulations. To see the detailed **professional experience** of each of the members, hover the cursor over the +

COMPOSITION OF THE BOARD OF DIRECTORS ON 12/31/2021

**David Abramo Randon**  
*President*  
Term of office: 5 years  
Attendance at meetings: 100%

**Astor Milton Schmitt**  
*Vice President*  
Member of the Related Parties Committee  
Term of office: 25 years  
Attendance at meetings: 100%

**Bruno Chamas Alves**  
*Independent Adviser*  
Member of the Related Parties Committee  
Term of office: 5 years  
Attendance at meetings: 100%

**Dan Antonio M. Conrado**  
*Independent Adviser*  
Term of office: 1 year  
Attendance at meetings: 100%

**Daniel Raul Randon**  
*Adviser*  
Member of the Related Parties Committee  
Term of office: 7 years  
Attendance at meetings: 100%



Fiscal Council GRI 2-9

A body independent on the Management and external auditors, installed at the request of the shareholders at the Annual General Meeting. It may have three to five members, and an equal number of alternates. In 2021, the Board met six times, with 100% participation of its members.

Related parties committee GRI 2-9

This is a non-statutory body, of an advisory nature, which advises the Board of Directors, ensuring that transactions with related parties are guided by the Company's interest, observing commutative conditions, through a transparent, ethical process and in compliance with the current legislation. It is composed of three members of the Board of Directors, two of whom are appointed by the controlling shareholder and one by a minority shareholder. In 2021, the Committee met three times, with 100% average attendance, except for the non-participation of members with potential conflicts of interest.

The responsibilities of the Fiscal Council are set out in our [Bylaws](#). To see detailed **professional experience** of each of the members, hover the cursor over the 

COMPOSITION OF THE FISCAL COUNCIL ON 12/31/2021

**Geraldo Santa Catarina**

*Adviser*  
Term of office: 2 years  
Attendance at meetings: 100%

**Rogério Luiz Ragazzon**

*Adviser*  
Term of office: 6 years  
Attendance at meetings: 100%


**Valmir Pedro Rossi**

*Independent Director*  
Term of office: 1 year  
Attendance at meetings: 100%



Statutory Board GRI 2-9

It is composed of at least two and at maximum nine members, shareholders or not, residing in the Country, namely a Chief Executive Officer, a Superintendent Director, an Investor Relations Officer, and the others with no specific designations, elected by the Board of Directors, and the roles may be accumulated by the same Director. In 2021, the Board of Directors met eight times, with the presence of 100% of its members.

This year, we published the Internal Regulations of the Board of Directors. Find out about its responsibilities and assignments at: [➤](#). To see the detailed **professional experience** of each of the members, hover the cursor over the 

COMPOSITION OF THE STATUTORY BOARD ON 12/31/2021

**Sérgio L. Carvalho**

*President and CEO*

Term of office: 5 years  
Attendance at meetings: 100%

**Anderson Pontalti**

*Superintendent Director*

Term of office: 6 years  
Attendance at meetings: 100%

**Hemerson Fernando de Souza**

*M&A and IR Business Director*

Term of office: 3 years  
Attendance at meetings: 100%





**Compensation** GRI 2-19; 2-20

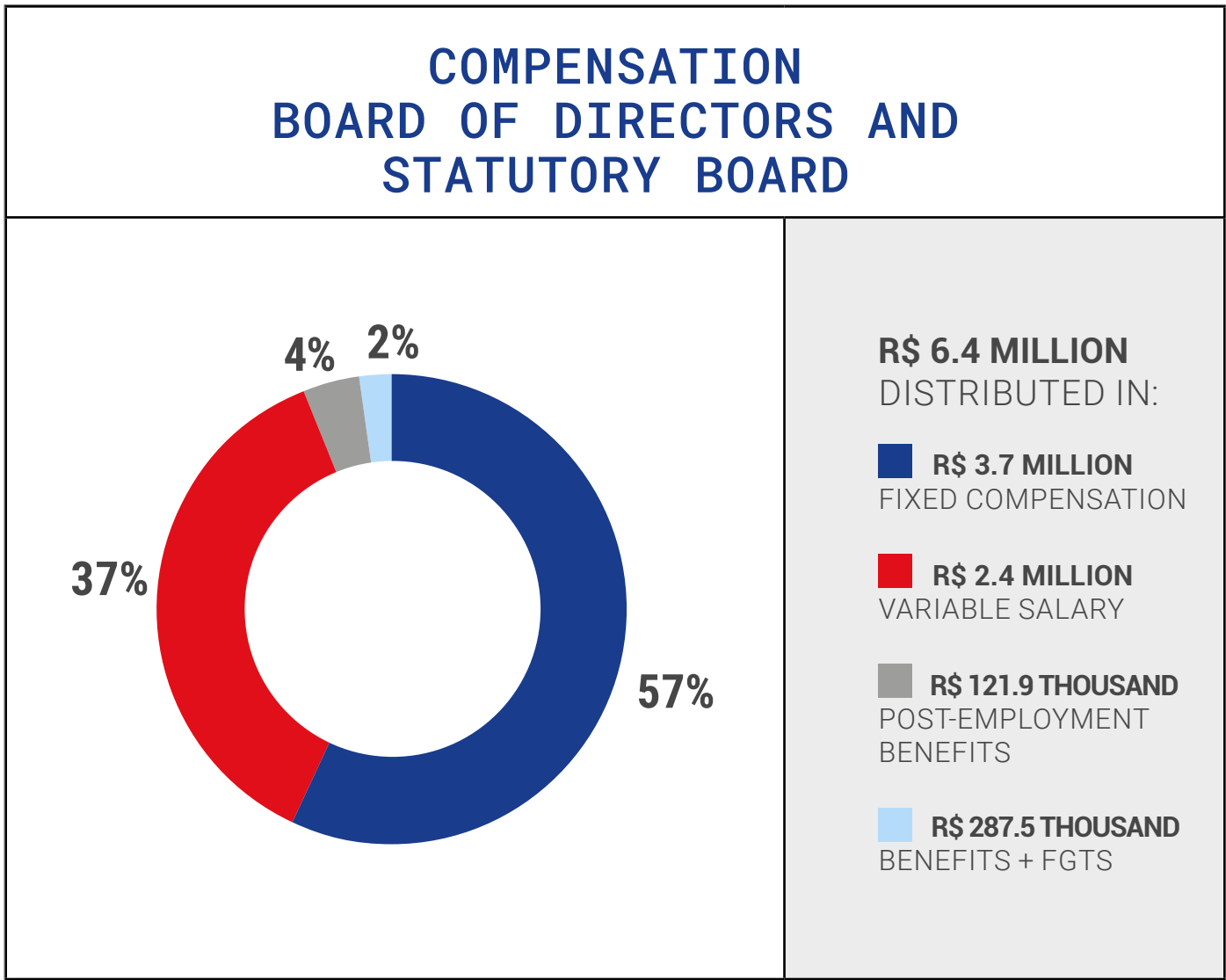
The compensation practices of the Board of Directors members (BD), the Officers and the members of the Fiscal Council (FC) are in line with the interests of the Company and are aimed at recognizing professionals for the performance of their duties, in order to encourage search for business expansion and, as a consequence, return to shareholders.

The process of defining the compensation of the senior management begins with the approval by the General Shareholders' Meeting of the global amount to be distributed to the members of the Boards and Executive Board, as proposed by the Board of Directors.

For the Board of Directors, the compensation package to be paid is composed of fixed monthly compensation (as fees) and post-employment benefits (medical assistance, supplementary pension and group life insurance).

For the Board of Executive Officers, in addition to a fixed monthly compensation and post-employment benefits, the package also includes variable compensation, which is divided into short-term incentive (STI) – for achieving goals within a period of up to 1 year – and long-term incentive (LTI) – for the achievement of goals in a period of 3 years that ensure the perpetuity of the Company.

To learn more about our [Compensation Policy](#)





# Risk Management

GRI 2-12; 2-13; 2-16; 3-3

To manage the risks to which we are exposed, we follow the **Risk Management Policy**, which applies to all subsidiaries of Randon Companies. The document establishes the principles, guidelines, response strategies and responsibilities in the integrated risk management process.

We have the **Risk Management and Compliance** corporate area, responsible for carrying out the management process, whose objective is to identify, assess, treat and monitor all risks inherent to our activities. The Presidency and Executive Committee of Randon Companies are responsible for supporting the application and continuous assessment of the Group's Risk management model.

## Integrated Risk Management Process

### STEP 1

#### Identification

We carry out a risk survey along with the processes to ensure that the risk map is updated. We identified 43 corporate risks.



### STEP 2

#### Assessment and rating

The identified risks are classified and prioritized for treatment according to the level of criticality (impact versus probability) in four categories: strategic risk; operational risk; financial risk and regulatory risk.



### STEP 3

#### Handling

For each identified and assessed risk, a response strategy is defined, which prioritizes guidelines (avoid, accept, mitigate or transfer risks), through action plans coordinated by the Risk Management and Compliance area.

## Risk Categories



### OPERATIONAL RISK

associated with the possibility of losses (of production, assets, customers, revenues) resulting from failures, deficiencies or inadequacy of internal processes, people and systems, as well as external events such as natural disasters, fraud, strikes and terrorist acts.



### FINANCIAL RISK

Associated with market, credit and liquidity risks.

- Market and Government Risks: financial losses due to changes in interest rates, exchange rates, share prices, commodity prices and legislation;
- Credit Risks: possibility of losses due to non-payment of credit granted by financing, issuance of bonds.;
- Liquidity Risks: loss of capital, of financial value of assets.



### STRATEGIC RISK

associated with the organization's strategic decisions to achieve its business objectives and/or arising from the company's lack of ability or ability to protect itself or adapt to changes in the environment.



### REGULATORY RISK

associated with legal or regulatory sanctions, financial or reputational loss that the company may suffer as a result of failure to comply with applicable laws, agreements, regulations, code of conduct and/or internal policies.

## Risk Handling Guidelines



### AVOID

**Discontinuing activities that generate risk.**



### MITIGATE

**Mitigate creating controls or initiatives that minimize a potential exposure to risk.**



### ACCEPT

**Accept the impact/probability of the event and continue operating with the current control.**



### TRANSFER

**Reduce the likelihood or impact of transferring or sharing with third parties.**



# Emerging Risks

We have also identified the main emerging risks, those with the highest degree of importance for the business, such as:

## Cybersecurity and Information Security

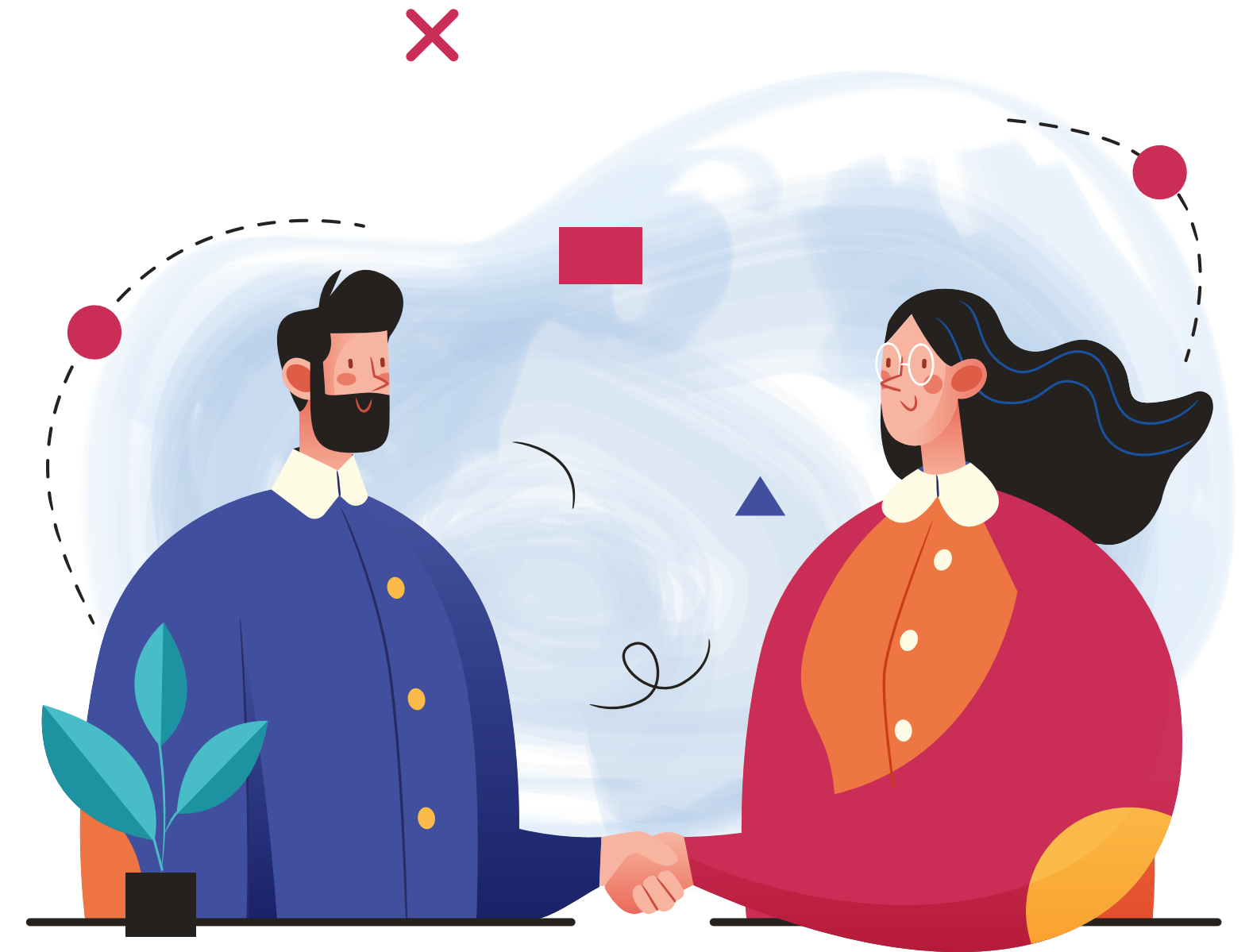
**Impact:** potential cyber threats can cause system downtime, leakage of confidential information, fraud and damage to the Company, including reputational damage.

**Mitigation:** we have a solid cybersecurity and information security Strategy and structure, good practices in compliance with the General Data Protection Law (LGPD) and we continuously promote a culture of security among our employees (learn more on page 89).

## Macroeconomic and political factors

**Impact:** possible changes in macroeconomic and political environments, such as political and economic uncertainty, high currency volatility, consumption pattern and unemployment, may cause raw material prices to rise, weaken local suppliers and make it difficult to sell products in certain countries. markets, causing financial and competitiveness losses.

**Mitigation:** we carry out economic analysis (trends and projections including markets and scenarios); we monitor political and economic movements that may impact the businesses of companies with class entities; and when subjected to crises, whenever necessary, we engage a committee to define action plans in response.





# Ethics

GRI 2-24; 2-25; 3-3

As part of Randon Companies, ethics, transparency, integrity and respect for human rights are key values that govern the way we conduct our business.

To ensure and disseminate an ethical culture that respects human rights, we follow the Randon Companies Integrity Program (Randon ID).

ID Randon guides, disseminates and monitors the principles and values to be observed by all employees, managers and partners in all Group companies.



## Solid commitment

We are signatories of the Ethos Institute's Business Pact for Integrity and Against Corruption, and we assume a public commitment in favor of integrity in the business.

## Guidance

GRI 2-23

In order to align all processes and conducts for the maintenance of an ethical and responsible culture, we have the Code of Ethic Conduct and several policies established by ID Randon that guide the behavior of everyone within the Company.

This year, to continue the evolution of governance, our Code of Ethic Conduct was updated, and our policies were reviewed and approved by the Board of Directors of Randon Companies.

### POLICIES AND MECHANISMS | RANDON ID



### GUIDING POLICIES ON SPECIFIC TOPICS

- Anti-Corruption Policy
- Compliance Policy
- Corporate Purchasing Policy
- Policy of Consequences
- Policy for Hiring Extra-Audit Services
- Controllership Policy
- Finance Extract Policy
- Exchange Risk Management Extract Policy
- Investment Management Policy
- People Management Policy
- Risk Management Policy
- Sponsorship and Donations Policy
- Personal Data Privacy Policy
- Health and Safety and Environment Policy
- Information Security Policy
- Asset Security Policy
- Related Party Transactions Policy

To learn more about the policies, visit [»](#)



Conflict of Interests

GRI 2-15

Issues related to conflict of interest are guided by our **Code of Ethic Conduct** which establishes that the Company's corporate interests must not be neither harmed nor overlapped by the personal interests of its employees and managers.

In the document, we present some conduct that can be interpreted as a conflict of interest, such as kinship relationships, referral of professionals and investment in partnership with partners, guiding how our employees and managers should proceed.

Thus, to ensure that decision-making is based on impartiality and integrity, we advise all employees to inform their leaders of possible conflicts of interest and to renew the report whenever there is a change in their situation. We also advise our managers to report the conflict situation in advance, as well as refrain from making decisions related to the topic.

Dissemination

GRI 2-24; 205-2

To bring people closer to our ethical culture and reinforce the values and principles that guide our business, we disseminated the ID Randon Program in the integration of employees. Everyone receives our Code of Ethic Conduct and is invited to sign an acknowledgment and commitment. The document is also available on our digital channels, so that everyone can access it whenever they need it.

To engage our audiences on the subject, we carry out periodic internal communication campaigns and offer training on Pra.VC, our learning portal. We also promote lectures at events and special days, such as the live held on the International Anti-Corruption Day and the lecture “Ethics and Sustainability” at the Randon Companies Summit.

All new employees hired undergo training on the Code of Ethic Conduct and, whenever the document is revised, they are invited to participate in refresher training. In 2021, members of the Board of Directors, Fiscal Council and leaders participated in recycling training. For the other employees, training is planned for the year 2022.

COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES<sup>9</sup>

Employees	2021	%	2020	%
Trained	4,109	79%	3.658	79%
Communicated	413	8%	1,751	38%
Members of the governance body	2021	100%	2020	%
Trained	8	100%	6	100%
Communicated	8	100%	0	0%

<sup>9</sup> The data include all Fras-le subsidiaries where the Integrity Program is implemented.



## Monitoring

GRI 2-16; 2-26; 205-1

To monitor the effectiveness of the ID Randon, Randon Companies have a monitoring structure, formed by the Ethics Channel, the Ethics and Compliance Committee and the Internal Audit:

### Ethics Channel

We provide the Ethics Channel that receives complaints about cases of suspected violation of our policies and guidelines and/or non-compliance with the legislation of the countries where we operate.

This channel is a communication tool, anonymous (if applicable), managed by an independent and specialized company that guarantees the secrecy and confidentiality of information. The reports received are dealt with in the first instance by the independent company and forwarded to the Risk Management and Compliance area.

For confirmed cases of non-compliance with an ethical conduct, disciplinary measures are applied in accordance with the Consequences Policy of Randon Companies. Action plans are also prepared for specific cases with the aim of correcting them and preventing new occurrences.

### Ethics and Compliance Committees

The Randon Companies Ethic and Compliance Committee is responsible for monitoring the results of the ID Randon Program, evaluating:

- occurrences received by the Ethics Channel and the monitoring of the main incidents;
- results of the due diligence of service providers (learn more on page 49);
- need to review the Corporate Policies and the Ethic Code of Conduct;
- advances in communication campaigns and ethics and Compliance training.

ETHICS CHANNEL	
<ul style="list-style-type: none"> <li>• <a href="http://www.canaldeetica.com.br/empresasrandon">www.canaldeetica.com.br/empresasrandon</a></li> <li>• Brazil: 0800-777-0768</li> <li>• USA: 1-800-245-8549</li> <li>• <a href="mailto:compliance@empresasrandon.com.br">compliance@empresasrandon.com.br</a></li> <li>• Intranet   Ethics and Compliance Portal</li> </ul>	





## Internal Audit

GRI 205-3

Internal Audit is the area responsible for the independent and systematic evaluation of all processes and units of Randon Companies, with the objective of verifying whether they are in compliance with current legislation and with internal policies and procedures, including evaluating the effectiveness of Internal controls.

To define the processes and units to be evaluated, the following aspects are considered: the criticality of the risks of the corporate matrix, the strategic guidelines, the relevance and materiality of the process and the unit. The corporate risk matrix includes the assessment of corruption risks and this assessment is reflected in the Regulatory Risk category.

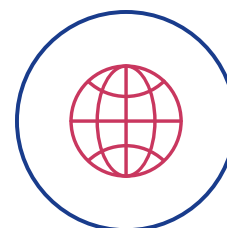
If reports or allegations of corruption are identified in the Group's Ethics Channel, Internal Audit also supports the Compliance area in the investigation of reports, contributing to risk analysis and anti-corruption management. In 2021, there were no reports, complaints or cases of corruption involving Fras-le.

### Learn about four of our priority risks that could be related to corruption:



**REGULATORY COMPLIANCE RISK:** insufficiency or loss of institutional capacity to manage the regulatory complex, difficulty in identifying activities such as fraud, money laundering, sanctions violations, market abuse, bribery, corruption, and tax evasion.

**Risk criticality level:** Significant.



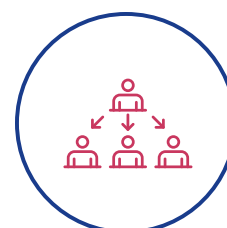
**ENVIRONMENTAL RISK:** non-compliance with local and international environmental regulations, difficulty in identifying activities such as bribery and corruption.

**Risk criticality level:** Significant.



**ETHICAL CONDUCT RISK:** possibility of employees' acts outside the ethical standards established and accepted by the Company.

**Risk criticality level:** Significant.



**THIRD PARTY AND PARTNER MANAGEMENT RISK:** failures in the relationship with suppliers/service providers/franchisees, which may cause legal risk resulting from sanctions by regulators and compensation for damages resulting from the violation of current legislation.

**Risk criticality level:** Significant.



# ESG ambition

GRI 2-22; 3-1; 3-2

We are committed to the sustainable development of our business. Our actions are guided by the fundamental principle that governs our entire management: to be an environmentally correct, socially fair and an economically viable company.

In order to continue advancing in our management for sustainability, in 2021, together with Randon Companies, we revised the strategy and launched the **ESG ambition**, which defines the strategic pillars, commitments and goals to promote the sustainability of the business.

ESG ambition was created from an in-depth study of ESG best practices, from the perspective of investors (main ESG Indices in the capital market), the main frameworks (GRI, SASB and SDGs), best market practices (considering our peers in the sector worldwide) and the Company's Operational Strategy. It identifies 13 topics, which were grouped into five interconnected strategic pillars, representing the most relevant topics for our generation of value in the coming years.

We believe that the future is not a frontier: it is an opportunity to build the new.

A new better even because it is more responsible, efficient and prosperous for everyone.

Our sustainability strategy connects to this construction the search for safe and sustainable solutions and value- generating relationship.





# Public Commitments

Next, we present our public commitments assumed by the Randon Companies, through the ESG Ambition, and that Fras-le and its subsidiaries contribute together with the other companies of the Group.



## PROSPERITY FOR ALL

Double the number of **women** in leadership roles by 2025 (base-year 2020).

### Performance in 2021:

15% of women in leadership positions<sup>1</sup>

<sup>1</sup> The functional categories considered in the goal are Leadership, Coordination, Management and Board of Directors. The goal is applied only to Brazilian companies.

## EXCELLENCE AND SAFETY AS A VALUE

**Zero** serious accidents in our operations.

### Performance in 2021:

Serious injury rate of 0.4 (vs. 0.2 in 2020)

## SUSTAINABLE INNOVATION

Increase annual consolidated net revenue generated by **new products**, compared to base-year 2020.

### Performance in 2021:

29.8 MI invested in RD&I  
45.9% of the revenue comes from new products launches.

## COMMITMENT TO THE ENVIRONMENT

**Reduce by 40%** the emission of greenhouse gases (scope 1 and 2) by 2030, compared to base-year 2020.  
**Zero** waste disposal in industrial landfills and the release of treated effluents, reaching 100% reuse until 2025, compared to base-year 2020.

### Performance in 2021:

- » Emissions intensity of 5.2 kgCO<sub>2</sub>e/hour worked
- » 41.9% of water reuse
- » 17% of residue disposed of in industrial landfill.

Learn more about **our performance** in the five strategic pillars in the next chapters!



# Global commitments and partnerships

GRI 2-28

We are signatories of commitments aimed at promoting sustainability in business and we actively participate in the discussion and proposition of public policies that contribute to the development of the transport sector in Brazil. Moreover, we are members of industry associations that contribute to the development of our business, as follows:

## SUSTAINABILITY



This year, together with Randon Companies, we became signatories of the Global Compact, a United Nations (UN) initiative that aims to mobilize the business community to align their business strategies with the 10 universal principles that reflect fundamental values in the areas of human rights, labor relations, environment and anti-corruption.



We are also signatories of the Ethos Institute's Business Pact for Integrity and Against Corruption, whose objective is to promote a more honest and ethical market, and to eradicate bribery and corruption. Since 2019, we have made a public commitment to integrity in the business environment.

## SECTORS

- **Brazilian Agency for Industrial Development (ABDI)**
- **Brazilian Association of Technical Standards (ABNT)**
- **Association of Capital Market Analysts and Professionals (Apimec)**
- **National Association of Auto Parts Distributors (Andap)**
- **Chamber of Industry, Commerce and Services of Caxias do South (CIC Caxias)**
- **Center of Business Excellence (Cenex)**
- **National Confederation of Industry (CNI)**
- **Federation of Industries of Rio Grande do South (Fiergs)**
- **Heavy Duty Manufacturers Association (HDMA)**
- **Institute of Automotive Quality (IQA)**
- **SAE Brazil**
- **Union of Metallurgical Industries (Simecs)**
- **National Union of Automotive Components Industry (Sindipeças)**



# 04

## PROSPERITY FOR ALL

### RELATED SDGS



### RELATED CAPITALS



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





# Our People

GRI 2-29; GRI 3-3

Our purpose as a Company is to connect people and wealth, generating prosperity. Thereby, we are guided by one of our key principles: valued and respected people.

We are clear that each of our more than 5,000 employees is a fundamental part of our success and, therefore, our goal is to keep people at the center of everything we do.

Our people management is guided by the **People Management Policy** of Randon Companies, which seeks to value people in order to develop and consolidate business management in a solid and strategic manner.

Check our people profile by gender, age group, regional distribution, turnover and new hires in the **Disclosures Annex**.

## Employer Brand

To attract new talents, we have a digital platform that uses artificial intelligence. Thus, we are able to attract people aligned with our values and skills, ensuring greater assertiveness in hiring.

### Disclosure

We advertise all our openings in the **Careers Pages** > (Gupy) of Randon Companies, as well as on sources of talent attraction on our digital media: > Facebook, > LinkedIn, > Instagram and > Work with us.

### Talent attraction

Our Recruitment & Selection area maintains proximity to regional academic institutions, close to the business units, forwarding all available internship opportunities and/or with high adherence to the training offered.

In 2021, we started the **Employer Branding**, project in order to attract and retain talents that are aligned with our way of being and that help us overcome future challenges, sharing our purpose as a Company. We also participate in actions at universities (undergraduate, graduate, MBA and job fairs), where we advertise our vacancies and channels.

Our Research and Development Center maintains partnerships with several Science and Technology Institutes (ICT) to finance research grants, as a way of bringing academics closer to the demands of the industry. We maintain a partnership with the FIERGS system (through the IEL-RS), for the selection of research and innovation scholarship holders.

In 2021, we hired 1.613 new employees as part of our business expansion strategy. In addition, we have an internal corporate talent transfer program that allows us to retain more and more professionals through internal transfers between the Group companies.

### Integration

After being hired, candidates participate in online corporate integration, where they get in touch with our organizational culture (Our Way of Being and Doing, Our Competencies and the Code of Ethics).

Subsequently, face-to-face integration is carried out, so that candidates get to know the workplace and are welcomed by their colleagues, in addition to receiving specific guidance on the activities they will perform (safety training, on-the-job training and other related activities).



## Benefits

GRI 401-2

We offer competitive compensation and a robust benefits package, which includes: health and dental insurance, life insurance, funeral assistance, maternity assistance, day care assistance, transportation assistance, seniority premium, credit facilities and RandonPrev (Social Security Fund that makes it possible to form a savings account for retirement).

Our website has a restaurant – which offers nutritious and healthy food – a library, country headquarters, party rooms, gym, bank and insurance brokerage. For those who work in units without their own restaurant, we offer food assistance. In addition, the employee association coordinates sports activities, encouraging habits that contribute to quality of life.

## Novos Caminhos (“New Paths”) Program

Our career management includes the recognition of the legacy of people in the organization and provides the opportunity for the Career Transition Journey for all professional positions in the structure, encouraging the longevity of careers with vision and performance for new challenges.

## Culture and engagement

### Our way of being and doing

 <p><b>WE ARE PART OF THE DIGITAL TRANSFORMATION</b></p> <p>We have innovation cells with people from different areas and backgrounds to drive digital transformation for the entire Company.</p>	 <p><b>WE VALUE DIVERSITY</b></p> <p>We understand that a Company is only ready for the challenges of the future if it is diverse and respects differences.</p>	 <p><b>WE GIVE AUTONOMY TO GROW</b></p> <p>At Randon Companies, everyone owns their own career. We provide support and autonomy so that everyone can plan their growth.</p>	 <p><b>WE COLLABORATE IN ALL PROCESSES</b></p> <p>We only got here because we collaborate and work together to connect more and more people and riches.</p>
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## Sustentar (“Sustaining”)

At Fras-le, we support cultural and behavioral changes, helping to achieve the Company's vision of sustainability.

With the **Sustentar Program**, we unfold the guidelines of our Strategic Planning for our employees and service providers, focusing on the pillars of Safety, Quality and Productivity (SQP), through awareness and engagement actions, such as the 3<sup>rd</sup> edition of Dia (“Day”) S, an event to reinforce the culture of prevention and excellence in health and safety (learn more on page 82).

Learn more about our care for the health, safety and well-being of our employees in the **Excellence and Safety as a Value** chapter, on page 79.



## Culture focused on innovation

We seek to promote a culture strongly oriented towards digital, agile and cultural transformation within our business, engaging people from different areas to implement innovation projects, not only in products (where we already have a robust process), but in all areas and processes of the company.

The **<ar> Movement**, created to support the Strategy of digital, agile and cultural transformation, works on five fronts in order to connect our business units to the internal and external innovation ecosystem of Randon Companies:

### BUSINESS UNITS



### MOVEMENT



### INNOVATION ECOSYSTEM



Thus, for each business unit we have a different transformation journey, customized with projects and development paths aligned with the needs and strategies of each segment.

To drive this movement, we have 80 transformation agents, employees from different areas of the Company with different technical knowledge and skills who, together, form a multidisciplinary team that works to find innovative solutions that add value to the business and customers.

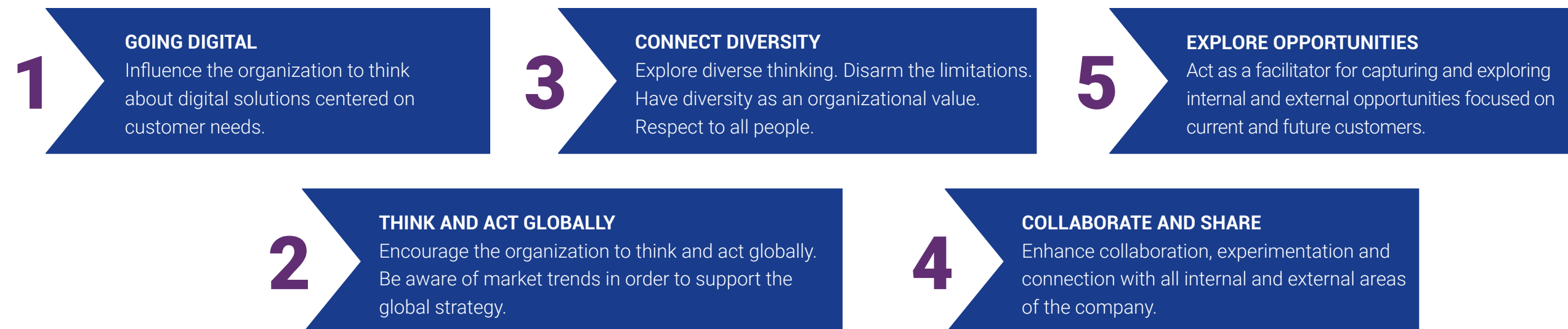
Find out more about how we encourage innovation, intrapreneurship and collaborative work in the **Sustainable Innovation**, chapter on page 55.

## New work models

In order to reinforce autonomy, flexibility and trust within the Company and enable connections that encourage creativity, experimentation and collaboration, we have adopted new work models, such as co-workings, innovation hubs, remote work and teleworking.

At Fras-le, we have adopted the hybrid **remote work** practice, which allows work to be carried out both in our physical premises, in person, and outside them, remotely. In addition, in some areas we have implemented the practice of **teleworking**, carried out entirely externally, using

## THE 5 PILLARS OF ACTION FOR CULTURAL TRANSFORMATION:





technological resources and waiving the need to control working hours. In 2021, around 145 employees performed their activities in the remote working or teleworking modalities.

We also work in **co-workings**, a physical space for collaborative work that encourages the exchange of experiences between employees from different businesses and (or) companies, and in **innovation hubs**, physical and virtual spaces where entrepreneurs from different ecosystems meet to create connections, exchange experiences and generate and speed up new business (learn more on page 66).



## Development

GRI 404-2

We encourage the search for self-development, to anticipate and react in the face of a competitive market environment, and we guide our employees to take the lead in their careers, planning and defining goals and objectives aimed at improvement and growth.

### Corporate Education

GRI 404-1; 404-2

A learning culture is essential. For this reason, we have a corporate education model guided by policies that include training in competence, awareness and training that range from the requirements of the profile of each position to specific demands resulting from performance evaluations.

See also the average hours of training, by employee category, in the **Disclosures Annex**.

- **Quality:** training so that our employees know the best quality practices and are able to meet the requirements of certifications, standards and our customers.
- **Safety:** continuous training, so that employees know and keep up-to-date on the actions necessary to ensure safety at work, sustaining a preventionist culture to avoid accidents and risks (learn more on page 80).
- **Languages:** as an international company, we offer an online platform that provides training in 24 languages in an interactive way.
- **Training young talents:** we invest in training young talents through the Qualificar Program, our Young Apprentice project, developed at the Randon/SENAI Vocational Education Center. In partnership with RTS Industry, robotization and industrial automation became part of the curriculum of the Program, supporting the training of professionals with skills for the future.
- **Pra.VC:** online learning portal that encourages autonomy and leading role in the personal and professional development of employees, offering quality content in courses and learning journeys.



## Leadership Development

GRI 404-2

We continue to develop, implement and evaluate initiatives that help our leaders succeed in their roles and provide development opportunities for their teams. Therefore, we have **Leadership in Movement**, our formal management development program, which seeks to strengthen organizational skills, promote professional development, career advancement, engagement and team building:

- **Coaching and mentoring:** programs that support and accelerate the development of organizational skills and increase the performance of leaders.
- **Benchmarking visits:** our managers visit other domestic and foreign organizations to learn and exchange experiences.
- **Behavioral development:** we have a partnership with the institution CENEX, which offers solutions for learning, training and behavioral development of leaders.
- **Technical development:** we offer trails and technical training on topics relevant to leaders.

In addition to development programs, we take care to keep our leaders engaged and aligned with business strategies. That is why we held the **Leadership Meeting**, together with Randon Companies, an annual meeting of leaders to reflect on the future of our business.

In 2021, the event's theme was #StrategicVision, highlighting the launch of ESG Ambition and Strategic Ambition 2021-2025. Once again, due to the Covid-19 pandemic, the event was held in virtual format.

### Succession

To ensure a pipeline of talent and leadership necessary for the continuity of the business, we carry out assessments to identify, among our professionals, those with the potential to play new positions, in positions such as Board of Directors, Management and Coordination. We assess the readiness level of each one and indicate the strengths and gaps to be developed, in an Individual Development Plan (IDP).



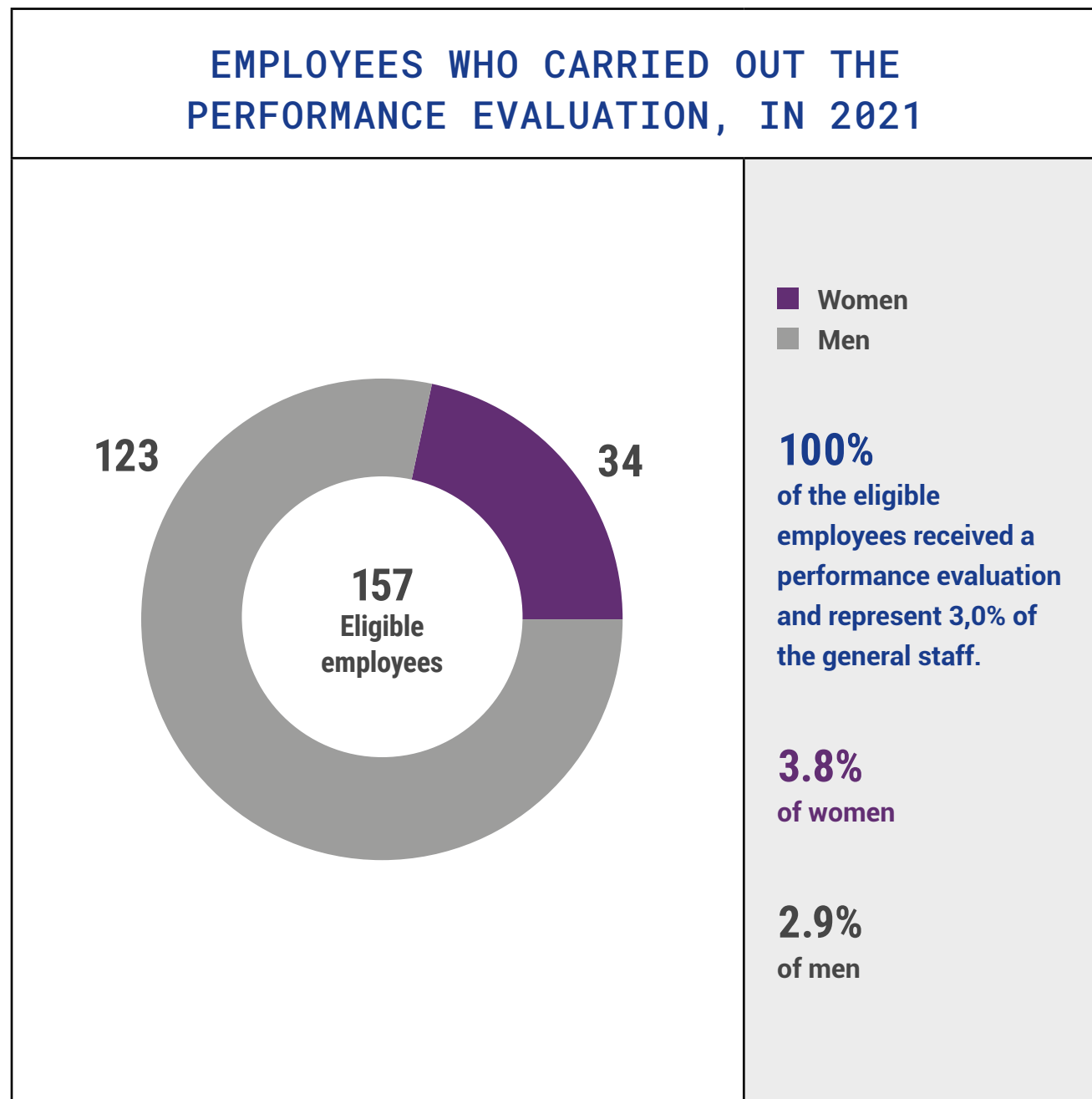


## Performance evaluation

GRI 404-3

Our performance management combines formal and informal processes and practices in order to prepare our employees and leaders to achieve our business growth objectives. It is structured according to different functional levels:

- **Directors:** undergo 360° evaluations, which include the peers of the person being evaluated in the composition of their evaluation.
- **Managers and Coordination:** undergo a 270° assessment, with self-assessment, manager assessment and subordinate assessment.
- **Administrative employees:** undergo a formal assessment, based on organizational competences, in addition to self-assessment and feedback with the manager, to analyze their performance, as well as opportunities for improvement, and draw up a development plan.
- **Other employees:** receive feedback from the manager in order to align expectations and discuss development opportunities.





# Diversity and Inclusion

GRI 406-1

As a global company, diversity and multiculturalism are at the heart of our business. We are a company formed by different nationalities, as we are present in more than 120 countries, spread over four continents.

Our Diversity Strategy is corporate and was built from a diagnostic study, together with Randon Companies, which identified

the main challenges for the promotion of diversity and inclusion.

We have established solid goals and commitments to further stimulate a culture of equality and respect for diversity in all countries where we operate. To achieve this objective, we have a working group formed by the areas of People and Culture, the Shared Solutions Center, and Compliance and Ethic, which operates in the management of diversity on three fronts:

OUR PERFORMANCE IN DIVERSITY MANAGEMENT IS CARRIED OUT ON THREE FRONTS:		
DIVERSITY	INCLUSION	EQUALITY
<ul style="list-style-type: none"><li>• Awareness;</li><li>• Sensitization;</li><li>• Education;</li><li>• Dissemination;</li><li>• Unconscious biases.</li></ul>	<div>+</div> <ul style="list-style-type: none"><li>• Committees and affinity groups;</li><li>• Plural multipliers;</li><li>• Diagnostic surveys;</li><li>• Minorities Journey;</li><li>• Communication actions.</li></ul>	<div>+</div> <ul style="list-style-type: none"><li>• Valued and respected people;</li><li>• Channel and Code of Ethics;</li><li>• Review of policies and processes;</li><li>• Brand and Reputation.</li></ul>
Focus: INDIVIDUAL	Focus: RELATION	Focus: ORGANIZATION

We are based on the look of diversity, from the multiple identities represented within the organization itself, focusing on gender, ethnic-racial, sexual orientation, generational orientation and people with disabilities (PwD):

- **Gender Equit:** promote female empowerment and gender equity; double the number of women in leadership by 2025; promote the development of female talent; raise awareness about motherhood and career; raise awareness and dialogue about gender violence.
- **Ethnic-Racial Equit:** promote awareness about racial and ethnic issues.
- **Respect for LGBTQIA+ Rights:** generate awareness, respect, and sensitization on the theme; disseminate the culture of authenticity.
- **Inclusion of People with Disabilities:** deepen the understanding regarding the adequacy of resources for this group; reduce development barriers; ensure quota percentage according to the legislation.
- **Age Diversity (Generations):** raise awareness on the subject; promote digital literacy; structure the internship program; update the Career Transition program.



Find out below the main initiatives developed in 2021 to advance this agenda:

**Education and communication:** aims to promote actions to disseminate information, raise awareness to deconstruct prejudices and bring different people together within the teams, through the ***Diversity Tour*** (internal conversation circles to encourage exchange on the subject with the teams) and the **Plural Journey** (program with courses and web seminars aimed at training our leadership) in which 80% of the Company's leadership participated. We also launched, throughout the year, campaigns and communication materials on commemorative dates and in awareness-raising agendas for rights aimed at minority groups, such as the diversity e-book and booklets for pregnant women and people with disabilities.

**Policies and instruments:** we create tools to transform our corporate policies and processes into more inclusive models. As a highlight, we had the review of the Randon Companies' Code of Ethic Conduct, which highlights our commitment to diversity and inclusion. In addition, we are reformulating our communication policies, integration practices, recruitment and selection policies and immigrant-oriented days to expand and implement our diversity policy. Despite our efforts, in 2021 we registered

a case of discrimination on our Ethics Channel. The corrective measure taken in relation to the case was the disciplinary suspension.

**Women's Mentorship Program:** to promote gender equity within the Company and leverage the career development of women, we created a mentoring program in order to increase the representation of this group in leadership positions. With the participation of eight women from different hierarchical levels, four of whom were mentors, we promoted a process of learning and exchanging experiences that seeks to prepare them for the challenges of the business in new positions.

**Breastfeeding space:** to support women returning from maternity leave, we created a breastfeeding space that offers a welcoming environment for mothers. With the initiative, we seek to help women return to work and contribute to maintaining the bond between mothers and their children during this very important period.

**Sign Language Journey:** to promote the inclusion of people with disabilities, contributing to inclusive communication and accessibility, we created Jornada de Libras, an introductory course for all employees interested in learning the Brazilian Sign Language.

**Strong culture:** we have the Global Human Resources Project, which aims to connect our corporate culture to the Company's various units around the world, always respecting the plurality and particularities of the places where we operate.

**Culture of innovation:** we know that, to innovate, it is necessary to think differently and be open to new possibilities and to the many challenges. Therefore, we seek to value and encourage the plurality of ideas in all areas of our business.



# Value relationships

GRI 3-3

## Customers

GRI 2-29

We work with absolute focus on the customer.

We maintain a close relationship in order to understand your needs and effectively propose innovative solutions. We also involve our customers in various activities related to our business, such as R&D projects, training, events and research, keeping them always engaged and in continuous contact with our team.

### Listening

In order to be closer to customers and collect information about their demands, we participate in the main fairs in the sector, carry out technical and commercial visits, offer training (learn more in **Training**) and collaborate in events, where we share information and news about our products.

### Customer service

We provide customer service channels through the toll-free (0800) telephone number, social networks (WhatsApp, Facebook, Instagram and LinkedIn) and the Contact Us channel, available on our institutional website.

### Training

We provide face-to-face training for automakers, distributors, transport companies, auto repair shops, dealerships and their audiences (sales and technical staff, owner, mechanic etc.) to guide them on the proper use of our products.



In 2021, there were over 6,000 hours of training

Moreover, on our **YouTube** page, we provide technical videos with guidance on our products. Since 2020, we also have **“De Olho na Estrada”**, our content, tips and information channel with more than 10 episodes available for our customers who, like us, live on the road (learn more here! [➤](#)).

### Satisfaction

Every two years, we carry out a satisfaction survey with our customers. In 2017/2018 and 2019/2020, the survey evaluated customer satisfaction for the Fras-le, Lonaflex, Controil and Fremax brands, both in the domestic market (Brazil) and in the foreign market (export) in relation to products, customer service marketing, brand perception, quality and distribution. Each item could be rated on four levels: very dissatisfied, dissatisfied, satisfied, and very satisfied.

For the 2020/2021 edition, we changed the survey methodology to adopt the **Net Promoter Score (NPS)**, one of the main ways to measure consumer satisfaction around the world.

With the new methodology, customers rate each of our brands based on two questions: “On a scale of 0 to 10, how satisfied are you with our brand?” and an open question that asks them to describe the reason for the chosen grade. Thus, the result of the NPS survey is a score that results from the calculation of the % of promoting customers minus the % of detracting



customers; being that the promoting customers are those who give scores from 9 to 10 and the detractors are those who evaluate with scores from 0 to 6.

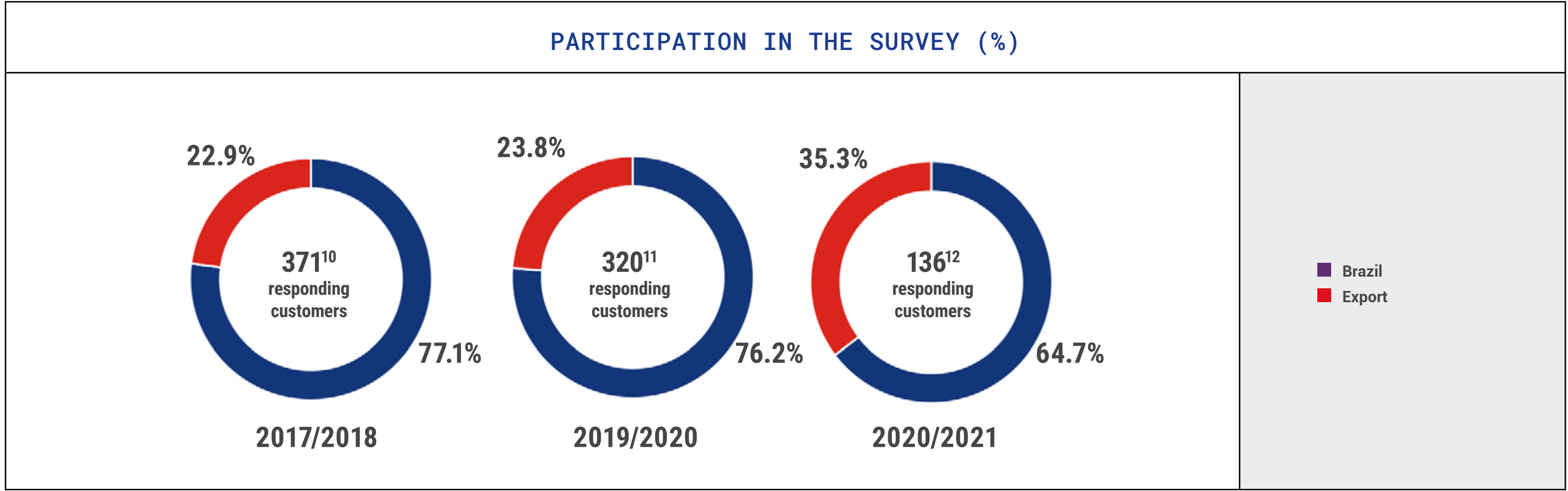
In 2020/2021, 88 companies participated in the survey (104 valid responses) from the Brazilian market, and we recorded a reliability index of 95% with a margin of error of 9%. In the export market, we had the participation of 48 companies (53 valid answers), and we recorded a reliability index of 95% with a margin of error of 13%.

According to absolute NPS, Fras-le, Lonaflex and Fremax companies – for the Brazilian market – were classified in the quality zone, as they achieved a score above 50. Controil was classified in the improvement zone, as it recorded an NPS score of 24.

In the export market, Fras-le is in the quality zone, with 50 points, while Lonaflex and Fremax are in the improvement zone, with 0 and 15, respectively. Controil stayed in the critical zone recording -10.

SATISFACTION INDEX			
Brazilian market – % satisfied and very satisfied 2020/2021: NPS score			
	2017/2018	2019/2020	2020/2021
	95.4%	93%	67
	94.9%	90%	66
	91.2%	90%	24
	–13	94%	56

SATISFACTION INDEX			
Export Market – % satisfied and very satisfied 2020/2021: NPS score			
	2017/2018	2019/2020	2020/2021
	88%	93%	50
	83%	100%	0
	64%	75%	-10
	–13	100% <sup>14</sup>	15



<sup>10</sup> Audience consulted| Brazil: 35% Auto Parts Distributors; 17% Automakers; 48% Other. | Exports: 55% Auto Parts Distributors; 7% Automakers; 38% Other (miscellaneous).  
<sup>11</sup> Audience consulted | Brazil: 38% Auto Parts Distributors; 18% Auto Parts Stores, 12% Automakers; 32% Other (miscellaneous). | Exports: 52% auto parts distributors; 48% other (miscellaneous).  
<sup>12</sup> Audience consulted| Brazil: 77% Auto Parts Distributors and 23% Automakers. | Exports: 81% Auto Parts Distributors and 19% Automakers.

<sup>13</sup> Fremax was only acquired by Fras-le in 2018, so there is no data for this period.  
<sup>14</sup> In the 2019/2020 edition, the survey with Fremax was done separately. Five auto parts distribution companies participated, with a reliability index of 95% and a margin of error of 1%.

**NOTE:** The result in red of the last survey differs from previous years due to the methodological change, as mentioned above. In addition, the results also reflect the challenges caused by the pandemic (2020-2021) that affected demand, delivery and service to our customers.



BRAZILIAN MARKET			
% satisfied and very satisfied			
	2016	2018	2020
<b>NAKATA®</b>	86.5% <sup>15</sup>	86.3% <sup>16</sup>	89.8 <sup>17</sup>

<sup>15</sup> Audience consulted| 2016: 141 respondents, representing 67.8% of distributors.

<sup>16</sup> Audience consulted| 2018: 231 respondents, representing 69.6% of distributors.

<sup>17</sup> Audience consulted| 2020: 305 respondents, representing 75.2% of distributors.

**NOTE:** Nakata was acquired by Fras-le in 2020. The company conducts its customer satisfaction survey independently. The public consulted consists only of auto parts distributors in the domestic market (Brazil). The methodology used consists of qualitative interviews and application of a questionnaire to collect quantitative data.

BRAZILIAN MARKET		
% satisfied and very satisfied		
2021	<b>JURID®</b>	<b>FERODO</b>
	84.62%	76.93%

**NOTE:** The customer satisfaction survey of the Jurid and Ferodo brands was carried out for the first time in 2021. 250 distribution companies in Brazil were consulted, with a reliability index of 95% and a margin of error equivalent to 25%.

## New functionality in Auto Experts

Auto Experts is our digital catalog that brings together products from the Fras-le, Lonaflex, Controil and Fremax brands. Soon, Nakata products will also be incorporated. The platform facilitates and speeds up the search and identification of products by our distributors, retailers, mechanics and end consumers.

By optimizing navigation, the new functionality allows customers to locate products simply by informing the vehicle's license plate. The "Search by License Plate" works as follows: the user enters the numbers and letters of the car's license plate and is able to view all related products, available in the catalog, for the specific vehicle.

All vehicles licensed in Brazil with old or new plates, including Mercosur model plates, can carry out the search, according to the availability of information in the catalog update base.

In addition to searching by license plate, the tool makes it possible to search by vehicle type, year, version, product line or manufacturer, and presents all the options for automotive parts available in each of the company's brands. Navigation is friendly and responsive to users, regardless of access via computer or mobile devices. The catalog can be accessed at: ➤





Suppliers

Profile

GRI 2-6; 2-29



2,702

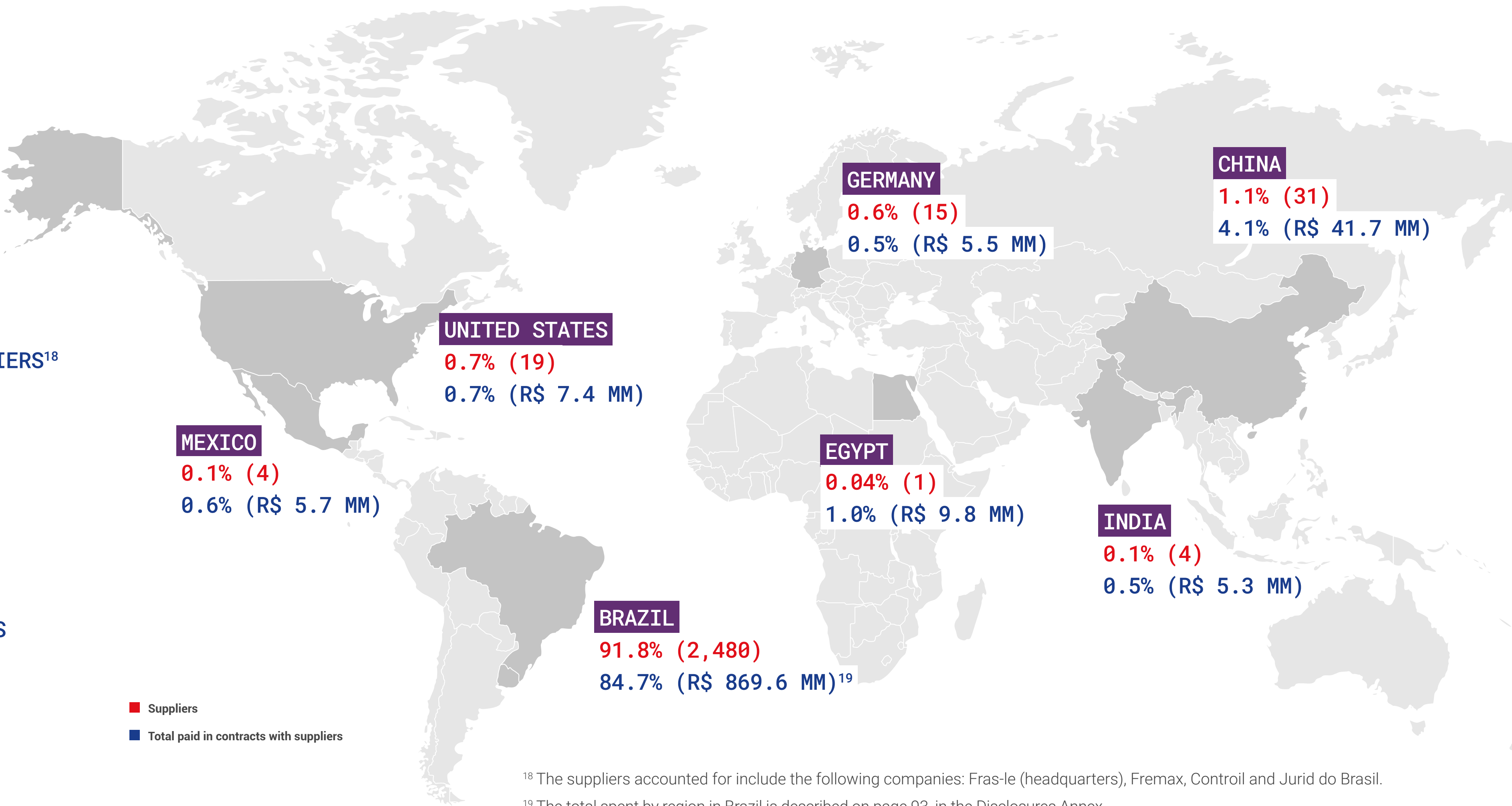
NATIONAL AND INTERNATIONAL SUPPLIERS<sup>18</sup>



R\$1.0 billion

SPENT ON CONTRACTS WITH SUPPLIERS

SEVEN COUNTRIES WITH THE HIGHEST SPENDING ON SUPPLIERS



<sup>18</sup> The suppliers accounted for include the following companies: Fras-le (headquarters), Fremax, Controil and Jurid do Brasil.

<sup>19</sup> The total spent by region in Brazil is described on page 93, in the Disclosures Annex.



Policies




GRI 2-23; 308-1

To establish value relationships with our suppliers, we seek to share our principles and promote good management and sustainability practices, which reinforce values such as ethical and responsible behavior.

Our relationship is guided by the Randon Companies Integrity Program—which comprises the Ethic Code of Conduct, the Ethics Channel, the Anti-Corruption Policy and the Transaction Policy with Related Parties—and by specific policies, such as the Purchasing Policy and the Manual of Supplier Requirements.

The **Supplier Requirements Manual** establishes the system for selecting, evaluating and monitoring direct suppliers, in relation to quality, logistics, after-sales, commercial, environmental, occupational health and safety issues, in addition to social responsibility. The document applies to all units under the scope of the Corporate Purchasing area.

AUDITABLE REQUIREMENTS FOR SUPPLIERS,  
FORESEEN IN THE MANUAL

 Social Responsibility	<ul style="list-style-type: none"><li>• No incidents of child labor and forced or compulsory labor;</li><li>• Corporate Health and Safety Policy (ensuring a safe and healthy work environment, as well as measures to prevent accidents and harm to the employees' health);</li><li>• Freedom of association to unions and the right to collective bargaining;</li><li>• Do not allow discrimination practices;</li><li>• No use of disciplinary practices (corporal or mental punishment or physical coercion and verbal abuse);</li><li>• Working hours defined in accordance with current legislation;</li><li>• Fair compensation;</li><li>• Not to be included in the "dirty list" of slave labor that includes the names of employers flagged by federal government inspections;</li><li>• Corporate anti-corruption, ethics and organizational governance policy.</li></ul>
 Environment	<ul style="list-style-type: none"><li>• Corporate environmental management policy;</li><li>• Hold an environmental license;</li><li>• Environmental Management System and permanent updates according to the requirements of ISO 14001;</li><li>• Waste management;</li><li>• Noise/vibration management;</li><li>• Monitoring, reduction and optimization of natural resource consumption;</li><li>• Management of environmental liabilities;</li><li>• Environmental risk management;</li><li>• Constant monitoring, registration, and continuous improvement of the environmental management system</li></ul>
 Occupational Health and Safety (OHS)	<ul style="list-style-type: none"><li>• OHS Management System and permanent updates according to the requirements of the ISO 45001 standard;</li><li>• Corporate OHS Policy committed to ensuring safe and healthy working conditions for the prevention of work-related health hazards, appropriate to the purpose, size and context of the company and the specific nature of its risks and opportunities;</li><li>• Top Management shall ensure that this policy reaches all levels of the company;</li><li>• The Organization shall establish, implement and maintain processes for monitoring OHS management.</li></ul>

Selection

GRI 308-1; 414-1

We advise our corporate purchasing department to consider, when choosing a supplier, a series of factors that include economic-financial, commercial, quality and safety aspects of the products and services offered, as well as socio-environmental aspects.

For environmental aspects, we require 100% of the suppliers of materials and services applied in our products, about 320 companies that are related to the production process, to have a valid environmental license, with the state or municipality, and to manage and control the impacts generated by its activities, in order to comply with the environmental policy.

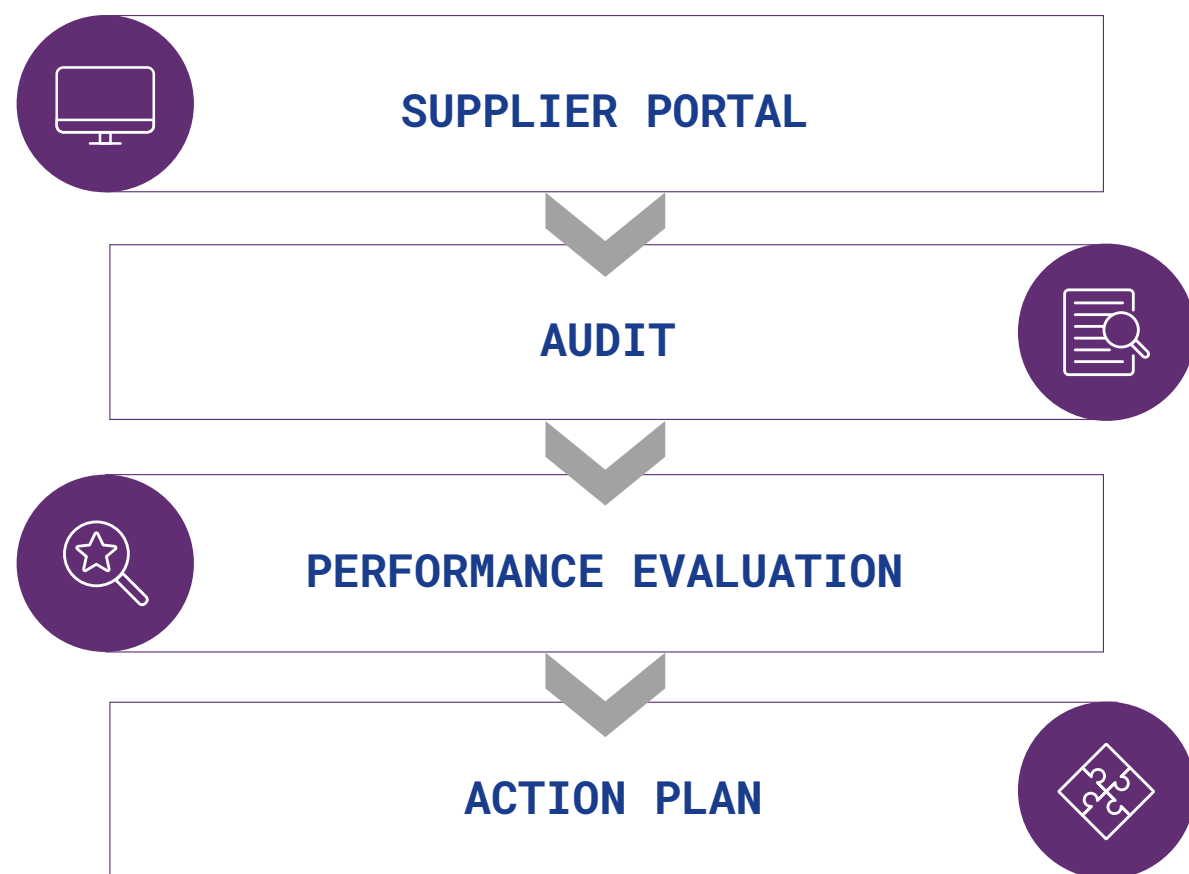
For aspects of occupational health and safety (OHS), we verified the existence of a hazard and risk assessment system in the activities and processes of the companies and measures to control and prevent accidents and health risks. We also verify that 100% of the suppliers of materials and services used in our products comply with legislation, establish objectives and goals related to SSO and if they have procedures for implementing and monitoring corrective and preventive actions.

Therefore, to be incorporated as partners, they must meet all these requirements, as well as accept and commit to comply with all guidelines presented in our policies, manuals and programs.

### Monitoring

GRI 308-2; 408-1; 409-1; 414-2

To promote a sustainable supply chain and ensure the compliance of all our suppliers, we continuously monitor all the aforementioned aspects, both in the selection process and throughout the supply period. Ongoing supplier monitoring follows the process described below:



### Supplier Portal

Platform where we maintain direct contact with all suppliers who are interested in negotiating with the Company, as well as with those who are already partners.

Through it, it is possible to send the documents required for selection, as well as monitor the performance of companies that are already approved. It is also where we make our policies, manuals and Letter of Goals available, composing an important knowledge base and data management tools about our chain.

### Audit

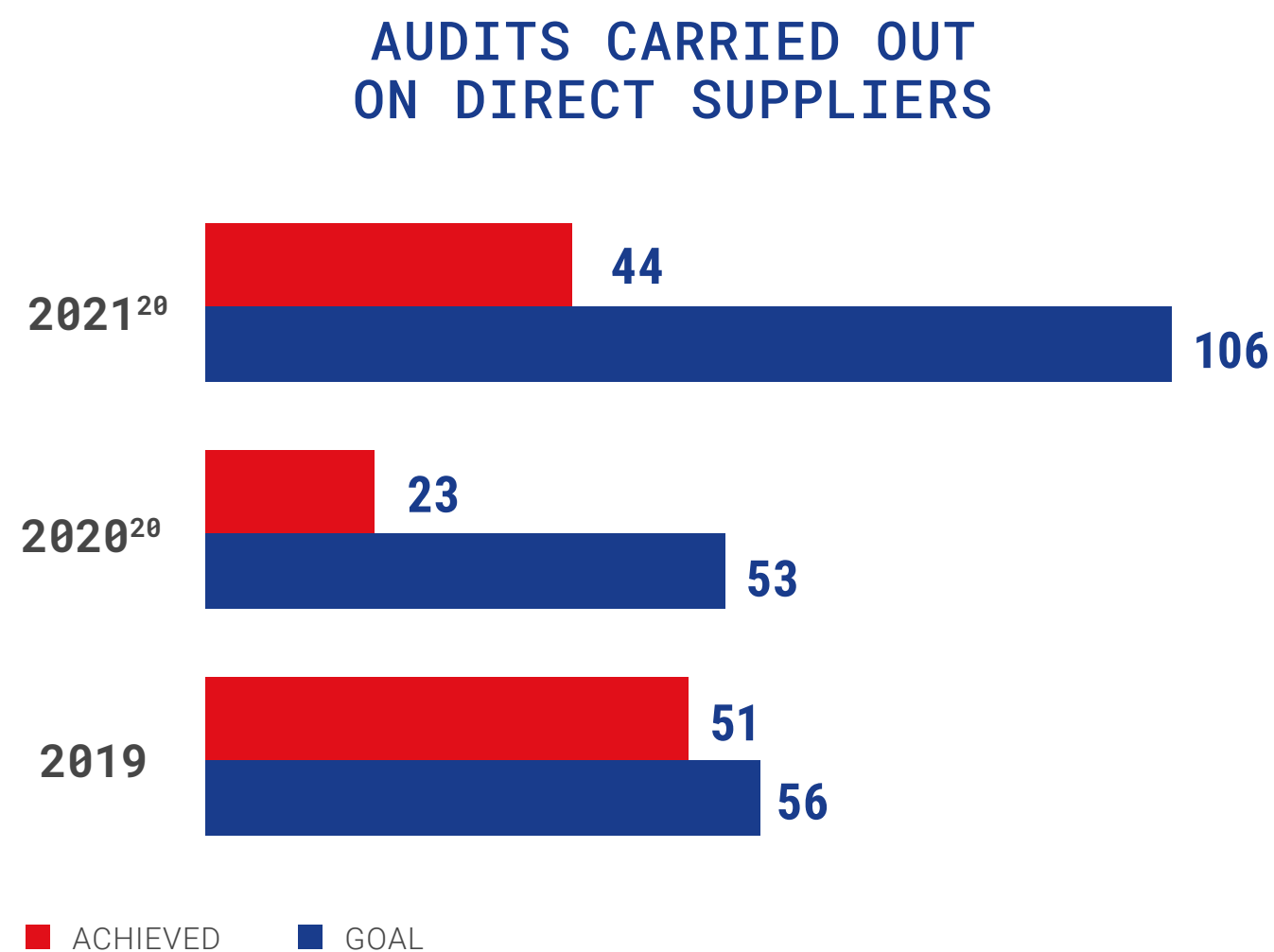
All direct suppliers of materials and services applied to our products are audited at the time of contracting. In order to proceed with the relationship, they must reach a minimum adherence of 80% in the evaluated practices.

Audits are also carried out to monitor the approved companies, the calendar being defined according to the criticality of the items and the performance evaluated in previous audits.

Among the requirements evaluated are also those described in the ISO 14001 (Environmental Management System), ISO 45001 (Occupational Health

and Safety Management System) and SA 8000 (Social Responsibility) standards. Audits are carried out by a specialized team based in Brazil, India and China.

In 2021, 44 direct suppliers were audited, and no socio-environmental nonconformities were identified. In addition, there were no occurrences of child and forced or slave-like labor at the suppliers evaluated in our audits.



<sup>20</sup> In 2020 and 2021, we recorded a significant reduction in the number of audits carried out due to the restrictions caused by the covid-19 pandemic. Companies considered: Fras-le Caxias, Controil, Fremax and Jurid do Brasil.



## Performance evaluation

We evaluate the performance of suppliers on a monthly basis, both for the current month and for the last moving quarter. In this way, we not only determine their punctual performance, but also identify trends during the supply period, enabling continuous improvement of their performance and classification.

The performance of the supply chain is made available to stakeholders through management reports, where 14 disclosures feed into the IDGF (Supplier Global Performance Index), which qualifies the supplier in four classes, according to their performance:

- **A:** suppliers with better IDGF benefit from their performance, giving priority to new business with the Company;
- **B:** suppliers that can participate in new purchasing processes, but are not a priority;
- **C:** suppliers with low performance, who must establish actions to correct the problems identified and level up;
- **D:** suppliers that failed to demonstrate improvement in their processes throughout the supply period and therefore have their relationship suspended.

## Action Plan

For suppliers with significant non-conformities identified in the evaluation, action plans are established to improve their performance. If the supplier finds it difficult to comply with the stipulated action plan, the Supplier Development area conducts quality and performance monitoring meetings (**IQ meetings**) with the supplier's team to support the solution of problems.

If the non-compliance is still not resolved, as a last resort, meetings are held **Super IQ**, which involve our board of directors and the supplier's board, where the conditions for continuity of supply are established.

Every month, we evaluate the quality of suppliers to validate whether or not they remain in our chain. Companies that do not comply with the requirements are called and have a defined deadline to implement the improvement actions. Those that do not meet the stipulated deadlines and are classified as low performance suppliers (not meeting the minimum requirements) have their contracts suspended.

To guide the continuous advancement of direct suppliers, every year we send a letter of goals that indicates how they will be evaluated that year and that guides the advances of each company. We also carry out technical visits—to assess the companies' commercial, production, quality and engineering issues.

## Due diligence

We carry out the due diligence process for new suppliers, an analysis of the integrity of third parties, with the purpose of identifying facts or indications of non-compliance in relation to topics such as ethics and values of Randon Companies — focusing on the fight against corruption — the environment, rights labor, financial, tax and criminal aspects, privacy and reputation.

The management and operation of the due diligence portal is carried out by an independent and specialized company. The Corporate Compliance area is responsible for conducting due diligence and notifying the Purchasing area. The result of the analysis presents the risk level of each supplier, classified as low, moderate, high and critical.

## Investors

GRI 2-29

We rely on the Investor Relations (IR) area to bridge the gap between Management, shareholders and other capital market agents, providing information about the Company.

Every year, we hold our Investor Day called **Fras-le Universe**, an event that in 2021 had the partnership of the Association of Capital Market Investment Analysts and Professionals (Apimec), to present the results, growth strategies, trends of innovation and prospects for the future. **Watch the full presentation here:** ➤ In this year in particular, the presentation Universo Fras-le was one of the 10 best evaluated by the research carried out by APIMEC.

In addition, in 2021, we promoted, together with Randon Companies, the event Nossa ESG Ambition (Our ESG Ambition) to present our sustainability strategy to investors to enhance our value generation. **Watch the full presentation here:** ➤

We make information available on our IR website ➤, on LinkedIn ➤, on Twitter ➤ and by mailing list ➤, following the routines established by the legislation, such as the publication of results quarterly and the disclosure of billings on a monthly basis, between January and November of each year.

In addition to these channels, investors and their representatives can get in touch via the e-mail dedicated to the IR area RI ➤, by telephone or in face-to-face and online meetings.

RECOGNITION	
<p>This year, the Investor Relations Officer, Hermerson Fernando de Souza, was nominated among the five most voted for the Best IR Professional—Small/Middle Cap category of the APIMEC IBRI Award, promoted by the Association of Analysts and Investment Professionals of the Brazilian Capital Markets (APIMEC Brasil) and the Brazilian Institute of Investor Relations (IBRI). The appointment is the result of the important work being done by the Company's Investor Relations team to strengthen the relationship with analysts and investors.</p>	





## Communities

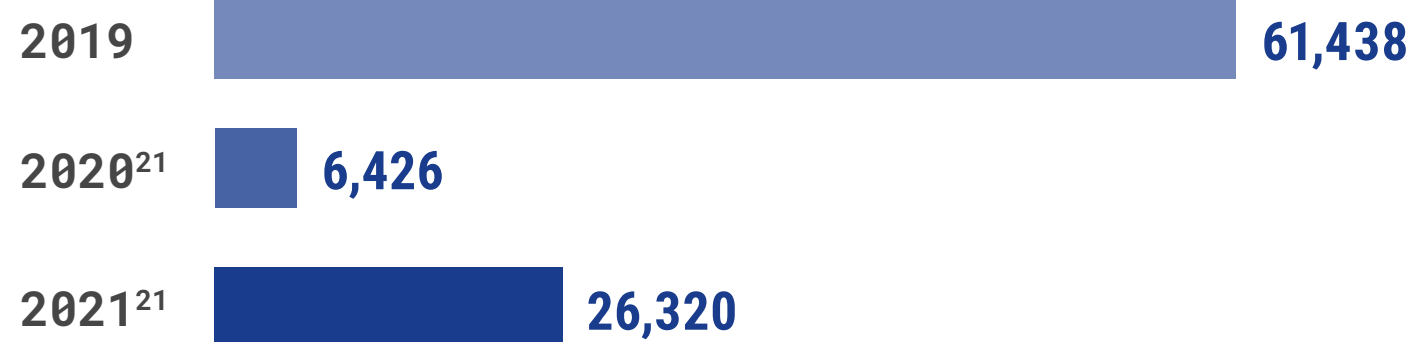
GRI 2-29; 413-1

We conduct our social investment management through the **Elisabetha Randon Institute (IER)**. Founded in 2003, the IER is a Civil Society Organization with Public Interest (CSOPI) that seeks to promote citizenship and social development, through actions and projects that promote education, culture and social assistance, in addition to supporting challenges aimed at the performance of all companies that are part of Randon Companies.

In 2021, Fras-le invested R\$ 586,500 in the Institute which, together with Randon Companies, totaled R\$ 4.0 million allocated to its programs, benefiting more than 26,000 people.

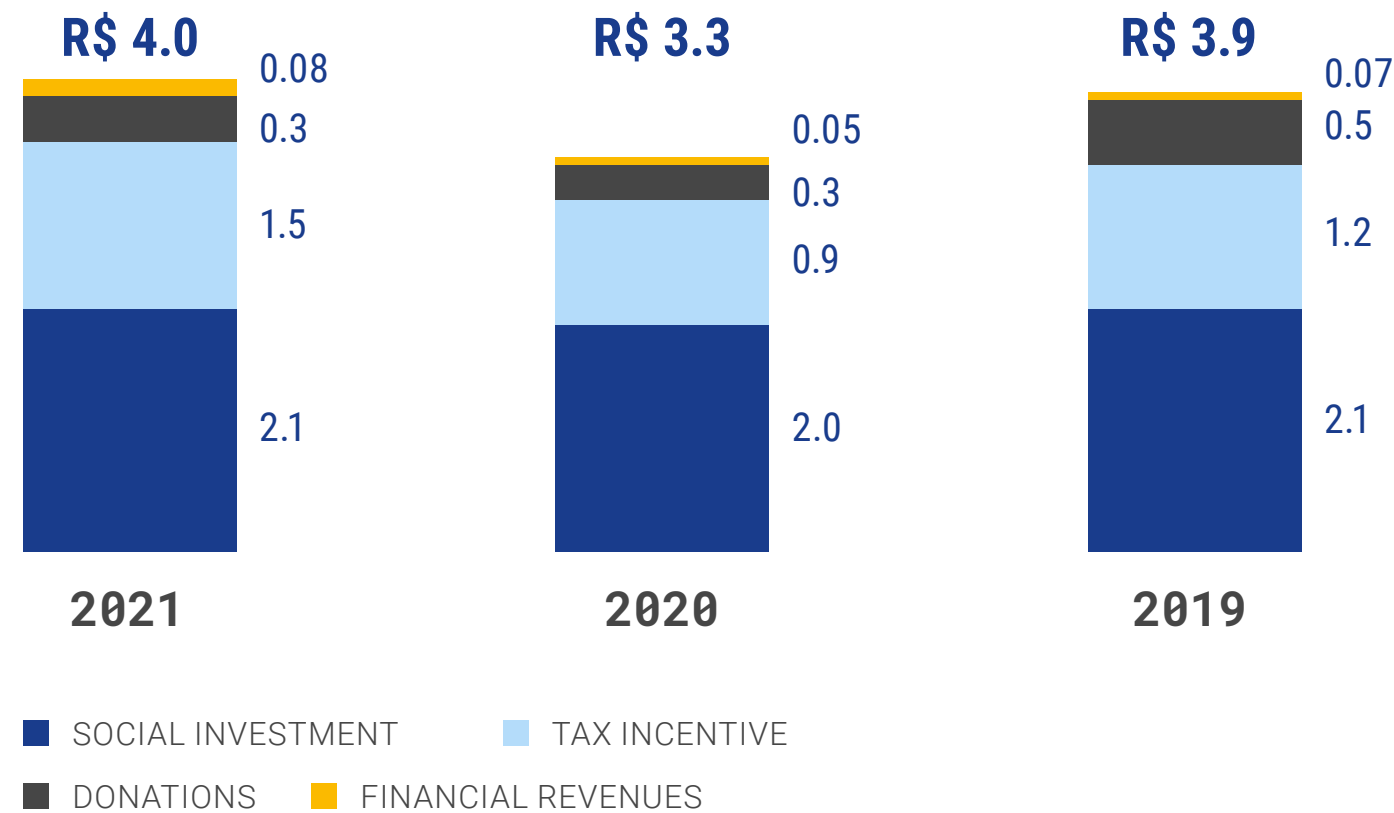
Discover our programs below:

### PEOPLE BENEFITED



<sup>21</sup> In 2020 and 2021, the number of beneficiaries was lower due to the significant reduction in people who watched the Vida Semper show, which began to be performed online due to the pandemic.

### INVESTMENT (R\$ MILLION)



### FLORESCER ("BLOOMING") PROGRAM

**Florescer** is the social responsibility program whose mission is to prepare children and young people in situations of social vulnerability to exercise citizenship,

promoting the improvement of the quality of life, through the offer of pedagogical, cultural and sports activities, carried out during the period supplement regular school.

After completing their training in the Florescer Program, young people who are interested in continuing in our programs have the opportunity to join the **Florescer Professional Initiation Program**, a partnership between IER and the National Service for Industrial Learning (SENAI). At this stage, adolescents between 15 and 16 years old participate in a technical-professional course in the Administrative Assistant area..

This year, we created the Florescer Fremax, an initiative of Randon Companies and Fremax to expand the program to the city of Joinville (SC), Fremax's headquarters. The Florescer Fremax Program is planned for the next fiscal year and will initially serve 16 children, from 6 to 8 years old.

Learn more about the program at [>](#)

### THE FLORESCER PROGRAM ALSO PROMOTES:

- awareness for life;
- support for schooling;
- basics of technology and information;
- basic notions of the English language;
- robotics;
- sports and culture;
- instrumental music and choral singing, through a partnership with the Mais Música project.

#### 2021 RESULTS

**Florescer**  
Since its creation, more than 6,902 children and young people between the ages of 6 and 15 have benefited, with 360 in 2021 alone.

#### Florescer Professional Initiation

Since its inception, more than 990 15- and 16-year-olds have benefited.



NUMBERS OF  
TRAINED  
PEOPLE IN THE  
FLORESCER PI

74	76	74	68
2018	2019	2020	2021



## SPORT SUPPORT AND ENCOURAGEMENT

To encourage the practice of sports combined with the social development of children and adolescents, the IER is collaborating with the Associação de Amparo a Meninos Assistidos Santa Cecília (AMMA) to expand the **Lapidando Cidadãos**, initiative, a project that offers tennis workshops for young people in Vacaria (RS), the association's headquarters city. With the partnership, the project was expanded to Caxias do South (RS), the city where Randon Companies are headquartered, and also began to serve children who are part of the Florescer Program. In all, an average number of 100 children participate annually, who receive weekly tennis lessons at the Recreio Cruzeiro club from Caxias do South, another partner that provides space for practice.

The IER closed yet another partnership that seeks to encourage and support sport in Caxias do South (RS), this time with the Recreio da Juventude club to promote sports and recreational activities for children who are part of Florescer. The club provided the unit's space to carry out the project's activities and the teacher to conduct the classes, whose first phase began in March 2021 and served 65 children aged 11 and 12. The activities consist of weekly sports classes, as well as recreational activities, which in addition to enabling the development of sports skills, encourage socialization and develop children's agility, discipline and autonomy.

## FLORESTAR ("FOREST") PROJECT: PLANTING THE FUTURE

In 2020, as part of the environmental compensation necessary for the expansion of the Randon Technological Center (RTC), we created the Florestar Project: planting the future. Phase 1 of the project enabled the construction of a forest garden of native species, where seedlings of pure genetics are created from the collection of seeds, instead of clones of the plants, preserving the richness of biodiversity. The initiative had the participation of biologists, educators and social workers who held workshops with 40 children and adolescents from the Florescer program.

In 2021, we continued the project, with theoretical and practical classes given by two employees from the Fras-le environment area on forest species and their importance for environmental conservation and preservation to Florescer students. During practical classes, students identified exotic and native species in the vicinity of Randon companies. As part of the action, more than 60 plaques were installed with data on each of the plant species.



### PARTICIPATION

**Phase 1 | 2020**  
**40 CHILDREN AND ADOLESCENTS**  
**Phase 2 | 2021**  
**40 CHILDREN AND ADOLESCENTS**



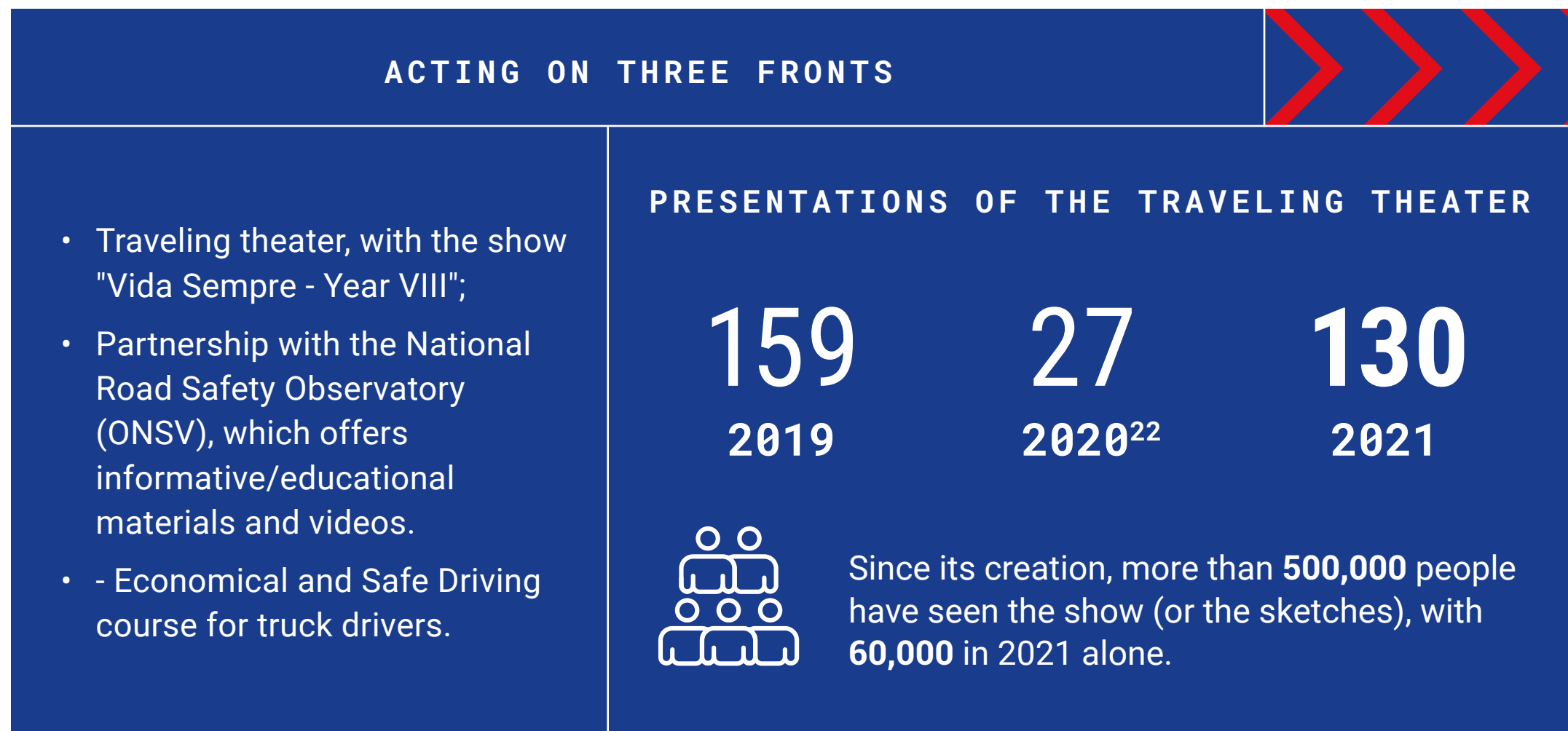


## VIDA SEMPRE (“LIFE ALWAYS”) PROGRAM

As a company in the transport sector, which works to provide safety to its customers, we are concerned with encouraging defensive driving and safe behavior in traffic, in order to contribute socially to reducing the number of accidents.

Created in 2010, the **Vida Sempre Program** aims to contribute to education in traffic safety, offering information to drivers and pedestrians for proper and safe behavior, through lectures, theatrical presentations, tips in the media and printed material.

Learn more about the program at [➤](#).



<sup>22</sup> Because of the pandemic, in-person performances were reduced, and theatrical sketches were recorded and made available on YouTube.



## SER VOLUNTÁRIO (“BE A VOLUNTEER”)

Launched in 2005, our volunteer program aims to encourage the Randon Companies' workforce to develop community actions. By making their free time available, volunteers awaken new skills and personal competences, in addition to the feeling that, with small actions, it is possible to transform the world.

Volunteers provide renovation and janitorial services in public schools in Caxias do South (RS), which are partners of Florescer, in addition to working in other social entities.

Learn more about the program at [➤](#).

### 2021 RESULTS

**three actions**  
performed<sup>23</sup>

**900** people  
benefited in 2021

**100** volunteers  
from Randon Companies

**R\$30** thousand/year  
impact on the local economy

<sup>23</sup> Due to the pandemic, the number of actions was lower than in previous years.



## RANDON MEMORIAL

Created to preserve and disseminate the history of Randon Companies, the Randon Memorial is a corporate space that brings together historical documents and works to preserve the memory of cargo transport in Brazil and the economic development of Caxias do South (RS) and region.

Its physical space is under construction and will feature research rooms, a video library, an auditorium, a café/bistro and a souvenir shop, and will house a collection of more than 50,000 multimedia documents. [Learn more at >](#)

For more information on the results and impacts of the IER in 2021, access the **Activity Report**, available at [>](#).

### PHOTOGRAPHIC CONSERVATION

In 2021, the Memorial promoted a Photographic Conservation workshop, with preparation focused on historical collections, both from museum institutions and family collections, where historical aspects of photography and photographic processes were addressed. [Find out more about the activity here! >](#)





# 05

## SUSTAINABLE INNOVATION

### RELATED SDGS



### RELATED CAPITALS



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





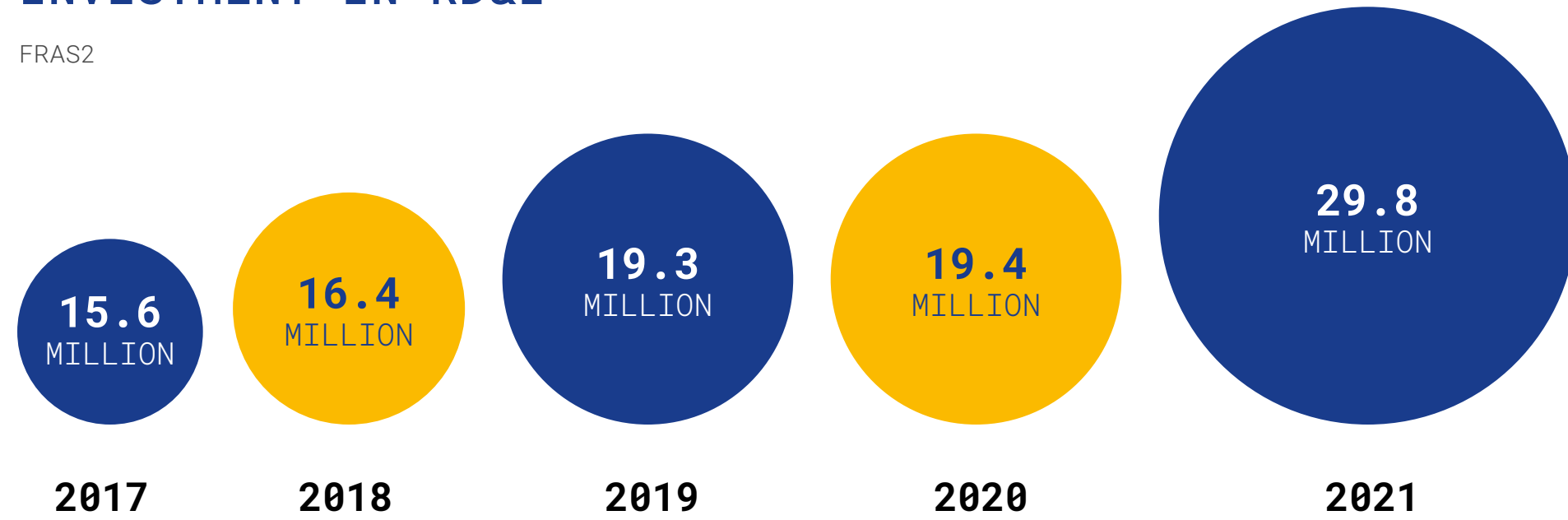
## We innovate to keep your life moving!

We are a global reference in friction materials, thanks to our RD&I Strategy that, for more than six decades, has been investing in an orchestrated manner in Research, Development and Innovation.

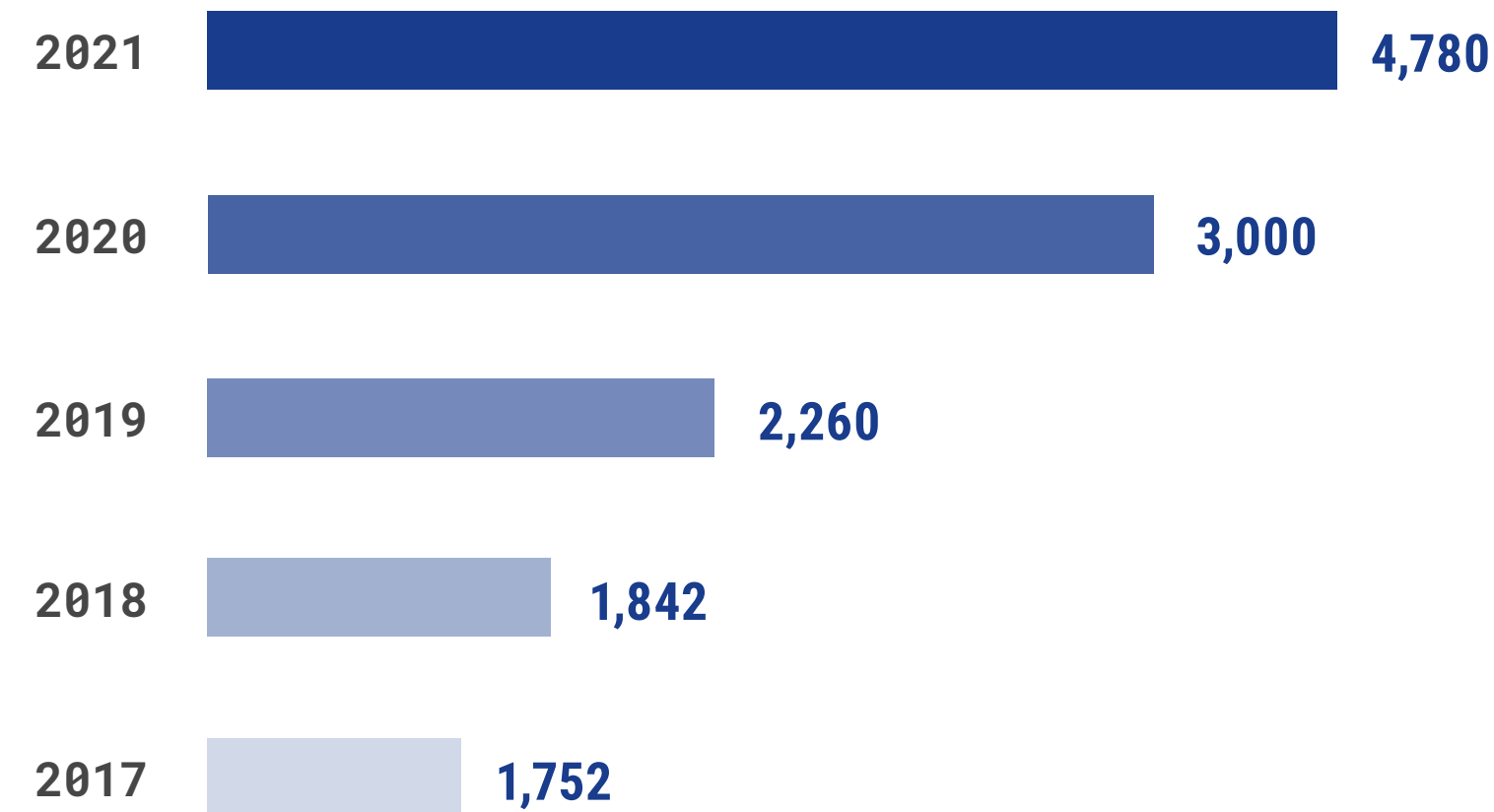
We work to improve our products and processes, creating solutions that meet the main needs of society, with a focus on quality, excellence and sustainability. For this, we have a robust structure focused on the topic, with highly qualified and dedicated teams, in addition to technological partnerships with startups and universities.

## INVESTMENT IN RD&I

FRAS2



## PROTOTYPES



## Innovation Index:

**45.9%**

of revenue comes from new products

**R\$410.1 million**

of Net Revenue comes from new products launched in the last 5 years



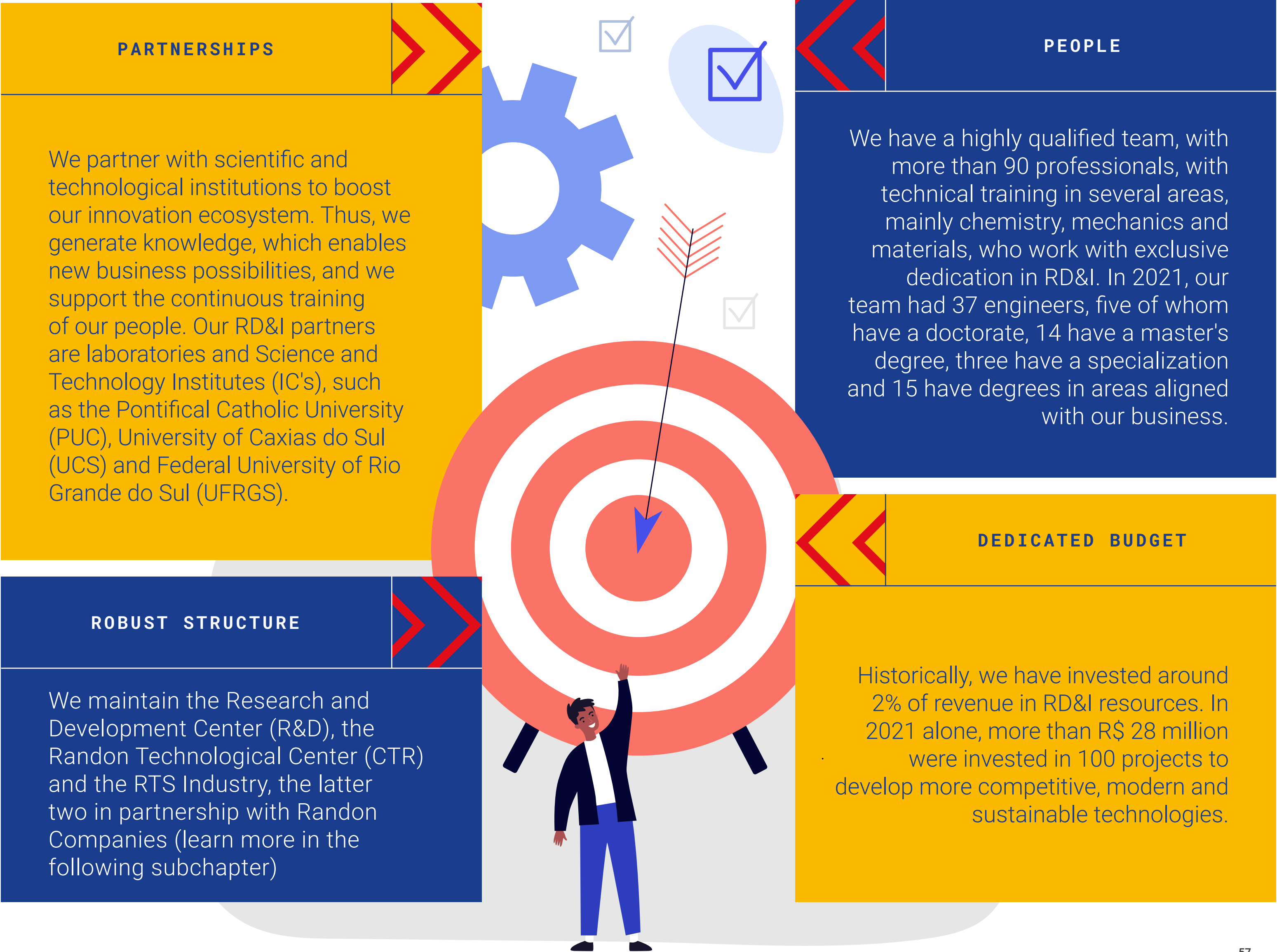


# Strategy

GRI 3-3

Our Research, Development and Innovation (RD&I) strategy seeks to support business growth, through investment in cutting-edge technology and technical qualification of our RD&I team, with the purpose of transforming applied research into innovation, into products and processes that meet the needs of society as a whole, the demand of our customers and the necessary advances in the segments in which we operate. For this, it is structured in four fundamental pillars.

Find out below the main initiatives, projects and RD&I structures and how they support our innovation strategy.



# Robust and dedicated structure

## R&D Center

Our **Research and Development Center** is the largest and most advanced in Latin America. Located in Caxias do South (RS), it has three high-tech laboratories that support the research and development process of our products.

With more than 46 years of existence, its laboratory structure guarantees compliance with the requirements of the most important global standards for quality control of friction materials and allows us to determine its performance and durability, throughout the product's life cycle.

We carry out a series of tests and trials, which support all stages of the product development process:

- **Tests:** We carry out physical, chemical and mechanical tests, from the characterization of raw materials and the construction of prototypes, through reverse engineering processes, validation and monitoring of new processes, certifications and product approvals.
- **Simulation:** we use simulation tools that support the development of solutions for structural, dynamic, thermal and also Noise Vibration and Harshness (NVH) problems. In this, with the support of research groups in the area, we create proprietary algorithms, which allow the agile development of customized solutions for the demands of each client, helping projects of acoustic and vibrational comfort of the braking system and the vehicle as a whole.

Take a virtual tour on the **Fras-le Research and Development Center**, at [▶](#).



Area  
**4,000 m<sup>2</sup>**  
3 labs

**230 +**  
vehicle brake system  
for testing

**15** inertial dynamometers (CV – up to 4,000 kgm<sup>2</sup>)  
that make it possible to carry out a wide range of  
brake test methods.

### 2021 PERFORMANCE: TESTS

#### Characterization: more than 18 thousand samples tested

Determination of friction coefficient (ISO17025 - SAE J661).  
Dilation and growth (ISO17025 - SAE J160/NBR 5505).  
Compressibility (ISO17025 – ISO6310).  
Shear (ISO17025 - ISO6312/NBR5537).  
Hardness.  
Natural frequency.

#### Chemical: more than 16 thousand samples tested

Thermo-gravimetric analysis (TGA).  
X-ray diffraction and fluorescence.  
Accelerated corrosion (salt-spray).  
Rheometry.  
Particle analyzer.

#### Dynamometers: 1,775 tests

Performance, wear, noise, thermal fatigue, static friction (parking brake) tests, based on international standards such as SAE and ISO.

#### Vehicle tests with

fleet owners and partners in various parts of the world: USA, Colombia, Chile, Brazil, China and India.



## Randon Technological Center (RTC)

The **Randon Technological Center** is one of the largest independent technology centers in the sector in Latin America and the first and most complete independent proving ground for testing trucks, buses, passenger cars, motorcycles, road implements and auto parts.

Located in the city of Farroupilha, in Rio Grande do South, it has a large laboratory and 20 tracks with different pavements and obstacles, which allow testing in the most varied conditions and the validation of products in vehicles that support our field evaluations. , carried out in partner fleets.

Thinking about the future and the main challenges of mobility, RTC has been undergoing a series of transformations, both in its infrastructure and in its strategic positioning, to anticipate trends

and continue serving the most diverse segments of the automotive sector.

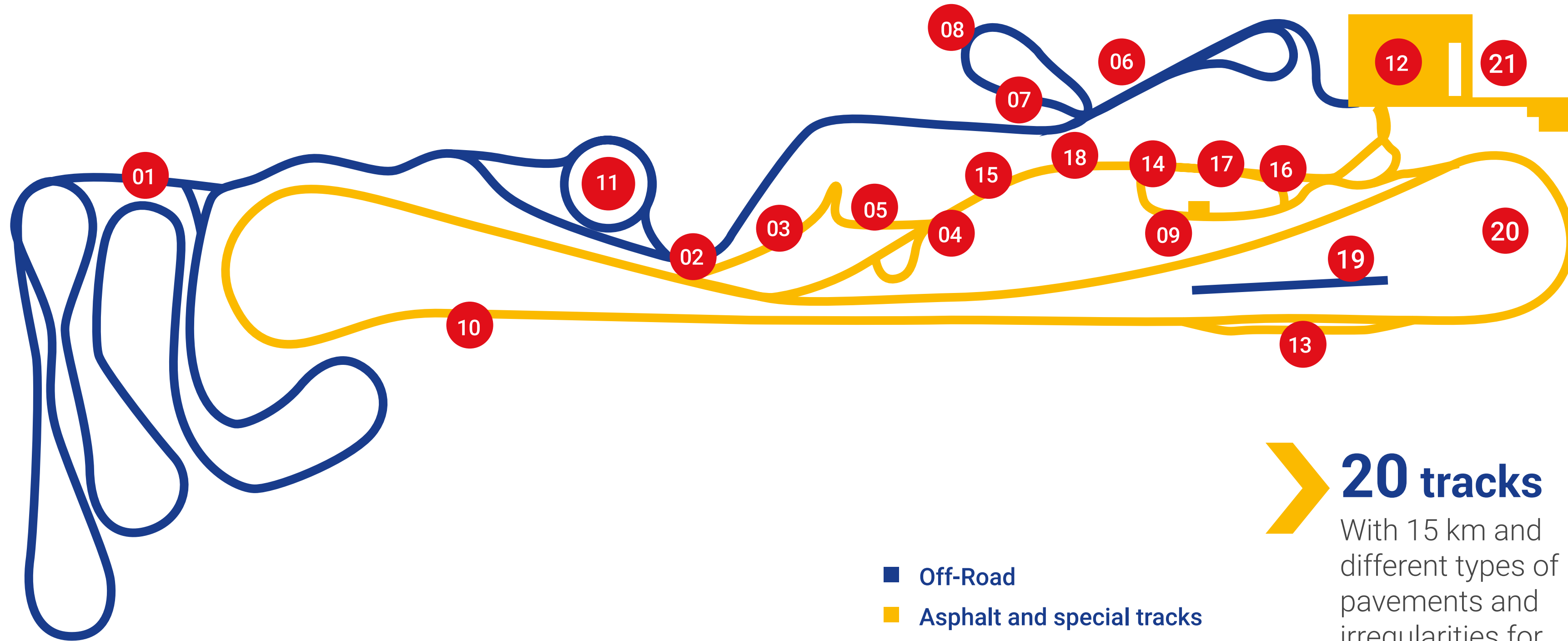
In April 2021, RTC was consolidated with Fras-le holding 45.07% and its parent company Randon S.A. holding 54.93%.

In 2020 alone, we invested R\$11.3 million which, added to the amount of Randon Companies, totaled R\$20 million invested in their expansion. This year, to align it with the Group's sustainability Strategy, we repositioned its operations to serve the electromobility market, investing in technologies and solutions, focusing on performance and safety tests for electric vehicles (learn more in the Sustainable Mobility subchapter, in page 63).

Take a virtual tour on **RCT** at [▶](#).







■ Off-Road  
■ Asphalt and special tracks

- |                      |                              |                                       |
|----------------------|------------------------------|---------------------------------------|
| 01 Off-road          | 11 Circular track with humps | 19 Low Friction Tracks (ABS)          |
| 02 to 08 Ramps       | 12 Circular tracks           | 20 VDA (Vehicle Dynamics Area) Tracks |
| 09 Passage noise     | 13 Slalom                    | 21 Power station                      |
| 10 High speed tracks | 14 to 18 Durability tracks   |                                       |



**STRUCTURAL TESTING  
LABORATORY**

**> 2,200 m<sup>2</sup>**  
for vehicle preparation

- 18 servo hydraulic actuators ("cylinders" force multipliers that guarantee an accurate simulation/repetition of the accelerations measured in the parts when applied by the customers);
- Seismic base of 94 m<sup>2</sup> (structure that isolates the test benches from external interferences, such as vibrations, guaranteeing the precision of the tests and laboratory simulations);
- High-performance vibration and component fatigue test benches.

**> 20 tracks**  
With 15 km and different types of pavements and irregularities for testing in different conditions.

**> 92 hectares,**  
Equivalent to 82 soccer fields



## RTS Industry

In order to accelerate the modernization and automation of our processes, since 2020, we have started to support Randon Tech Solutions Industry (RTS Industry), a company of the Randon Group that manufactures and sells turnkey robotic cells, machines, devices and industrial tooling, in addition to providing technical engineering and advisory services in industrial automation.

Together with RTS Industry, we are developing five projects for the light line, with an investment of R\$ 3.4 million, and four projects for the commercial line. In 2021, we launched two projects, one for each line and the rest will be launched in 2022.

### Get to know the pillars of action of RTS Industry:



#### SPECIAL MACHINES FOR CORE PROCESSES

Design and construction of machines and special devices for core processes.

##### Differentials:

- + Productivity;
- + Quality.



#### AUTOMATION

Use of technological elements and machinery in industrial processes.

##### Differentials:

- + Productivity;
- + Quality;
- + Security;
- + Autonomy.



#### HANDLING

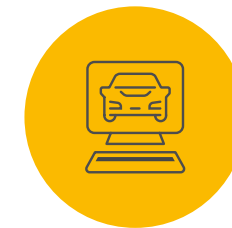
Development of autonomous machines and equipment, which operate without the need for a human driver.

##### Differentials:

- + Productivity;
- + Work safety;
- + Ergonomics.

##### Applications:

- Connecting;
- Conveyors;
- Vertical storage.



#### SMART MANUFACTURING

Manufacturing company integrated with information technology, with machines connected to the internet to monitor production process.

##### Differentials:

- + Productivity;
- + Visibility;
- + Forecast;
- + Autonomy.

##### Applications:

- Datalake;
- Systems integration;
- Online factory.



- **Insert palletizing cell (automation):** seeking to improve safety in factory operations, we automate the process of palletizing inserts. With this, we eliminated the repetition of this process and, consequently, increased the ergonomics, since it required the transport of heavy materials by the operators.
- **Automation of supply of "Blocks Line 1" drills:** also aiming at safety and greater efficiency in our processes, we automated the supply of block drills, which brought significant ergonomic gains with the elimination of repetitive activities and began to require fewer operators to perform the activity, reducing from three people to one.

Learn more about the **RTS Industry**, by watching the video [▶](#).




## Hercílio Randon Institute

Created in 2015 to leverage, accelerate and share innovation within and outside Empresas Randon, the Hercílio Randon Institute (IHR), a non-profit association supported by the Group, underwent a transformation in 2021 that resulted in the repositioning of its Action Strategy, becoming an Institute of Science and Technology (ICT) focused on thinking about the future of mobility (learn more in the next subchapter, Sustainable Mobility).

Currently, the IHR is located in Caxias do South (RS) within the premises of the RTC, and occupies the former Innovation Lab, a laboratory with 300 m<sup>2</sup> created to enhance innovative solutions and sustainable technologies.

With a team of more than 40 people – including employees, researchers, technicians, university representatives and startups members – dedicated to the study of complex topics and the execution of research projects, the IHR seeks to consolidate itself as the main private institute of science and technology in the areas of mobility, embedded electronics and materials.



Discover the innovations of the new **Hercílio Randon Institute of Science and Technology** the launch video 



# Sustainable mobility

GRI 3-3

We are always attentive to global megatrends relevant to the transformation of our sector, and we seek to anticipate changes in a strategic way, in order to guarantee the sustainability and perpetuity of our business. As part of Randon Companies, we contribute through research and development (R&D) to adapt to the global trends that govern the future of transport. Get to know the Group's three main areas of activity and below our performance, which focuses on projects and solutions in smart materials:

The **Mobility & Electrification** and **Embedded Electronics** fronts are the focus of development of the IHR, the Hercílio Randon Institute of Science and Technology, which is maintained with the support of Randon Companies (learn more on page 62).



### MOBILITY AND ELECTRIFICATION

Initiatives related to new propulsion concepts (with a main focus on electric traction), in addition to new concepts and modes of mobility for people and goods.



### EMBEDDED ELECTRONICS

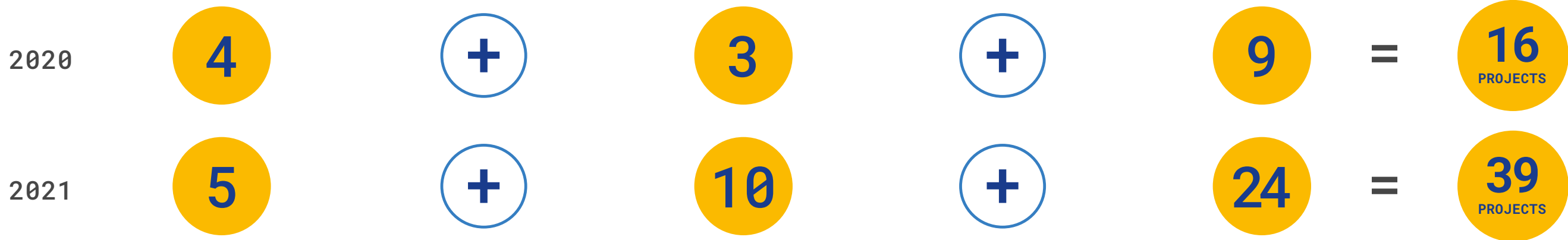
Development of solutions with complex electronic systems for vehicles, for example, the ABS system, launched by Master.



### SMART MATERIALS

Development of alternative solutions to the use of materials (essentially steel) in vehicle applications, with a focus on reducing weight and increasing efficiency.

OUR INNOVATION AND R&D PROJECTS ON MEGATRENDS





## Smart materials

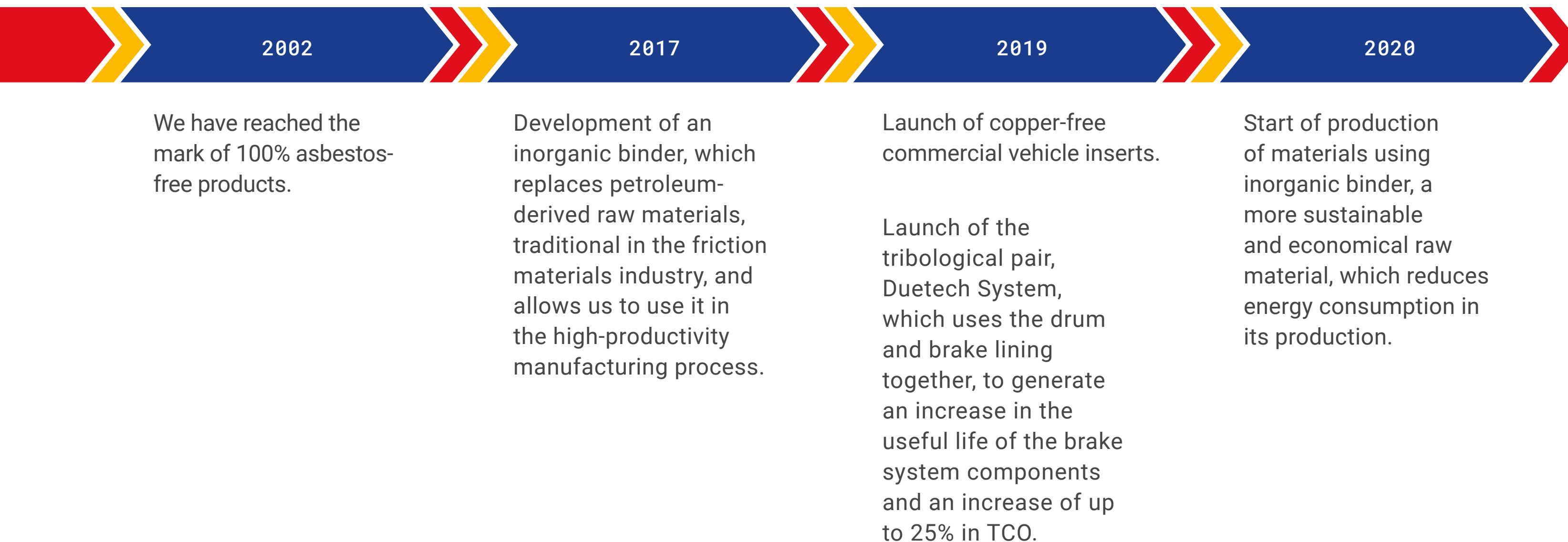
One of our main disruptive innovation strategies is investing in the development of solutions for the use of alternative materials. To this end, we have been working on discovering new ways, especially smart materials, with the aim of replacing the use of certain materials, which today are essential to our production, with others with new properties, which add more quality and

performance to our products, while reducing our environmental impact.

Research in engineering and materials science is an important competitive advantage for the Company, which has brought excellent results, which allow us to continue advancing on this front of action:

In addition to all these advances, we highlight the creation of our product line in composite materials. Launched in 2021, **Fras-le Smart Composites** will work with composite materials for the production of auto parts, as an alternative to items originally made of steel.

Fras-le Smart Composites is the result of product innovation actions and research developments at the Hercílio Randon Institute (IHR), with support from Centro Tecnológico Randon (RTC), which have been orchestrated since 2018, bringing more robust results in the last three years, and in the first months of 2021, with the structuring of the industrial part.



SMART COMPOSITES BENEFITS

Up to 65% weight reduction

Fuel consumption

Pollutant emissions



With this new line, in addition to improving performance and enabling innovative design to our products, we will add sustainable attributes, considering that the materials are 100% recyclable and allow for a reduction of up to 65% in the weight of the components, which reduces fuel consumption and, consequently, reduces pollutant emissions.

The first project developed by the line was the manufacture of fender supports for Randon Companies' semi-trailers. The mudguard supports made of composite material, in the heavy duty and light duty versions, present weight reductions between 60% and 65%, compared to the original steel parts. In addition, from rigorous durability tests, we have verified that they present superior performance to steel applicants, either statically or dynamically. Through simplified drilling, the fender supports in composites facilitate the assembly process, do not require painting and do not suffer corrosive effects.

### NIONE

Fras-le, in partnership with the Randon Technological Center (RTC) in which Fras-le holds 45.07% of the capital and the Hercílio Randon Institute (IHR), made the unprecedented discovery of a method for obtaining and stabilizing nanometric mineral particles on a large scale, such as niobium and titanium.

The breakthrough discovery for the world market, with a registered patent, has the potential to open up new opportunities for different industrial sectors, especially metallurgy, electronics and chemistry.

As a result, **NIONE** was created, a new unit of Randon Companies and Fras-le, which operates in the development, production and application of nanotechnology. Thereby, we seek to enhance the characteristics of various materials, improving mechanical strength, durability, with more lightness and less environmental impact.

Also in 2021, NIONE launched its first product in partnership with WEG Tintas, a pre-mixture with niobium oxide nanoparticles that will serve as a base for application in WEG Group's protective coatings. The mixture, when added to the coating, provides greater resistance to corrosion, increases

the durability of color and gloss, in addition to allowing ultra-fast drying, with gains in the application process. The first application will be on Fremax brake discs, in order to obtain greater protection against corrosion of the components, giving even more quality to the products. Discover the main advantages:

ADVANTAGES	
▼	<b>ENERGY</b>
▲	<b>SERVICE LIFE OF THE COATING</b> (use of thinner layers)
▼	<b>IMPACT</b> (water-based formulation)



# Collaboration and open innovation

GRI 3-3

## Conexo

Inaugurated in 2020, together with Randon Companies, Conexo is a platform with a physical and digital space that seeks to boost open innovation and collaboration, connecting entrepreneurs, large companies, startups, universities, institutions in this ecosystem and the community.

### WE ARE RANDON

**We connect people and riches, generating prosperity.**

Driven by the constant goal of promoting collaboration, co-creation, and co-existence, we are Conexo.

### A PLACE

**to learn, collaborate, and create.**

We created a space for everyone to feel comfortable creating the future. Startups, entrepreneurs and community gathered to create transformation through innovation.

### A DIGITAL ENVIRONMENT

**for exchange, learning, and connection.**

Our platform connects diverse talents, integrates generations, and blends worldviews. We build a digital space to create links and bridges across knowledge.





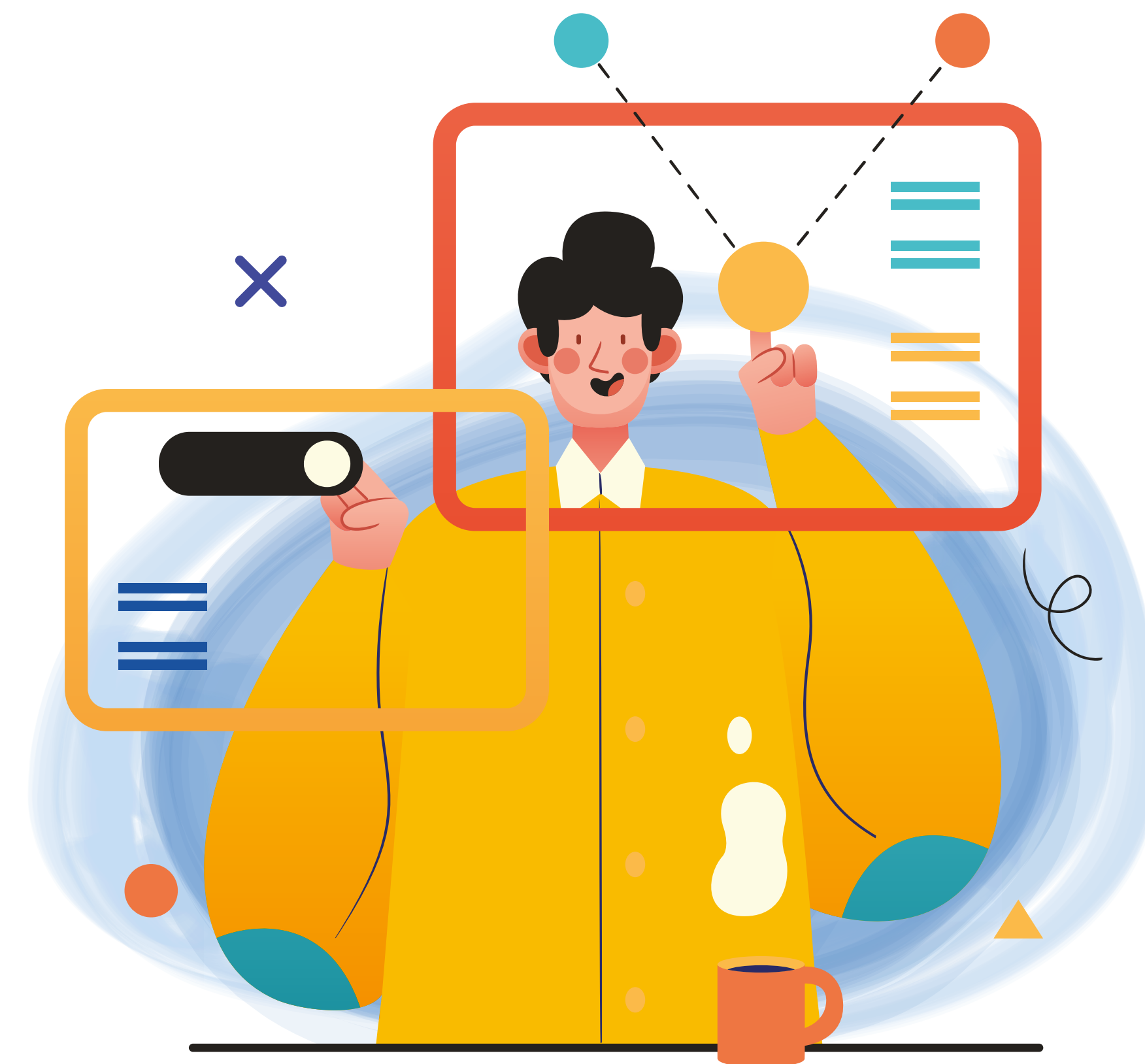
Created to leverage initiatives that Randon Companies have been developing for years, Conexo serves several companies, inside and outside the Group, which work collaboratively in the execution of innovation projects to seek and implement innovative solutions for their businesses.

We at Fras-le also participate and actively contribute to the Conexo Challenge, ExO, Start and Startup Creator programs and are present at the main events, courses, training, workshops and lectures. In 2021, we carried out two important projects to accelerate the digitization of our production process:

**Shop Floor.** it is our smart manufacturing project, carried out in partnership with the Digital Business area of Randon Companies, whose objective is to provide real-time “factory floor” performance data, integrating the systems and factory managers. Thus, we were able to monitor processes more quickly, increasing the forecast, productivity and autonomy of the systems, while allowing us to make faster and more assertive decisions with the information obtained.

**Digitization of Production Orders:** with the objective of reducing by 44% the consumption of paper used by the operation in the Production Orders (POs), a document that contains all the technical information about the product to be produced and increasing the reliability of the data generated during the process, we made a partnership with the startup Plantscanner, which we connect through **ExO**, to enable the digitization of POs. The project, in addition to avoiding new printing and, consequently, the waste of paper, also allows the storage of information in the cloud and offers functionalities that help us to monitor indicators of the process in a digital way in real time. In 2021, we implemented a pilot project in the area of Prensas Blocos to assess feasibility and applicability. The project was approved and will be extended to 100% of the Press sector in 2022. The forecast is that around 300,000 A4 sheets will no longer be printed per year.

Learn more about **Conexo** at [➤](#).





06

# COMMITMENT TO THE ENVIRONMENT

## RELATED SDGS



## RELATED CAPITALS



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





# Environmental management

GRI 3-3

Our environmental management is guided by the environmental guidelines of Randon Companies, registered in the Health, Safety and Environment Policy (SSMA) and in the Environment Manual. We apply the Environmental Management System (EMS), based on the ISO 14001 methodology, in all our units.

Seeking to improve management on the subject and increase the positive impact of the business, in 2021, Randon Companies launched the **Rota Verde Corporate Program**, which establishes actions and goals to be developed by all the Group's units - considering all aspects of sustainability - associated with the environment and the corporate universe.

As part of this construction, we assumed all the goals of the Program and we are acting proactively to contribute to this commitment, with programs and initiatives that prioritize Combating climate change and the circular economy, either through more efficient and sustainable production, whether for the development of environmentally friendly products.

R\$ **6.4 million**  
invested in environmental  
management initiatives

## OUR GOALS AND TARGETS



In the following chapters, we present our initiatives to meet these goals and the main results in 2021.



# Combating climate change

GRI 3-3

## Context and commitment

Climate change represents the main challenge of our time. It is estimated that the increase in the global average temperature of 1°C above pre-industrial levels is directly related to human activities and tends to intensify, with projections indicating a temperature rise in the range of 1.5°C to 4.5 °C at the Earth's surface throughout the 21<sup>st</sup> century<sup>24</sup>.

This increase in temperatures causes the intensification of the greenhouse effect, caused by the increase in the concentration of certain gases in the atmosphere, the main one being carbon dioxide (CO<sub>2</sub>). The consequences have already been noticed and have caused significant negative impacts on society, such as the occurrence of severe weather events (heat waves, severe

droughts, intense rains, stronger cyclones, etc.) the imbalance in several production systems, such as agriculture and energy generation.

In this sense, we at Fras-le, aware of the opportunity for transformation that our sector may have, in the face of this challenge, assumed a public commitment to combat global climate change, together with Randon Companies, to **reduce by 40 % greenhouse gas emissions (scopes 1 and 2) by 2030**, based on the year 2020.

<sup>24</sup> Source: IPCC (Intergovernmental Panel on Climate Change).





## Reduction of emissions

GRI 305-1; 305-2; 305-4

To reduce the impact of emissions, in 2021, we prepared a greenhouse gas (GHG) emissions inventory in order to establish the basis for the target and identify the main opportunities for reduction.

The inventory was built using the GHG Protocol methodology and the companies considered were: Controil, Fras-le (headquarters), Fremax, Jurid do Brasil, Fras-le Friction Materials (China) and Fras-le North America.

According to the study, the gross total of our emissions was 37,543 tCO<sub>2</sub>e (scope 01 and 02) with an emission intensity of 5.2 kgCO<sub>2</sub>e/hours worked, and the main processes generating these emissions were:

- **Stationary combustion:** represents 46% of total emissions and occurs due to the use of gases in presses, ovens and greenhouses in our factories.
- **Electric power:** represents 36% of total emissions and is the result of energy consumption in our operations.
- **Mobile combustion:** represents 17% of total emissions, resulting from the movement of vehicles that pass through our operations.
- **Other sources:** represent 1% of total emissions distributed in fugitive emissions and emissions from solid waste and effluents.

To reduce emissions and fulfill the commitment we made this year, we are currently studying and developing projects that will allow us to increase our energy efficiency, reducing our consumption and, consequently, scope 2 emissions and, also, we seek to improve our production process, adopting new manufacturing concepts that allow us to be more sustainable.

GHG EMISSION SOURCE (TCO <sub>2</sub> E)		2021
Scope 1 emission		
Stationary combustion		17,238.1
Mobile combustion		6,423.4
Fugitive emissions		37.6
Solid waste		51.0
Effluents		454.3
Total scope 1		24,204.3
Biogenic emission		
Biogenic CO <sub>2</sub>		1,375.8
Scope 2 emission		
Energy purchased and consumed		13,338.7
Total scope 2		13,338.7
Total emissions (scope 1 and 2)		37,543.0
Emission intensity (kgCO <sub>2</sub> /hours worked)		5.2

NOTES:  
<sup>25</sup> Gases included in the scope: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFC, PFC, SF<sub>6</sub>, NF<sub>3</sub>.  
<sup>26</sup> Base-year: 2020.  
<sup>27</sup> Data were obtained through the GHG Protocol tool.  
<sup>28</sup> The consolidation approach is operational control.



Energy consumption GRI 302-1; 302-3

As part of the chemical industry, energy consumption represents one of the main impacts of our operation. To minimize it, we invest in new technologies and in processes and products that increase efficiency both in the operation and in the final product destined for our customers.

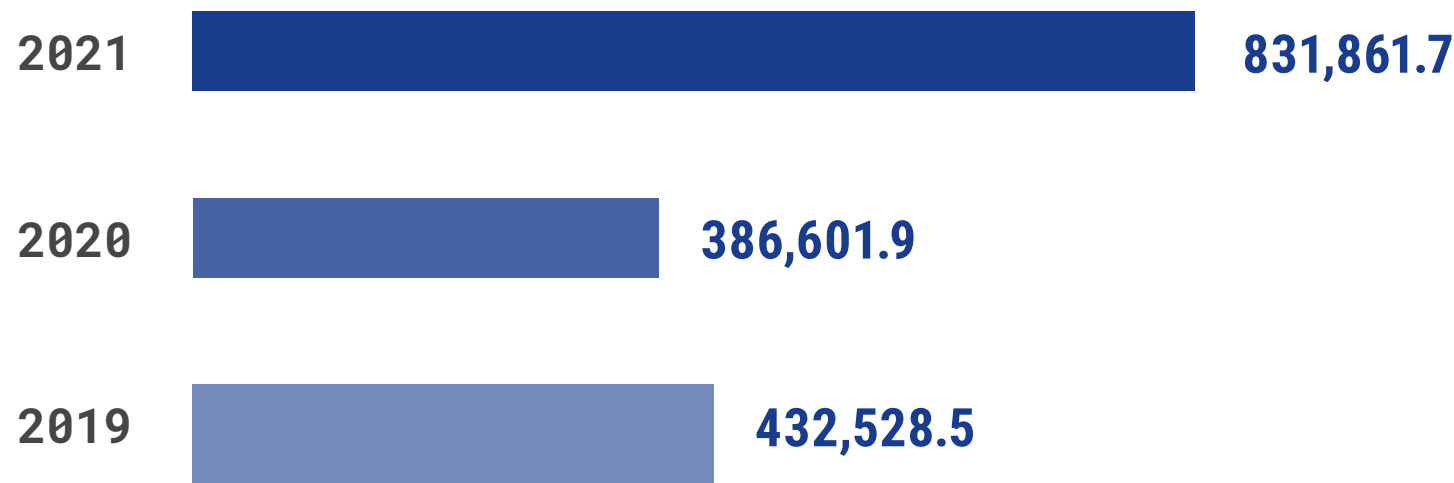
We continuously monitor our energy intensity indicators (GJ/hours worked) and total energy consumption (GJ) through our Environmental Management System (EMS), in order to achieve greater energy efficiency.

In 2021, we consumed 831.9 thousand GJ of energy, with an energy intensity of 0.1 GJ/hours worked. However, it is important to emphasize that the significant increase in energy consumption is also a result of the increase in the scope of this indicator. We have advanced in our management on this topic and this year we were able to report consumption considering nine companies, compared to the report carried out in 2020 and 2019 that only considered Fras-le (headquarters).

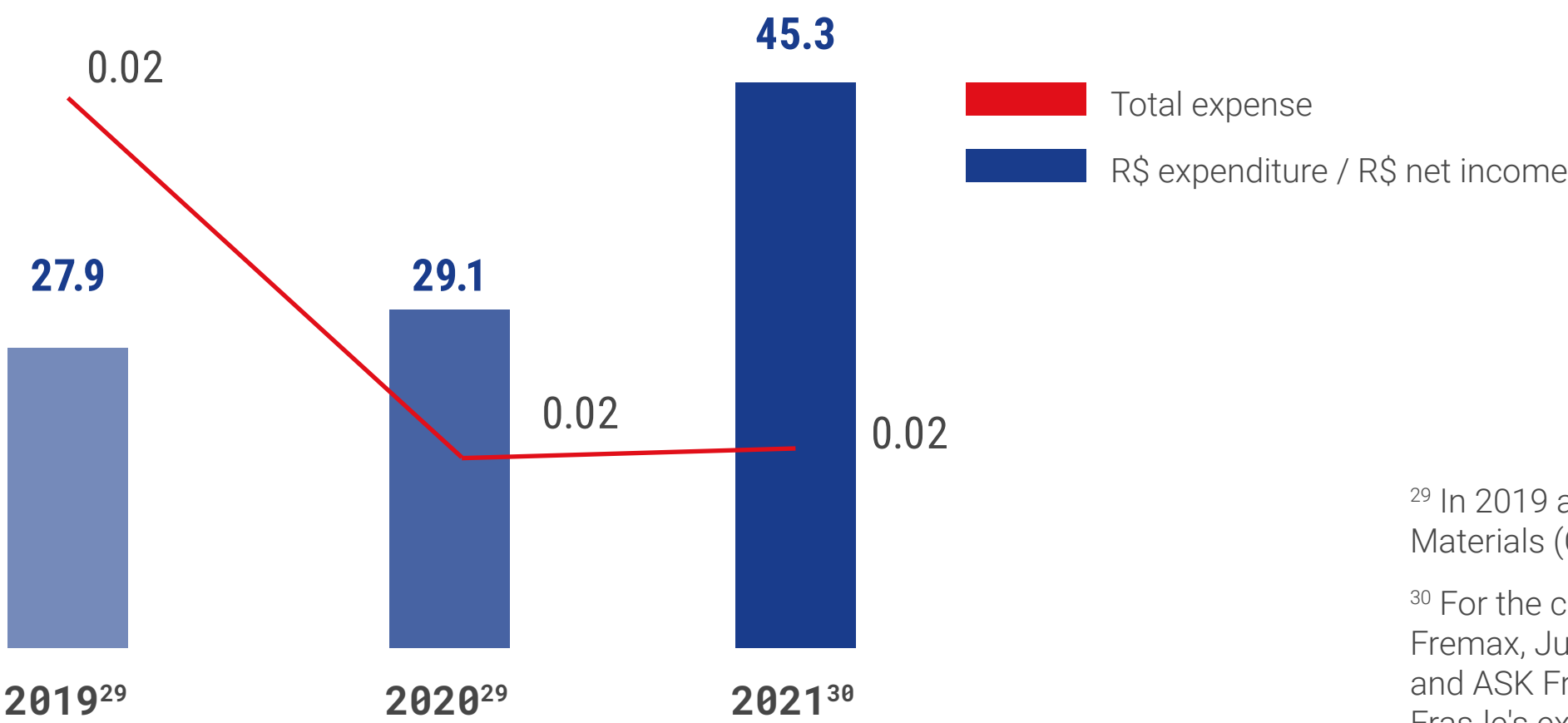
ENERGY INTENSITY  
(GJ / HOURS WORKED)



TOTAL ENERGY CONSUMPTION (GJ)



ENERGY EXPENSES (R\$ MILLION)



<sup>29</sup> In 2019 and 2020, Fras-le, Fremax, Jurid do Brasil and Fras-le Friction Materials (China) were considered.

<sup>30</sup> For the calculation of energy costs in 2021, the companies Fras-le, Fremax, Jurid do Brasil and Fras-le Friction Materials (China), Farloc and ASK Fras-le were included. In addition, we had a 29% increase in Fras-le's expenses (headquarters).



# Transition to the circular economy

GRI 3-3; 306-2

## Context and commitment

The circular economy is one of the great opportunities of our time, whose approach envisages a more efficient management of resources, which adds, retains and regenerates value from natural resources, prolonging their useful life, by optimizing their use and maximizing reuse, avoiding waste and the generation of waste that exceeds the planet's processing capacity.

As part of the automotive industry, we are aware of our role in this transformation, as our production process involves high consumption of raw materials and generates waste from production leftovers and preventive and corrective maintenance of equipment.

To this end, we have been working continuously to reduce our impact, through initiatives that prioritize the maximum use of materials, the reuse and recycling of waste and the remodeling of our processes. In this way, we seek to contribute to the **Zero Challenge** of Rota Verde,

which comprises all Randon companies, and **to eliminate waste disposal in industrial landfills by 2025 (base year 2020).**

## Efficiency in the use of materials

GRI 301-2

To measure our efficiency in the use of materials, we continuously monitor the **Conversion Rate** indicator, which represents the amount of purchased raw material that is converted into product.

In 2021, our conversion rate was 90%, compared to 92% in 2020. The percentage reduction is due to the scope of the indicator, in 2020 only Fras-le (headquarters) monitored it and, as of 2021, Controil also started to monitor.

In addition, seeking to enhance the circular economy, we reinserted leftover materials into our production, in 2021, around 10% of the raw materials used in the production processes were recycled internally, 100% of the exhaust dust and 10% of scrap metal sent to the Fremax

Check the amount of material used, broken down by type and weight in the **Indicators Annex.**

### CONVERSION RATE (%)



<sup>31</sup> Company considered: Fras-le (headquarters) and Controil.

<sup>32</sup> Company considered: Fras-le (headquarters)



## Reuse and recycling of waste

GRI 306-1; 306-3; 306-4; 306-5; SASB TR-AP-150a.1

The waste generated in our operation mainly comes from the disposal of raw material packaging. Further, we generate waste due to the particulate material exhaust system and the parts stamping process (metal scrap).

To mitigate and reduce impacts, we have a waste management plan in each unit that prioritizes the reuse of waste, through recycling, and environmentally correct disposal. We also have a preventive maintenance plan for equipment at our plants that allows us to reduce the impacts caused by oil leaks and process residues.

In 2021, we generated 22,500 tons of waste, 7% of which were hazardous and 93% non-hazardous. Of this total, 39% were recycled. Metal scrap, which represents the largest volume of non-hazardous waste generated (28%) was 100% recycled. In addition, we reuse 85.3% of the total exhaust dust generated in our operation, consuming it internally as raw material for other manufacturing processes.

Finally, 17% of the total waste generated throughout the year was confined in an industrial landfill. We are committed to zero disposal of waste in industrial landfills by 2025, and it is worth noting that the **Fras-le unit (headquarters) has already achieved this goal and does not dispose of waste in industrial landfills.** In order to fulfill the commitment throughout our operation, we are in the phase of studying and evaluating action plans so that the other companies of the Company also reach the goal.

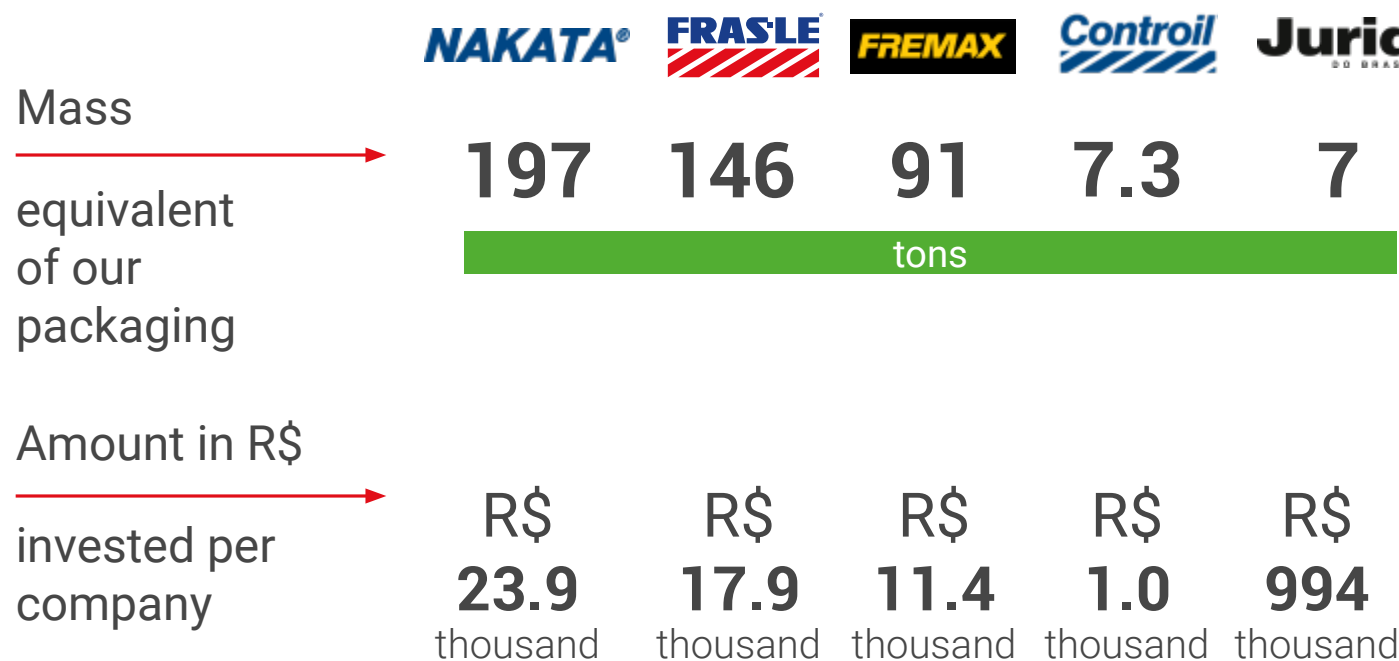
Check the composition of waste (by type and weight) and the breakdown of the environmental destination given to them in the **Disclosures Annex.**

### Packaging recycling GRI 301-3

Seeking to offset the environmental impact of our product packaging and encourage the recycling chain and conscious consumption, in 2021 we partnered with **eureciclo**, a technology company that tracks the recycling chain and creates value for all agents involved in this process.

The initiative will send waste for recycling with associations of recyclers in an amount equivalent to at least 22% of the total packaging generated with products from Fras-le, Controil, Fremax, Jurid and Nakata. With this partnership, we must offset at least 456 tons of packaging waste per year, starting in 2022, in addition to stimulating the recycling chain across the country.

**456** tons  
expected to be offset in 2022





Reverse logistic

In order to dispose of after-use friction products correctly and environmentally, we maintain two reverse logistics programs at Fras-le and Fremax.

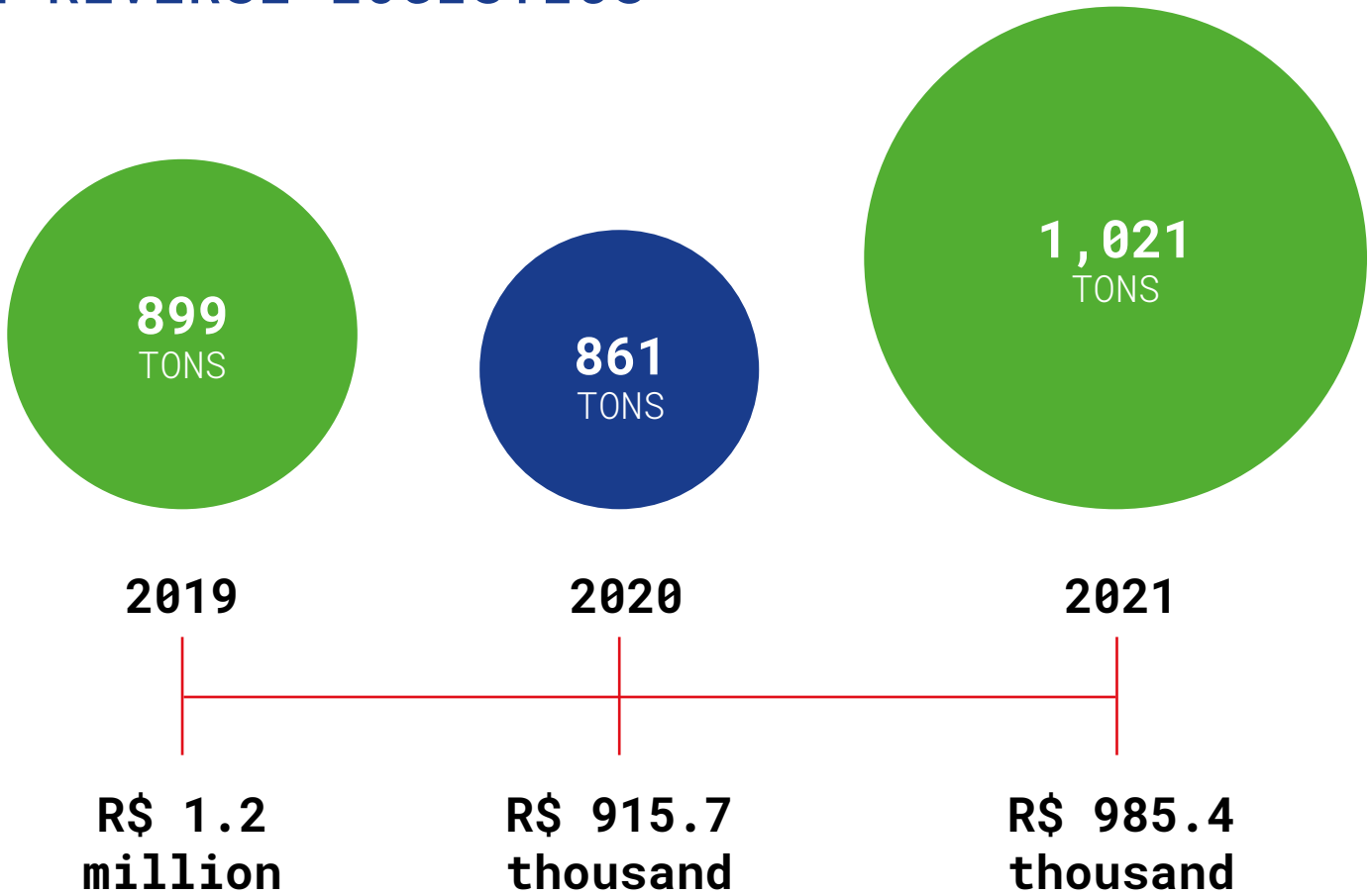
**Pró-Ambiente**, Fras-le's exclusive program, serves fleet owners registered in the states of Rio Grande do South, Santa Catarina, Paraná, São Paulo, Rio de Janeiro and Minas Gerais, where brake linings are collected and sent to co-processing to later be used as a source of energy in cement manufacturing kilns.

At Fremax, the **Safe Disposal** program carries out the reverse logistics of brake discs that are collected and sent to the foundry to be reincorporated into the company's production process, generating new products.

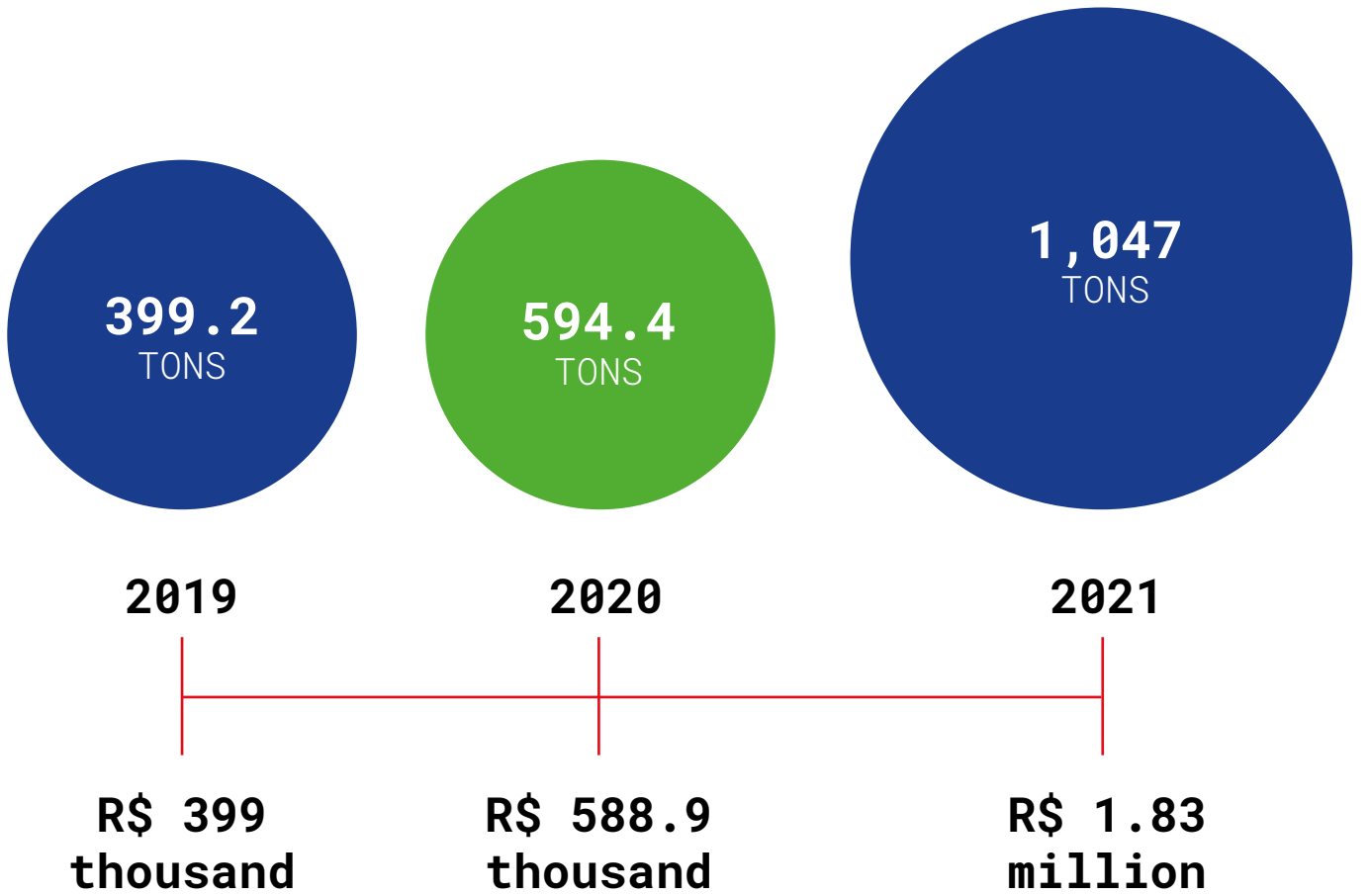
INVESTMENT IN REVERSE LOGISTICS



Nº OF BRAKE  
PADS COLLECTED



Nº OF BRAKE  
DISCS RECOVERED



Fremax safe disposal project collection vans.

# Water and effluents

GRI 3-3; 303-1; 303-2

We are committed to the conscientious use of this resource, and our management is based on two fronts of action: the reduction of water consumption and the treatment and reuse of effluents generated in our operation.

The water used in our operation is acquired from two main sources: by the local concessionaire, being used in our administrative activities, and in artesian wells, which supply our manufacturing plants, respecting the limits necessary to protect the water table. In addition, none of our companies operate in areas of water stress.



## Effluent management

GRI 303-2

To ensure proper effluent management, we maintain two Effluent Treatment Stations (ETE) at our Brazilian units. We have four ETEs:

- **Caxias do South (RS):** ETE that treats effluents from Fras-le's headquarters;
- **Joinville (SC):** ETE that treats Fremax's effluents;
- **Extrema (MG):** ETE that treats Nakata's effluents;
- **Sorocaba (SP):** ETE that treats the effluents of Jurid do Brasil.

At Controil, effluents are treated by an outsourced company, which ensures that they are disposed of in an environmentally appropriate manner. We do not maintain ETE at our manufacturing units abroad, they are sent directly to the local public treatment system.

All of our ETEs meet the requirements for the release of effluents, determined by CONAMA Resolution 430, CONSEMA 01/1998, CONSEMA 355/2017 and the technical guideline FEPAM 05/2017, which consider the profile of the receiving water bodies, so that the load released does not cause changes in water resources. For our industrial operations abroad, we comply with all specific legislation in each country.

In the effluents generated in our operation, BOD, COD, phosphorus and coliforms are considered priority substances, that is, they pose a significant risk to the aquatic environment or human health. In 2021, we had two parameters that presented results above the concentration limits defined by CONSEMA 355/201. These deviations were corrected in a short period of time through adjustments in the secondary treatment of the effluent.



# Reduction in consumption

GRI 303-5

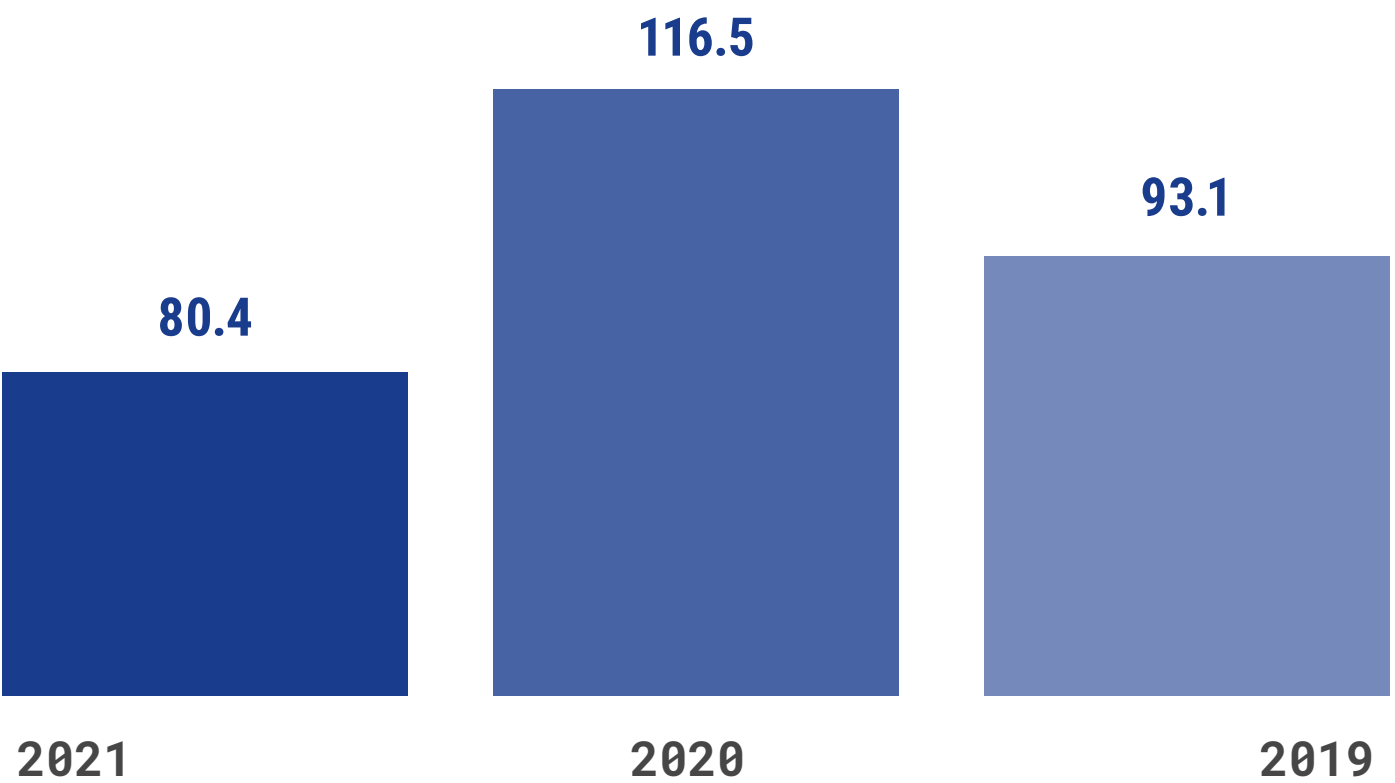
To reduce water consumption, we invested in new monitoring technologies and adopted reuse initiatives, such as the reuse of treated effluent and the optimization of processes, reducing new withdrawals.

In 2021, total water consumption was 80.4 megaliters (-31% vs. 2020). With our effluent treatment system at the Fras-le unit (headquarters), 41.9% of the treated effluent was reused in our operation. Reuse water is used in general services, such as toilets, irrigation of gardens, cleaning of patios and external areas.

With Rota Verde, we seek to increase water reuse to 100% in our operations with Effluent Treatment Stations, by 2025, reaching the zero challenge in effluent discharge. Thus, we are in the study phase in order to find the best solutions to meet the commitment and expand water reuse to the other three units that have effluent treatment (Fremax, Nakata and Jurid do Brasil).

Check the complete disclosures of volume of water withdrawn and discarded in the **Disclosures Annex**.

WATER CONSUMPTION (%)



WATER REUSE (%)





07

# EXCELLENCE AND SAFETY AS A VALUE

## RELATED SDGS



## RELATED CAPITALS



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





# Health and Safety at Work

GRI 3-3

## Management

GRI 403-1

For us, the health and safety of our employees are key and priority principles. That is why we work continuously to offer and guarantee a safe and healthy work environment for everyone.

Our management on the subject is integrated and guided by the corporate Health, Safety and Environment (SSMA) Policy, which establishes the necessary processes to reduce the exposure of our employees to risks and dangers inherent to the work environment, ensuring that no emergency, production or result compromises health, safety and environmental protection.

### OUR SSMA GUIDELINES



**Quality  
of life**



**Legal  
compliance**



**Prevention  
culture**



**New  
Technologies**

## Prevention and excellence culture

GRI 403-1; 403-2; 403-3; 403-4; 403-5; 403-6

### Communication

GRI 403-4

To encourage a culture of prevention, we have employee engagement and participation initiatives that reinforce our commitment to health and safety in our daily work.

#### CERTIFICATION

The management systems of the Company's companies are integrated and aligned with the best practices of the OHSAS 18001 certification, obtained by the companies Fras-le (Headquarters) and Jurid do Brasil. In addition, Nakata and CTR are ISO 45001 (Occupational Health and Safety).

- **CIPA (Internal Accident Prevention Commission) meetings):** meetings to discuss and observe risk conditions in work environments and seek prevention measures.
- **HSE dialogues:** meetings held at least twice a week to provide guidance and collect reports of OSH occurrences.
- **HSE tour:** inspection carried out by the management team of all companies to verify working conditions in order to ensure a safe and healthy environment.
- **Relationship channels:** we provide communication channels, such as “Caçadores de Incidentes” (Incident Hunters), which collects information specifically about risks and dangers, and the corporate Ethics Channel (Randon ID) which receives all types of complaints, with guaranteed anonymity.
- **Campaigns:** we promote campaigns and other communication initiatives in our units and intranet, to make our employees aware of the topic.

## Training

GRI 403-5

To preserve the preventive culture and reinforce the commitment to the best performance in Health, Safety and Environment, we have training and awareness programs, which aim to guide our employees and service providers, in addition to promoting the recycling of knowledge whenever necessary. Discover our trainings:

- **HSE Excellence Center:** a space available to all companies that are part of Randon Companies, offering differentiated technologies applicable to training, workshops and events.
- **Distance Learning Training:** an online platform that provides training focused on Regulatory Standards (NRs), sustainability and other relevant topics in Health, Safety and the Environment.
- **Prevention game:** a playful activity that seeks to improve risk perception and support the training of our team.
- **Specific training:** a series of training to manage specific risks related to work and prevent occurrences and incidents .

### At Fras-le (Caxias do Sul), Fremax, Jurid do Brasil, Nakata and Controil we carry out the following training:

- Training related to the Ergonomics Program;
- Training related to the Hearing Conservation Program;
- Training related to the Respiratory Protection Program;
- Training in internal occupational health and safety standards and procedures;
- Urgent and emergency training for health professionals;
- NR 05 - CIPA;
- NR 10 - Safety in electrical installations and services;
- NR 11 - Safety in the operation of industrial handling equipment;
- NR 12 - Machinery and equipment safety;
- NR 20 - Safety and Health at Work with Flammables and Fuels;
- NR 23 - Emergency Brigade;
- NR 32 - Safety and health at work in health services;
- NR 33 - Confined space;
- NR 35 - Work at heights;
- ISO 45001 - Occupational health and safety management system;

At Fras-le Europe, Fanacif, Farloc and Fras-le North America, employees are trained in accordance with the legislation in force in each country.





## Health promotion

GRI 403-3; 403-6

We have a Health Center designed to facilitate access to health care and support for our employees, **SSI Saúde**, our own health insurance provider, which works by self-management, registered with the ANS (National Supplementary Health Agency).

SSI Saúde offers a service center, with local service, in several medical specialties (medical clinic, pediatrics, gynecology, obstetrics and orthopedics) and hundreds of service providers. Most consultations are carried out during working hours, avoiding unnecessary displacements, ensuring closer and integrated health care.

For companies that do not have the center, such as Jurid do Brasil, Fras-le North America, Fras-le Friction Materials (China), ASK Fras-le (India), Fras-le Panamericana, Fras-le Europa, Fanacif and Farloc, we provide the same services through accredited services in the cities and countries where they are located.

## SUPPORT TO OUR EMPLOYEES DURING THE PANDEMIC



### Prevention first!

We continue to publish periodic information with guidelines for the prevention of covid-19, through informative materials, such as stickers and flyers. We encourage the practice of remote work, making a gradual return to face-to-face work.



### Mass testing

Tests conducted on our employees and administrators. In 2021 alone, we carried out more than **21,000 tests** for covid-19.



### Continuous protection

We continue to adopt all protocols in our operations, from distancing measures to prioritizing remote work and reducing non-urgent trips. In addition, we continue to reinforce hygiene and installed partitions in collective spaces.



### Vaccination now!

In partnership with the Municipal Department of Caxias do Sul and SESI, we have installed in our premises (Fras-le, Randon Implementos, and SSI Headquarters) vaccination sites for the 1<sup>st</sup> and 2<sup>nd</sup> dose of the immunization against Covid-19 for our employees, and for the 1<sup>st</sup> dose, we have also opened them to the local community.



### Dedicated medical care

We have implemented advanced health stations in all our units, with the presence of specialized technical professionals, to assist our employees with symptoms of covid-19 and offer the appropriate medical referral.

### Impact

**1,045**

people received the 1<sup>st</sup> dose, 502 of which were employees;

**432**

people received the 2<sup>nd</sup> dose.

## FIGHTING THE PANDEMIC IN FIGURES (2020 TO 2022)

**1,292,357**

screenings performed

**33,362**

covid-19 tests applied

**54,983**

collective psychosocial care (live sessions, workshops etc.)

**32,227**

individual psychosocial interventions

**35,593**

telemedicine calls

## Dia ("Day") S

We held the 3<sup>rd</sup> edition of Dia S, an event that is part of the Sustain Cycle (learn more on page 36) and which aims to reinforce our safety culture among employees. Lasting one week, teams are invited to participate, developing activities that enable reflection and awareness on the topic, in order to promote an increasingly safe and healthy environment for everyone.

This year, still due to the impacts caused by the pandemic, we were not able to hold the event in person with the entire team, so we created a challenge to engage our employees even from a distance. Our areas were invited to create parodies of popular songs with themes related to health and safety. In all, 15 parodies were produced.

With the support of the artist Jair Kobe, known as the Guri de Uruguaiana, a single parody was built that brought together excerpts from the 15 parodies created by our team. The result was a song and video recording that was presented, first-hand, on Dia S to 73 classes, impacting around 2,500 employees and third parties.

## Risk and Impact Management

GRI 403-1; 403-2; 403-7

At Fras-le, we act proactively to anticipate, recognize and assess the risks and hazards related to our activities, establishing preventive and control measures that guarantee the preservation of the integrity of our employees.

As part of the integrated management of the topic with Randon Companies, approximately R\$200 million will be invested in Health and Safety over the next five years, in order to be increasingly aligned with global best practices.

This amount will be distributed among all our companies and units, and will subsidize improvements in our operation, so that we can achieve our public commitment to zero serious accidents. In 2021 alone, more than R\$ 16.4 million were invested exclusively to eliminate critical risks distributed on the following fronts:

- machinery and equipment safety;
- safety in storing material at height;
- fire safety and prevention;
- electrical safety;
- technologies in industrial movements (vehicles).

In addition to the investment, we have the **Health, Safety and Environment (HSE)** area, which works rigorously, identifying, evaluating and monitoring the risks inherent to our activities and defining effective operational controls that help us to mitigate and eliminate risks. , keeping our operation safe and sustainable.

The critical risks mapped are managed through disclosures that consider all accidents and incidents in this category: the Frequency Rate of SIFs (Serious Injury and Fatalities) and the PSIFs (Potential Serious Injury and Fatalities), both are reported and monitored by the Executive Committee of Randon Companies. When an accident or incident occurs, we carry out an investigation, with the support of our multidisciplinary team, in order to identify the causes and define actions to eliminate the risk.

### TRAVELING SAFETY THEATER

To communicate to our employees about critical risks and promote a culture of prevention, we promoted a campaign with theater performances in all sectors of the Company. The Traveling Theater presented the skit "Critical Risks of Industrial Vehicles" in a playful way, alerting our employees and outsourced workers about the behaviors that should be avoided and preventive safety behaviors during pedestrian and equipment movements.



We also monitor occupational health, critically evaluating working conditions and ergonomics, through the Ergonomics Management Program, with the support of doctors and engineers, for improvement whenever necessary. In addition, our Occupational Health and Safety (OHS) Management System meets applicable legal requirements.

We offer protection systems—such as personal protective equipment—and we monitor employees' health

data, implementing corrective actions to prevent the emergence of work-related diseases. Health data are analyzed and stratified respecting the criteria of privacy and information security and can only be used by the health team, in compliance with ID Randon guidelines (learn more on page 27).

Find out below the health services that support the identification and mitigation of risks in OH&S:

### Performance

In 2021, we recorded a serious injury rate of 0.4. The Lost Time Incident Rate (LTIR) was 1.4 (-21% vs. 2020), the Lost Time Incident Frequency Rate (LTIFR) was 7.2 (-20% vs. 2020) and the Occupational Disease Rate was 0.2 (-70% vs. 2020), the latter refers only to ergonomic diseases. No deaths resulting from work-related injuries and occupational diseases were recorded. All rates presented were calculated considering permanent employees.

The complete performance in Health and Safety in **Annex of Disclosures**.

## HEALTH SERVICES THAT SUPPORT RISK IDENTIFICATION



### OCCUPATIONAL MEDICINE

Survey of the impact on the health of employees, according to the exposed risk and determination of the means of biological monitoring.

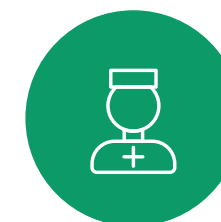


### ASSISTANT MEDICINE

Monitoring the health and relationship with employees, maintaining a feedback channel interfaced with occupational medicine.



### DENTISTRY



### SOCIAL SERVICE



### EXAMS

Information on the results of previous services.

# Product safety and excellence

GRI 3-3

We work daily to offer the best in terms of solutions and products to our customers, adding attributes such as quality, efficiency and performance, with safety and excellence as key values of our business.

Thus, all our companies have a Management System (SG) that includes the Quality, Environment, Safety and Occupational Health Systems and Laboratory Competence, which has tools for the control and management of their processes, as well as verification of the effectiveness regarding the actions taken and the search for continuous improvement.

## Best practices

All processes are certified by the most important quality, environmental and health and safety management systems. In addition, we have the main technical supply certifications for the automotive industry, both in Brazil and in the other countries where we operate:

- **ISO 9001:2015** – main certification for quality management system.
- **ISO 14001:2015** – main certification for environmental management system.
- **ISO 45001:2018** – main certification for occupational health and safety management system.
- **ISO IEC 17025:2017** – certification that attests to the reliability of laboratories.
- **IATF 16949: 2016** – leading quality management standard for the automotive industry.
- **OHSAS 18001:2007** – international standard for occupational health and safety management system.

In addition, our products are certified and regulated by IRAM-AITA (Argentina), Inmetro (Brazil), CCC (China), ONAC (Colombia), AMECA and NSF (USA), ECE-R90 (Europe) and EAC (Russia).

### ACHIEVEMENTS!

In 2021, Fremax obtained the ISO 14001:2015 certification and the Randon Technological Center (CTR) obtained ISO 45001:2018.



We also meet the legal requirements related to regulatory standards and ordinances. Our quality management system uses various technical tools and standards that help us to maintain the efficient management and focus on continuous process improvement:

- Advanced Product Quality Planning (APQP);
- Failure Mode and Effect Analysis (FMEA);
- Continuous improvement programs to solve problems, such as 8D;
- Analysis and Problem Solving Methodology (MASP);
- Lean Six Sigma Program.

### CUSTOMER HEALTH AND SAFETY

At Fras-le, 100% of the products are evaluated in terms of impacts on the health and safety of customers and, since 2002, all products have been free of substances that are harmful to the health of customers and applicators.



To assess the performance and effectiveness of our Management System (MS) e to ensure the Governance of Operations and the critical analysis of results, we monitor key-indicators linked to our operation which are presented in the table below.

STRATEGIC QUALITY INDICATORS OF FRAS-LE PRODUCTS <sup>33</sup> FRAS1			
	2021	2020	2019
PPM OEM	2	2	3
Low quality costs (R\$)	12,180,436	10,901,488	12,234,994
Productivity (Nº.)	40	39	36.3
General scrap (%)	2.1	2.1	2.3
Warranty cost (R\$)	710,718	347,587	358,689

<sup>33</sup> The data consider all the companies controlled by Fras-le. 2. OEM PPM: number of parts claimed in a universe of 1 million. Low quality cost: operating costs arising from internal rejection, customer rework, extra freight, warranties and rejection. Productivity: number of parts an operator produces per hour. General scrap: percentage of products that are scrapped due to operating problems. Warranty cost: expenses with product warranties that are with the customer.

### Audit

We carry out internal and external audits at all our units to assess whether the aspects that make up our management system comply with the requirements of our customers and other interested parties.

We also carry out audits on our suppliers to verify their compliance with the requirements specified in our purchasing policies and the management of health, occupational safety and the environment (learn more on page 48).

### Quality Control Circle (QCC)

33 years ago, we created the **Quality Control Circle (QCC)**, our continuous improvement program that seeks, through collaboration, to promote and develop quality management improvements with the support of various areas of the Company.

The Program counts on the voluntary participation of our employees, called circle members, who are invited to organize themselves into work groups to discuss the opportunities for improvement existing in the work environment.



The circle members meet weekly at “Espaço CCQ,” a room at our headquarters dedicated to the development of the Program's activities. The ideas brought by the working groups are classified into two categories: “improvements” and “projects,” and are evaluated, quarterly, by a technical committee.

Ideas for improvements are awarded every six months and the projects that stand out are presented in an objective and good-humored way, through theatrical sketches, at the Internal Exhibition of QCC Works. The circle members count on theater teachers who give full support in rehearsals for at least three months before the Show and, at the end, stage the “before” and “after” of the Project implementation.



SINCE ITS CREATION, MORE THAN 11 THOUSAND PROJECTS HAVE BEEN IMPLEMENTED.

In 2020, with the support of a cross-functional team, the Program underwent a restructuring to align it with the purposes of Randon Companies, where roles and responsibilities were also created for the members of the group.

NEW POSITIONS



**CHAMPION**  
Leadership role

**COACH**  
Implementer

**STRIKER**  
Representative

To support the new adaptations, we created a development path to empower each of these roles to prepare teams to play these roles in the future.

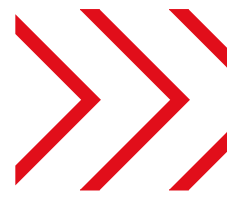
In addition to promoting operational advances, based on the continuous improvement of processes and products, the QCC encourages personal and professional development and collaborative work, promoting a sense of initiative, creativity and innovation.

Learn more about **QCC** on our YouTube channel at [▶](#).

### Innovation in quality management

Our history in research, development and innovation is what allows us to develop products with increasing quality and excellence. We have achieved prominence on several fronts, due to our expertise and vision of the future, which allows us to anticipate measures that guarantee the continuous improvement of the quality and safety of our products and processes:

- **R&D:** we have a structure dedicated to product innovation, in order to obtain greater efficiency and excellence, focusing on the launch of solutions with higher quality, safety and less environmental impact (learn more on page 58).
- **Innovation in processes:** we seek to accelerate the industrial transformation together with the Group, through efficiency and productivity gains, based on technology. Thereby, we have a specialized unit, the RTS Industry (learn more on page 61);
- **New products and solutions:** annually, we launch products that bring solutions with greater resistance and quality, gains in efficiency and less environmental impact, with reduced weight that supports fuel economy (learn more on page 64).



**As a result of our actions, we have had no product recalls and have not recorded any expenses arising from recalls in the last four years.**

### Operational efficiency

SASB TR-AP-000.A; FRAS3

The Operational Excellence area is responsible for increasing the efficiency of the resources available in the company. It works directly in cost reduction projects, 6 Sigma, lead time reduction, efficiency increases and layout changes. In addition, it acts indirectly in the acquisition of equipment, automation and process improvements. In 2021, we produced 96.4 million pieces<sup>34</sup>, with a production capacity of 383.9 thousand pieces/year.

PRODUCTIVE CAPACITY <sup>34</sup>			
	2021	2020	2019
Pieces produced	96,356,735	80,266,894	99,070,687
Comparison unit (working days)	251	236	250
Production capacity (pieces per working day)	383,891	340,114	396,282

<sup>34</sup> Fras-le Parent Company



# Information security and privacy

GRI 3-3

## Structure

At Fras-le, we have a solid commitment to the protection and security of the personal data with which we work and to the privacy of all our stakeholders. Therefore, we have a corporate governance structure dedicated to the topic, which applies to all subsidiaries of Randon Companies. The structure meets the requirements of the General Personal Data Protection Act (LGPD) and is formed by:

- Information Security Area;
- Privacy Committee, formed by representatives of the Compliance, Legal, Information Security, Financial Services and Digital Business Management departments;
- Risk management and Compliance Area;

In addition, we have the Director of the IT & CSC corporate area, who is primarily responsible for the

topic within the Group, who monitors and manages all actions and projects, reporting regularly to the Executive Committee and the Board of Directors of Randon Companies.

## Policies and procedures

To support the structure, Randon Companies have policies and procedures that establish norms and guidelines to be observed by all their employees and partners:

- Personal Data Privacy Policy;
- Information Security Policy;
- Code of Ethical Conduct (learn more on page 27);
- Incident Management Control Procedure;
- Change Management Control Procedure;
- Access Management Control Procedure;

- Backup Copy Procedure;
- Remote Work Control Procedure;
- Cloud Services Contracting Control Procedure;
- Mobile Device Standard Procedure;
- Server Standard Procedure;
- Cyber Crisis Management Standard Procedure.

## Protection from cyber attacks

We have several processes to protect the Company from the risk of attacks and intrusions by hackers (or crackers), with operating macrostructures anchored in specialized partner companies:

- **SIEM (Security Information and Event Management):** a tool that assesses and provides reports and alerts on incidents and events of possible breaches, such as malicious activity and unsuccessful login attempts, and also stops possible attacks that may be in progress.
- **Endpoint protection:** it ensures that all services connected to the network are protected from cyber-attacks such as: worms, trojans, spyware, adware, rootkits and software vulnerability attacks.
- **Pentest:** detection of existing vulnerabilities in systems by simulating hacker attacks, carried out every six months on the Company's main systems, to assess the effectiveness of defense mechanisms.

We also monitor the security assets, applications and databases of all devices on a daily basis, perform vulnerability assessments on a systematic basis and submit all equipment, computers and servers to baselines (shielding) to protect them. In 2021, we did not record any information security breaches or other cybersecurity incidents and, accordingly, no fines were paid.

## Customer data privacy and protection

GRI 418-1

We also follow the guidelines of the **Randon Companies Privacy Policy**, formal and published, which establishes the guidelines to be observed and clarifies the general conditions of collection, use, storage, treatment and protection of data on websites, platforms and internet applications. Thus, we seek to ensure the security and privacy of personal data, in line with the principles of transparency and respect in relationships with users of our platforms.

In 2021, we did not receive warnings or sanctions from external parties and/or regulatory agencies, due to the violation of the privacy of personal data of customers, and we did not register proven complaints through our service channels (SAC and Ethic Channel, Holder Portal).

### HOLDER PORTAL

We have the Owner Portal, a communication channel between Randon Companies and the users of their platforms. There we explain how we protect and process the personal data collected and we also guarantee a space for everyone to be able to communicate with us and exercise their right as the holder of their data. On the portal it is possible to request confirmation of the existence of processing of your personal data, updating, deletion, revocation of consent, in order to fully exercise your right. Access the portal at [▶](#).



## Safety culture

We are also aware regarding the importance of continually promoting a culture of safety and responsibility. For this reason, we have the **Safe Connections Corporate Program**, a management tool that allows us to raise awareness and educate our employees on the subject.

Through it, we carry out awareness campaigns, tests to measure behavior levels, phishing/smishing/vishing campaigns and physical social engineering and, based on the results, we build awareness roadmaps, which range from newsletters to news clippings, videos and participation in forums on the subject.

We prioritize industries with the most sensitive information to carry out phishing/smishing/vishing campaigns, although all industries can participate. News clippings and videos are sent through official communication channels to all employees, through RandonApp, email or WhatsApp.

The workshops and forums are built in a personalized way and consider the target audience and the information that the area manages, and participation can be recommended by the management of the area that requests the training or optionally.

In 2021, we carried out the **Data Protection Gamification**, a training track with the theme of data privacy and LGPD. In all, 150 employees participated. Those who scored the highest in the reviews were rewarded with prizes from the Randon Collection.

For our suppliers and service providers, we indicate in the contract clauses the essential requirements to ensure the treatment and protection of personal data, in order to guarantee a safe and responsible sharing of information. We also share educational materials from the Conexões Seguras program, through the Supplier Portal, to everyone who directly accesses the Company's systems.



### I . S . HELP CHANNELS



We have fast contact channels to answer questions and provide Information Security (IS) support to our employees:

- IS is Virus?  
For questions about suspicious files:  
[sievirus@randon.com.br](mailto:sievirus@randon.com.br)
- IS validates email?  
For questions about suspicious email:  
[sivalidaemail@randon.com.br](mailto:sivalidaemail@randon.com.br)
- IS helps me?  
For general questions:  
[si@randon.com.br](mailto:si@randon.com.br)





# 08

## ANNEXES

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





# Disclosures

## Our people

GRI 2-7; 2-8;

5,173  
employees

Regional distribution	Total	%
Brazil	4,114	79.5%
Southeast	631	12.2%
South	3,482	67.3%
Europe (Germany and Netherlands)	15	0.3%
South America	312	6.0%
North America	67	1.3%
Asia	666	12.9%

Gender	Total	%
Women	896	17.3%
Men	4,277	81.7%

Age Group	Total	%
Less than 30 years	1,313	25.4%
From 30 to 50 years old	2,773	53.6%
Over 50 years old	556	10.7%

Workload	Total	%
Full-time	5,056	97.7%
Part-time	117	2.3%

Position	Women	%	Men	%
Executive Board	0	0%	8	100%
Management	3	10%	28	90%
Coordination	12	25%	36	75%
Leadership	6	11%	51	89%

Contract Type	Total	%
Permanent	4,605	89.0%
Temporary	451	8.7%
Interns	32	0.6%
Apprentices	85	1.6%
Outsourced	261	-

Notes: <sup>1</sup> Data includes all subsidiaries, except the age group distribution, which excludes the ASK Fras-le unit (India).

Hires and turn-over

GRI 401-1

By gender	Hires	Hires rate	Dismissals	Dismissals rate (turn-over)
Women	406	45.3%	229	25.6%
Men	1,207	28.2%	771	18.0%

By age group	Hires	Hires rate	Dismissals	Dismissals rate (turn-over)
Less than 30 years old	944	71.9%	542	41.3%
Between 30 and 50 years old	641	23.1%	396	14.3%
Over 50 years old	28	5.0%	62	11.2%

By geographic distribution	Hires	Hires rate	Dismissals	Dismissals rate (turn-over)
Brazil	1,528	37.1%	939	22.8%
Southeast	6	1.0%	127	20.1%
South	1,522	43.7%	812	23.3%
Europe	4	26.7%	6	40.0%
South America	36	11.5%	13	4.2%
North America	14	20.9%	14	20.9%
Asia	31	5%	28	4.2%

General	Hires	Hires rate	Dismissals	Dismissals rate (turn-over)
Fras-le	1,613	31.2%	1,000	19.3%

<sup>3</sup> Our internal recruitment rate was 39,97%.

<sup>4</sup> Our voluntary turnover rate was 15,97%.

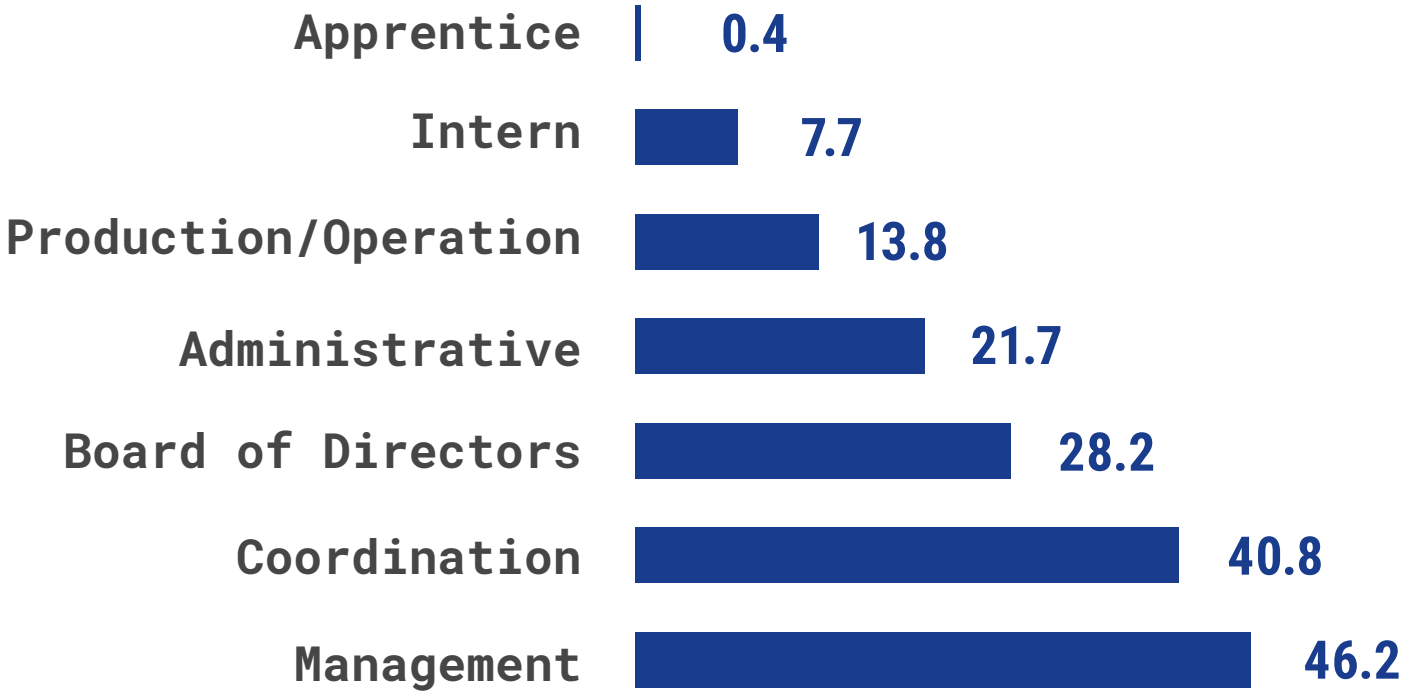




Training

GRI 404-1

AVERAGE HOURS  
OF TRAINING,  
PER EMPLOYEE  
CATEGORY



Suppliers

GRI 204-1

EXPENSES WITH LOCAL SUPPLIERS (BRAZIL)		
Region	Total paid to suppliers	%
South	R\$ 466,428,679	45.4%
Southeast	R\$ 386,462,573	37.6%
Abroad	R\$ 157,196,156	15.3%
Northeast	R\$ 15,911,081	1.5%
Midwest	R\$ 742,509	0.1%
North	R\$ 90,381	0.01%
TOTAL	R\$ 1,026,831,379	100.0%



Communities

GRI 203-1

INFRASTRUCTURE IMPACT FOR COMMUNITIES

2019	Seeking to reduce traffic stress for truck drivers, we invested R\$ 178,000, through the Federal Sports Incentive Law, to install eight gyms to practice sports at gas stations in Santa Catarina and Rio Grande do South, such as part of the Vida Sempre ("Life Always") Program.
2020	We invested R\$ 500,000 in the State Fund for Supporting Productive Inclusion (FEAIP), via the Solidarity Law (ICMS), to build a space to house 40 homeless people in Caxias do Sul (RS).
2021	Also, as part of the Life Always Program, with the intention of reducing traffic stress for truck drivers, we invested R\$152,000, via the Federal Law for Sports Incentive, to install additional six gyms for sports practice at gas stations.

Health and safety

GRI 403-8;

EMPLOYEES COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM <sup>5</sup>												
	2021				2020				2019			
	Employees	%	Third parties	%	Employees	%	Third parties	%	Employees	%	Third parties	%
Individuals covered by an occupational health and safety management system, based on legal requirements and/or recognized standards/guidelines	4,914 <sup>2</sup>	95%	261	100%	3,469	82%	237	100%	3,150	100%	79	100%
Individuals covered by an internally audited occupational health and safety management system based on legal requirements and/or recognized standards/guidelines	3,341 <sup>3</sup>	65%	200	77%	3,228 <sup>3</sup>	77%	200	84%	3,150	100%	79	100%
Individuals covered by an occupational health and safety management system audited or certified by an external party, based on legal requirements and/or recognized standards/guidelines	2,877 <sup>4</sup>	56%	200	77%	2,219 <sup>4</sup>	53%	177	75%	3,150	100%	79	100%

NOTES:

<sup>5</sup> Outsourced workers, but whose work and/or workplace is controlled by the Company.



WORK-RELATED INJURIES

	2021		2020		2019	
	Employees	Third parties <sup>5</sup>	Employees	Third parties <sup>5</sup>	Employees	Third parties <sup>5</sup>
Nº. of hours worked	11,449,129	602,941	6,064,031	415,360	4,491,820	13,200
Number of deaths resulting from work-related injuries	0	0	1	0	0	0
Fatality rate resulting from work-related injuries	0	0	0,2	0	0	0
Number of serious work-related injuries (excludes deaths)	1	0	1	0	0	0
Severe work-related injury rate (excludes deaths)	0.09	0	0.2	0	0	0
Number of recorded work-related injuries (includes deaths)	79	1	64	2	50	0
Rate of recorded work-related injuries (includes deaths)	6.9	1.7	10.6	4.1	11.1	0
Nº. of mandatory reporting occupational diseases	2	0	4	0	0	0
Compulsory reporting occupational disease rate	0.2	0	0.7	0	0	0

<sup>5</sup> Outsourced but whose work and/or workplace is controlled by the Company.  
<sup>6</sup> For the calculation of the indexes, the base of 1,000,000 hours worked was considered.  
<sup>7</sup> The main types of work-related injuries from the traffic of industrial vehicles, machinery and equipment, and suspended loads.

	2021	2020	2019
Number. of hours worked	11,376,262	6,064,031	4,491,820
Number of lost days	1,740	6,629	1,107
Nº. of accidents with leave	81	54	75
Lost Time Incident Rate (LTIR)	1.4	1.8	3.3
Lost Time Incident Frequency Rate (LTIFR)	7.2	8.9	16.7

Energy

GRI 302-1; SASB TR-AP-130a.1

ENERGY CONSUMPTION BY SOURCE (GJ)						
	2021	%	2020	%	2019	%
Non-renewable sources fuel						
Natural gas	252,404.6	30%	224,133.5	58%	250,781.6	58%
LPG	132,015.2	16%	2,152.2	1%	6,430.9	1%
Diesel oil	58,110.7	7%	705.8	0,2%	290.3	0.1%
Gasoline	8.1	0.001%	308.5	0.08%	10	0.002%
Total	442,538.6	53%	227,300.0	59%	257,512.8	60%
Renewable sources fuel						
Biodiesel	28,1	0,003%	81	0,02%	33.3	0.01%
Total	28,1	0,003%	81	0,02%	33.3	0.01%
Other sources of consumption						
Non-renewable electrical energy	389,295	47%	159,220.8	41%	174,982.3	40%
Total	389,295	47%	159,220.8	41%	174,982.3	40%
Total energy consumed	831,861.7	100%	386,601.9	100%	432,528.5	100%

Notes:  
<sup>8</sup> Input data are obtained in KWh. To obtain the data in GJ, the Company uses the conversion factor of 0,0036.  
<sup>9</sup> There's no sale of energy by the Company.



Materials

GRI 301-1

FIVE MAIN MATERIALS USED, BROKEN DOWN BY TYPE AND WEIGHT (2021) <sup>10</sup>		
Non-renewable		
Type of Material	Weight (ton)	Type of supplier
Steel	21.407,069	External
Exhaust powder	16,385	Internal
Phenolic Resin	10,575	External
Barite	8,032	External
Total non-renewable material used	56.399,069	
Renewable		
Fiberglass	5,073	External
Total renewable material used	5,073	

Notes:

<sup>10</sup> Companies considered: Fras-le (headquarters), Jurid, Fremax, Controil, Fras-le Friction Materials (China), ASK Fras-le (India).



Waste

GRI 306-3; 306-4; 306-5; SASB TR-AP-150a.1

Waste broken down by composition	2021
Hazardous waste	Tons
Power accumulators (batteries, cells)	0.3
Impregnation bath	33.4
Contaminated Jerrycans	1.7
Ink Blot	91.7
Grease Box	28.8
Contaminated Empty Packages (Cans)	13.4
Oily Emulsion	727.2
Contaminated PPE	227.0
Contaminated Fluid	1.3
Fluorescent lamps	0.6
Used lubricating oil	31.6
Contaminated paper and cardboard	179.7
Contaminated plastics	133.0
Chemicals	0.0
Glue Waste	0.3
Electronic Waste	3.8
Hospital waste	0.9
Paints/Thinner Waste	2.2
Miscellaneous contaminated waste	178.0
Metallic waste (Containers)	25.2
Plastic waste (Jerrycans)	6.1
Total	1,686

Waste broken down by composition	2021
Non-hazardous waste	Tons
Foundry Sand	1764.5
Slivers Sludge	73.5
Aluminum Slivers	5.1
Empty Container Plastic	43.4
Civil Construction	1912.8
Raw material packaging	513.1
Paper/wood and plastic	7.8
Common Garbage	29.2
Sandpaper	9.4
ETE sludge with non-toxic substances	644.0
Nylon	2349.0
Clear metal	1.7
Oil used in the cafeteria	0.4
Organic	201.1
Aluminum Parts	2.2
Paper and cardboard	146.5
Brake pads	60.8
Brake pads	110.6
Plastics	138.4
Exhaust Powder	4637.2
Exhaust Powder + Scrap	573.9
Cardboard/plastic	28.8
Refractory	254.1
Used Tarpaulin Waste (SCRAP)	566.7
Glass Waste	4.1
Miscellaneous non-hazardous waste	447.2
Wood waste	317.2
Scrap parts containing sheet metal and putty	59.0
Metal	71.3
Ferrous Metal Scrap	5575.7
Non-ferrous Metal Scrap	316.4
Total	20,865



Waste destined for disposal by recovery operation (tons)	2021	2020	2019
Hazardous waste			
Preparation for reuse	0	0	0
Recycling	4.3	2.9	16.7
Other recovery operations <sup>11</sup>	831.0	61.7	70.3
Total	835.3	64.6	87.1
Non-hazardous waste			
Preparation for reuse	0	67.0	1.4
Recycling	8,770	5,236.7	4,384.5
Composting	88	60.6	77.7
Other recovery operations <sup>11</sup>	2,573	2,009.2	0.0
Total	11,431.3	7,373.4	4,463.6

Waste destined for disposal by disposal operation (tons)	2021	2020	2019
Hazardous waste			
Co-processing	622.4	390.4	0
Incineration	0.1	0	445.8
Landfill confinement	71.0	0	0
Other disposal operations <sup>12</sup>	157.7	0	0
Total	851.1	390.4	445.8
Non-hazardous waste			
Co-processing	1,236.0	428.6	4,242.2
Confinement in an industrial landfill	3,724.3	144.0	146.8
Confinement in a sanitary landfill	169.0	0	0
External treatment	585.1	0	0
External reverse logistics	1.1	0	0
Other disposal operations <sup>12</sup>	3,718.4	0	0
Total	9,433.9	572.6	4,389.0

<sup>11</sup> Recovery operations occur outside the Company.

<sup>12</sup> Disposal operations occur outside the Company.

Water and Effluents

GRI 303-3; 303-4;

TOTAL VOLUME OF WATER WITHDRAWN BY SOURCE (IN MEGALITERS)				
	2021		2020	2019
	All areas	Areas with water stress	All areas	All areas
Groundwater/water tables	96.2	0	123.3	94.9
Third party water	48.2	5.1	22.1	26.1
Total water withdrawn	144.4	5.1	145.4	121.0

<sup>13</sup> The Company collects water in areas of water stress only in India, at the ASK Fras-le unit . The information was obtained by The Aqueduct Water Risk Atlas.

TOTAL VOLUME OF WATER DISPOSED OF (IN MEGALITERS)			
	2021	2020	2019
	All areas	All areas	All areas
By destiny			
Surface waters	64.0	28.9	27.9
Total water disposal	64.0	28.9	27.9

<sup>14</sup> The Company does not dispose of water in areas of water stress. The information was obtained by the grants.

<sup>15</sup> The Company does not dispose of water with Total Dissolved Solids above 1,000 mg/l.



# GRI Content Index

Indicator	Disclosure	Exceptions in scope (limit)	Reference (pg.) / Direct Answer
General content			
The organization and its reporting practices			
GRI 2-1	Organization Details		Fras-le S.A. Publicly held corporation. Page . 9.
GRI 2-2	Entities included in the organization's sustainability reports		Entities included in the sustainability report: Fras-le S.A. (headquarters), Fremax, Controil, Nakata, Jurid do Brasil, Fras-le North America (USA), Fras-le Friction Materials (China), ASK Fras-le (India), Fras-le Panamerican (Colombia), Fras-le Europe GMBH, Fras-le Europe BV., Armetal, Fras-le Argentina, Farloc, Fanacif CTR and Nione. To consolidate the information, Fras-le (headquarters) areas collected data from the responsible areas of each unit, according to the themes. The summary of the financial statements is presented on Page 17. The complete financial statement, independently audited, is available in: <a href="https://bit.ly/381STEj">https://bit.ly/381STEj</a>
GRI 2-3	Reporting period, frequency and point of contact		Fiscal year: January 1 <sup>st</sup> to December 31 of 2021. Frequency of publication of the sustainability report and financial report: yearly. Point of contact: Page 4. The financial report was published in 02/23/2022 and is available here: <a href="https://bit.ly/39zqBS6">https://bit.ly/39zqBS6</a>
GRI 2-4	Information reformulations		There was none.
GRI 2-5	External verification		Page. 112.
Activities and employees			
GRI 2-6	Activities, value chain and other business relationships		Page. 11, 14, 16 and 46.
GRI 2-7	Employees		Page. 91.
GRI 2-8	Workers who are not employees		Page. 91.
Governance			
GRI 2-9	Governance structure and composition		Page. 5, 20, 21, 22 and 23.

Indicator	Disclosure	Exceptions in scope (limit)	Reference (pg.) / Direct Answer
GRI 2-10	Appointment and selection of the highest governance body		The Board of Directors did not approve a policy establishing the criteria for appointing its members, however, this body is composed considering the availability of time of its members to perform their duties and the diversity of knowledge and experience, as can be seen in item 12.5 of the Reference Form .
GRI 2-11	Chairman of the highest governance body		Page. 21.
GRI 2-12	Role of the highest governance body in overseeing impact management		Page. 25.
GRI 2-13	Delegation of responsibility for impact management		Page. 25.
GRI 2-14	Role played by the highest governance body in sustainability reporting		The Board of Directors is responsible for reviewing and approving the information in the Sustainability Report, as well as material topics.
GRI 2-15	Interest conflicts		Page. 28.
GRI 2-16	Communicating critical concerns		Pages. 25 and 29.
GRI 2-17	Collective knowledge of the highest governance body		Currently, the Company does not have a formal process to promote the collective knowledge, skills and experience of the Board of Directors in sustainable development.
GR 2-18	Performance assessment of the highest governance body		Currently, the Company does not have a formal process for evaluating the performance of the Board of Directors, as provided in item 12.1 (d) of the Reference Form.
GRI 2-19	Compensation policies		Page. 24.
GRI 2-20	Process for determining compensation		Page. 24. AA detailed description of the compensation determination process is available in Item 13 of the Reference Form.
GRI 2-21	Proportion of the total annual compensation		Reason for omission: there are confidentiality restrictions.
Strategy, policies and practices			
GRI 2-22	Declaration on the Sustainable Development Strategy		Pages. 5 and 31.
GRI 2-23	Commitment policies		Pages. 27 and 47.
GRI 2-24	Incorporating commitment policies		Page. 27.



Indicator	Disclosure	Exceptions in scope (limit)	Reference (pg.) / Direct Answer
GRI 2-25	Processes to remedy negative impacts		Page. 27.
GRI 2-26	Mechanisms for seeking guidance and raising concerns		Page. 29.
GRI 2-27	Compliance with laws and regulations		There were no significant cases of non-compliance with laws and regulations during the reporting period.
GRI 2-28	Participation in associations		Page. 33.
Stakeholders' Engagement			
GRI 2-29	Approach to stakeholder engagement		Employees - Pages 35 and 42. Suppliers - Pages 46 to 49. Customers - Pages 43 to 45. Shareholders - Page 50. Communities - Pages 51 to 54.
GRI 2-30	Collective bargaining agreements		77.3% of the employees are covered by collective bargaining agreements, and in Brazil the percentage is 97.3%. In international units, where agreements are not applicable, we adopt the same good practices determined in agreements in Brazil.
Economic Performance			
201-1	Direct economic value generated and distributed		Page. 17.
Specific content			
Material Topics			
GRI 3-1	Process for determining material topics		Page. 31. To understand the Company's operating strategy to build the corporate ESG Ambition, interviews were carried out with the Directors. In addition, the employees of the areas of the Company related to material themes were consulted, through workshops, to discuss the relevance of material themes and the reporting approach.

Indicator	Disclosure	Exceptions in scope (limit)	Reference (pg.) / Direct Answer
GRI 3-2	List of material topics		<p>Page. 31. Complete list of material themes by pillars:</p> <p><b>Ethical and Responsible Driving:</b></p> <ul style="list-style-type: none"> <li>• Governance that creates value</li> <li>• Ethics</li> </ul> <p><b>Prosperity for all:</b></p> <ul style="list-style-type: none"> <li>• Our people</li> <li>• Value relationships</li> </ul> <p><b>Excellence and Safety as a Value:</b></p> <ul style="list-style-type: none"> <li>• Information Security and Privacy</li> <li>• Health and Safety at Work</li> <li>• Product Safety and Excellence</li> </ul> <p><b>Sustainable Innovation:</b></p> <ul style="list-style-type: none"> <li>• Continuous and disruptive innovation</li> <li>• Sustainable mobility</li> <li>• Collaboration and open innovation</li> </ul> <p><b>Commitment to the environment:</b></p> <ul style="list-style-type: none"> <li>• Combating climate change</li> <li>• Circularity</li> <li>• Water and effluents</li> </ul> <p>The main change from the previous year on material topics was the inclusion of sub-themes such as:</p> <ul style="list-style-type: none"> <li>• Information security and privacy.</li> </ul>
Material topic: ethical and responsible driving			
GRI 3-3	Material topic management		Ethical and Responsible Driving– Pages. 18 to 33.
Anti-corruption			
GRI 205-1	Operations assessed for corruption-related risks		Page. 29.
GRI 205-2	Communication and training in anti-corruption policies and procedures		Page. 28.
GRI 205-3	Confirmed cases of corruption and actions taken		Page. 30.
Non-Discrimination			
GRI 406-1	Discrimination cases and corrective measures taken		Page. 41.
Freedom of Association and Collective Bargaining			
GRI 407-1	Operations and suppliers where the right to union freedom and collective bargaining may be at risk		As for our own operations, we do not have any restriction on freedom of association, whether of association or negotiation, and we encourage and practice collective bargaining in all locations where we operate. Regarding suppliers, we have not registered confirmed cases of suppliers acting in a way that restricts such freedom and we seek to encourage and guide our partners to fully respect and exercise freedom of association within their companies.
Child Labor			
GRI 408-1	Operations and suppliers with significant risk of child labor cases		There is no risk in own operations. Learn more about managing in-chain to ensure these rights on page 48.



Indicator	Disclosure	Exceptions in scope (limit)	Reference (pg.) / Direct Answer
Forced or Compulsory Labor			
GRI 409-1	Operations and suppliers with significant risk of cases of forced or slave-like labor		There is no risk in own operations. Learn more about managing in-chain to ensure these rights on page 48.
Material topic: Prosperity for everyone			
GRI 3-3	Material topic management		Prosperity for all – Pages. 34 to 54.
Indirect Economic Impacts			
GRI 203-1	Infrastructure investments and services supported		Page. 93.
Procurement Practices			
GRI 204-1	Proportion of spending on local suppliers	Companies considered: Fras-le (headquarter), Fremax, Controil and Jurid do Brasil.	Page. 93.
Supplier Environmental Assessment			
GRI 308-1	New suppliers selected based on environmental criteria	Only companies that are managed by Corporate Procurement.	Page. 47.
GRI 308-2	Negative environmental impacts in the supply chain and measures taken	Only companies that are managed by Corporate Procurement.	Page. 48.
Employment			
GRI 401-1	New hires and employee turn-over		Page. 92.
GRI 401-2	Benefits offered to full-time employees that are not offered to temporary or part-time employees		The benefits offered to permanent employees are described on page XX. For temporary employees, we offer: <ul style="list-style-type: none"> <li>• Food or meal vouchers;</li> <li>• Funeral assistance;</li> <li>• Christmas staple;</li> <li>• Health insurance;</li> <li>• Life insurance;</li> <li>• Transport.</li> </ul>
Training & Education			
GRI 404-1	Average hours of training per year, per employee		Pages. 38 and 93.
GRI 404-2	Programs for improving employee competencies and career transition assistance		Page. 38.

Indicator	Disclosure	Exceptions in scope (limit)	Reference (pg.) / Direct Answer
GRI 404-3	Percentage of employees receiving regular performance and career development reviews		Page. 40.
Local Communities			
GRI 413-1	Engaged operations, impact assessments and local community development programs	Companies considered: Fras-le (headquarters) and Fremax.	12% of our operations have implemented development programs for the local community in 2021. Page. 51.
Supplier Social Assessment			
GRI 414-1	New suppliers selected based on social criteria		Page. 47.
GRI 414-2	Negative social impacts on the supply chain and measures taken		Page. 48.
Material topic: excellence and safety as a value			
GRI 3-3	Material topic management		Excellence and Safety as a Value – Pages. 78 to 89.
Occupational Health and Safety			
GRI 403-1	Health and safety management system		Page. 79.
GRI 403-2	Hazard identification, risk assessment and incident investigation		Pages. 79 and 82.
GRI 403-3	Occupational health services		Page. 79.
GR 403-4	Worker participation, consultation and communication with workers regarding health and safety		Page. 79.
GRI 403-5	Training of workers in health and safety		Page. 80.
GRI 403-6	Promotion of workers' health		Page. 81.
GRI 403-7	Prevention and mitigation of health and safety impacts directly linked to business relationships		Page. 82.
GRI 403-8	Workers covered by a health and safety management system		Page. 94.



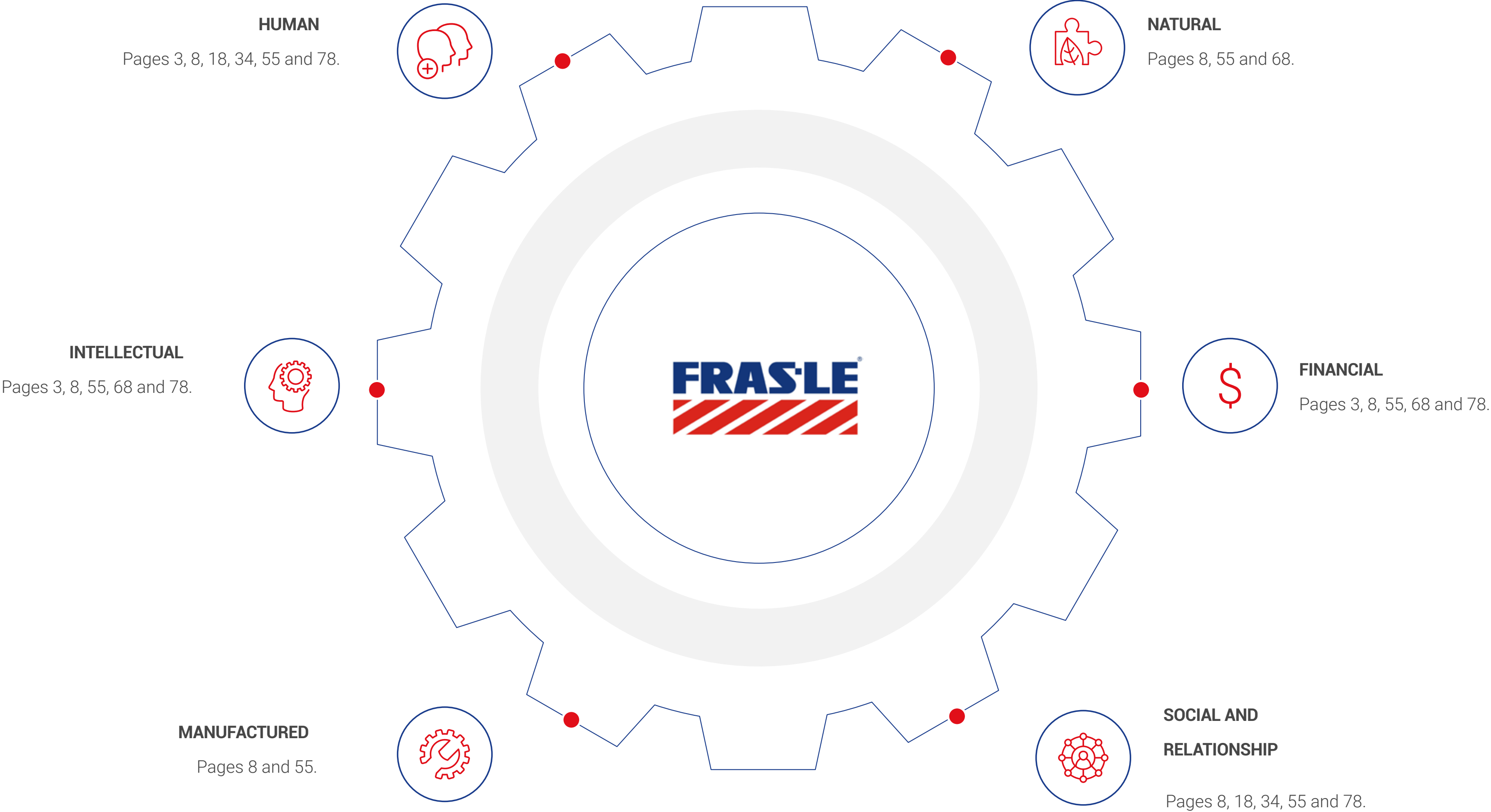
Indicator	Disclosure	Exceptions in scope (limit)	Reference (pg.) / Direct Answer
GRI 403-9	Work accidents	Companies considered in 2021: Fras-le (headquarters), Fremax, Controil, Nakata, Jurid do Brasil, Fras-le North America, Fras-le Friction Materials (China), ASK Fras-le (India), FARLOC, FANACIF and Fras-le Europe. Companies considered in 2020: Fras-le (headquarters), Jurid do Brasil, Fremax, Controil, Fras-le North America, Fras-le Friction Materials (China), CTR.	Page. 95.
GRI 403-10	Professional diseases	Companies considered were the same mentioned in the item GRI 403-9.	Page. 95.
Customer Privacy			
GRI 418-1	Proven complaints regarding breach of customer privacy and loss of customer data		Page. 88.
Product quality and safety			
SASB TR-AP-000.A	Number of parts produced		Page. 86.
SASB TR-AP-000.C	Area of manufacturing plants		74,692.3 m <sup>2</sup>
OWN-FRAS1	Product quality and safety (OEM PPM, low quality costs, productivity, overall scrap, warranty cost)		Page. 85.
OWN-FRAS3	Operational efficiency (parts produced, production capacity)		Page. 86.
Material topic: commitment to the environment			
GRI 3-3	Material topic management		Commitment to the environment – Pages. 68 to 77.
Materials			
GRI 301-1	Materials used, broken down by weight or volume	Companies considered: Fras-le (headquarters), Jurid, Fremax, Controil, Fras-le Friction Materials (China), ASK Fras-le (India).	Page. 97.
GRI 301-2	Raw materials or recycled materials used	Companies considered were the same mentioned in item GRI 301-1	Page. 73.
GRI 301-3	Products and their packaging recovered	Companies considered were the same mentioned in item GRI301-1.	Page. 74.

Indicator	Disclosure	Exceptions in scope (limit)	Reference (pg.) / Direct Answer
Energy			
GRI 302-1	Energy consumption within the organization	Companies considered in 2021: Fras-le (headquarters), Fras-le North America, Fras-le Europe, ASK Fras-le (India), Controil, Jurid do Brasil, Fanacif, Farloc and Fremax. Companies considered in 2020 and 2019: Fras-le (headquarters).	Pages. 72 and 96.
GRI 302-3	Energy intensity	Companies considered were the same mentioned in item GRI 302-1.	Page. 72.
SASB TR-AP-130a.1	1) Total energy consumed, (2) percentage grid electricity, (3) Percentage renewable	Companies considered were the same mentioned in item GRI 302-1.	Page. 96.
Water and effluents			
GRI 303-1	Interactions with water as a shared resource	Companies considered in 2021: Fras-le (headquarters), Fremax, Jurid do Brasil, Fras-le North America, Controil, Farloc and ASK Fras-le (India). ASK Fras-le (India) is located in a water stress area according to The Aqueduct Water Risk Atlas. Companies considered in 2019 and 2020: Fras-le (headquarters), Fremax, Jurid do Brasil and Fras-le North America.	Page. 76.
GRI 303-2	Management of impacts related to water disposal	Companies considered were the same mentioned in the item GRI 303-1.	Page. 76.
GRI 303-3	Water catchment	Companies considered were the same mentioned in the item GRI 303-1.	Page. 100.
GRI 303-4	Water disposal	Companies considered were the same mentioned in the item GRI 303-1.	Page. 100.
GRI 303-5	Water consumption	Companies considered were the same mentioned in the item GRI 303-1.	Page. 77.
Emissions			
GRI 305-1	Direct emissions (Scope 1) of greenhouse gases (GHG)	Only considers the companies: Controil, Fras-le (headquarters), Fremax, Jurid do Brasil, Fras-le Friction Materials (China) and Fras-le North America	Page. 71.
GRI 305-2	Indirect emissions (Scope 2) of greenhouse gases (GHG) from energy acquisition	Companies considered were the same mentioned in item GRI 305-1.	Page. 71.
GRI 305-4	Intensity of greenhouse gas (GHG) emissions	Companies considered were the same mentioned in item GRI 305-1.	Page. 71.



Indicator	Disclosure	Exceptions in scope (limit)	Reference (pg.) / Direct Answer
Waste			
GRI 306-1	Waste generation and significant waste-related impacts	Companies considered in 2021: Fras-le (headquarters), Fremax, Fanacif, Fras-le Friction Materials (China), ASK Fras-le (India), Fras-le North America, Jurid do Brasil, Farloc and Controil. Companies considered in 2020 and 2019: Fras-le (headquarters).	Page. 74.
GRI 306-2	Management of significant waste-related impacts	Companies considered were the same mentioned in item GRI 306-1.	Page. 73.
GRI 306-3	Waste generated	Companies considered were the same mentioned in item GRI 306-1.	Pages. 74 and 98.
GRI 306-4	Waste not intended for final disposal	Companies considered were the same mentioned in item GRI 306-1.	Pages. 74 and 99.
GRI 306-5	Waste intended for final disposal	Companies considered were the same mentioned in item GRI 306-1.	Pages. 74 and 99.
SASB TR-AP-150a.1	(1) Total amount of manufacturing waste, (2) hazardous percentage, (3) recycled percentage.	Companies considered were the same mentioned in item GRI 306-1.	Pages. 74 and 98.
Environmental Compliance			
GRI 307-1	Non-compliance with environmental laws and regulations		There were no records of non-compliance with environmental laws and regulations in 2021.
Material Topic: Sustainable Innovation			
GRI 3-3	Material topic management		Commitment to the environment – Pages. 55 and 67.
OWN-FRAS2	Research, development and innovation: i) description of RD&I strategy and structure; ii) value invested in RD&I; iii) potential revenue with new projects from the current portfolio; iv) prototypes; v) Innovation Index; vi) tests and trials.		Sustainable Innovation – Pages. 56 and 62.

# Capital Map





# SDG Map

We refer below to the pages where we present our contribution to the achievement of the 17 Sustainable Development Goals, the result of our commitment to sustainability and social responsibility.



Page 34.



Pages 34, 68 and 78.



Page 34.



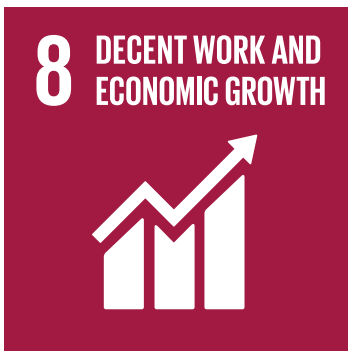
Pages 18 and 34.



Page 68.



Pages 55 and 68.



Pages 3, 8, 18, 34, 55, 68, 78.



Pages 3, 55 and 78.



Page 34.



Pages 55 and 68.



Pages 3, 55, 68 and 78.



Pages 55 and 68.



Page 68.



Pages 18 and 78.



Page 18.

# Assurance

BSD Consulting has conducted an independent verification of the drafting process of the Sustainability Report 2021 of Fras-le S.A. developed based on the GRI (Global Reporting Initiative) Standards 2021. The process followed the criteria of the AA1000 Assurance Standard v3 and aims to provide Fras-le's stakeholders with an independent opinion on: the quality of the report; the stakeholder engagement processes; the company's sustainability management and the adherence to the principles of the AA1000 Accountability Principles 2018.

## Independence and competence

We work independently and ensure that no member of BSD has consulting contracts or other commercial ties with Fras-le. BSD Consulting is a company specialized in sustainability. The work was conducted by a team of professionals experienced and skilled in external verification processes.

## Fras-le and BSD Responsibilities

The preparation of the Sustainability Report, as well as the definition of its content, is Fras-le's responsibility. The verification of the report was the object of BSD's work.

## Scope and Limitations

The scope of our work includes the information in the full version of Fras-le's 2021 Sustainability Report for the period covered by the report from January 01, 2021, to December 31, 2021. The independent verification process was conducted according to the AA1000AS v3 standard (AA1000 Assurance Standard v3), assurance level Type 1, providing a moderate level of Assurance. The objectives of the Assurance Statement are to inform stakeholders of BSD's conclusions about the process which assessed the adherence of Fras-le's reporting process to the four principles: Inclusiveness, Materiality, Responsiveness and Impact, as per the standard AA1000AP 2018 (AA1000 Accountability Principles 2018). The verification of financial data was not the subject of BSD Consulting's work. The financial data was audited by a specialized company as stated in auditor comments in the Financial Statements.

## Methodology

The procedures developed during the work and the AA1000AS process verification approach included:

- Evaluation of the content of the 2021 Sustainability Report;
- Understanding the process flow of obtaining and generating information for the Sustainability Report;

- Research of public information about the sector and the company (press and websites);
- Interviews with managers from key areas regarding the relevance of information for sustainability reporting and management;
- Interviews with company leaders and, where relevant, verification of sustainability performance information with company managers;
- Analysis of the evidence of the management processes of the material topics;
- Based on sample testing, confirmation of the information in the Sustainability Report with supporting documentation, management reports, internal controls, and official correspondence.

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## Key Findings on Adherence to the AA1000AP 2018 Principles

### 1. Inclusion Principle

Fras-le's stakeholders include employees, suppliers, customers, investors, communities and start-ups. The following relevant engagement activities were evidenced to disseminate topics related to sustainability management:

- The company carried out engagement actions aimed at improving relationships with stakeholders. We highlight the Customer Satisfaction Survey, the Conexo platform for open innovation, the Vida Sempre Program for truck drivers, and Fras-Le's participation in the voluntary programs and social investment projects of Randon Companies.

- The ESG Ambition was presented to the leadership at the Leadership Meeting. To engage the internal public regarding the theme of diversity and inclusion, the company started the Diversity Tour, offering rounds of conversation with the aim of fostering discussions on the subject.
- The company has a robust Investor Relations program and held in 2021 the event "Universo Fras-le" to present its results and its growth and innovation strategies. Fras-le's performance in this area has been recognized by APIMEC.
- Fras-le carried out a materiality process in 2020 according to the guidelines of the GRI Standards, consulting with various stakeholders, including industry experts. However, we recommend a new stakeholder consultation following the guidelines of the GRI Standards released in October 2021. In addition, it is recommended to describe that there was engagement and validation of the topics with managers and leadership.

### 2. Materiality (or Relevance) Principle

In 2021, Fras-le, in partnership with a specialized consulting company, conducted the process to define the ESG Ambition, the Company's sustainability strategy for the business and its value chain. In this process, which took place on a corporate level, relevant issues were identified by referencing international frameworks, market mechanisms for sustainability and sector benchmarks:

- In total, 13 material topics were defined: Governance that generates value, Ethics, Product safety and excellence, Occupational health and safety, Information security and privacy, Continuous and disruptive innovation, Collaboration and open innovation, Sustainable mobility, Fighting climate change, Circularity, Water and effluents, Our people, and Value relationships.
- The topics were grouped into five pillars to formulate the ESG Ambition: Ethical and responsible conduct, Excellence and safety as a value, Sustainable innovation, Commitment to the environment, and Prosperity for all.
- Based on the ESG Ambition, the impacts related to the themes of each pillar were evaluated. In this process, which was carried out by a specialized consulting firm and the Investor Relations area in conjunction with Strategic Planning, the audiences impacted by the topics and the limits of their impact were identified. In addition, an analysis of the strengths, weaknesses and threats related to the topics was carried out, including an assessment of the severity and probability of the impacts on the SDGs, anticipating the requirements of the GRI 2021 Standard for the materiality process.

### 3.Responsiveness Principle and Impact Principle

We evidenced during the assurance process that the company demonstrated having management processes at different levels of maturity for the material topics and launched metrics

to understand and monitor their impacts. We can highlight the following points:

- In terms of diversity, part of the Prosperity for all pillar, the company has development initiatives with employees and management. By 2021, an increase in the number of women in leadership positions has been identified, as well as a high hiring rate of women in total employee counts.
- Concerning environmental aspects, the company registered advances in the development and application of new materials that decrease the carbon footprint and strengthened and improved the waste balance through the expansion of reverse logistics and a closed waste circuit.
- The company invests in the concept of sustainable mobility through new solutions and technologies that enable the transition to using renewable energy in operations and in offering products that support the decarbonization of the vehicle sector.
- In order to provide metrics and indicators to monitor impact, the group initiated on corporate level a data monitoring process that covers all pillars of the ESG Ambition. We recommend greater clarity in the alignment of indicators and targets with the material topics and the improvement of the data collection base, which, due to the complexity of the group, still needs to evolve further in terms of data completeness and comparability.

### Concluding Remarks

Based on the scope of our work and the assurance procedures we have performed, we have concluded that nothing has come to our attention that causes us to believe that the information regarding the sustainability performance in the Fras-le Sustainability Report 2021 is not fairly presented in all material respects. The company presents its performance clearly, meeting the requirements of the GRI Standards 2021 and providing a balanced view of its sustainability management and the impacts linked to its operation.

São Paulo, May 20, 2022.

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