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## CORPORATE GOVERNANCE REPORT 2020\_

Chapter - Principle - Practice	Option	Explanation
1.1.1 - The Company's capital stock should consist only of common shares.		
1.2.1 - The shareholders' agreements must not bind the exercise of voting right of any director or member of the supervisory and control bodies.	P	The Shareholders' Agreement filed at the Company's headquarters does not bind the exercise of the right to vote by any director or member of the Company's supervisory and control bodies. The Agreement, which has a transitory character, establishes, among the main definitions, that the Administrators or the Parent Company will previously communicate the GIF about the intention of submitting certain matters contained in the agreement, to the appreciation of the General Meeting or the Board of Directors, which may request additional clarifications, previous meetings with the representatives of the Parent Company and / or the Executive Board of the Company, in order to enable a decision making regarding the matter to be resolved, with the possibility of veto in certain cases provided for in the Agreement . The aforementioned Shareholders' Agreement is available on the website of the Company, B3 and CVM.
The Eecutive Board should use Shareholders' Meetings to report on the conduct of the company's business, andMmanagement should publish a manual to facilitate and encourage attendance at Shareholders' Meetings.	S	
1.3.2 "The minutes should provide a full understanding of the discussions held at a meeting even if entered in the form of a summary of events, and should detail the votes cast by the shareholders."	S	
1.4.1 "The Board of Directors should make a critical analysis of the advantages and disadvantages of the protection measures and their characteristics, in particular the triggers and price parameters, if applicable, with explanations."	NA	
1.4.2 - Clauses which cannot be removed from the Bylaws (known as "immutable clauses") should not be used.	NA	
1.4.3 - "If the Bylaws provide that a public offering for acquisition (OPA) must be held whenever a shareholder or group of shareholders reaches a significant direct or indirect interest in the voting capital stock, he rule for determining the offering price should not impose the addition of a premium substantially above the net economic value or market value of the shares."	NA	
1.5.1 The company's bylaws should provide that: (i)transactions representing the direct or indirect disposal of equity control must be accompanied by a public offering for acquisition (OPA) addressed to all the shareholders, at the same price and on the same terms as obtained by the seller; : (ii) the administrators must make a declaration about the terms and conditions of corporate restructurings, capital increases and other transactions giving rise to a change of control, confirming that they ensure fair and equitable treatment for all shareholders of the company.	P	Item (i) is expressed in Article 42 of the Bylaws - as for item (ii), there is no express provision that the administrators should comment on transactions that give rise to a change of control process.
1.6.1 - The Bylaws should provide that the Board of Directors issue an opinion on any OPA applying to shares or securities convertible or exchangeable into company shares, which shall include, among other relevant information, the administrators' recommendation on whether to accept the OPA and an opinion on the economic value of the company.	N	
1.7.1 - The company must draft and disclose an earnings distribution policy defined by the board of directors. Among other things, this policy must indicate the frequency of dividend payments and the reference parameter to be used to define the amounts (percentages of adjusted net income or of free cash flow, for instance).	S	
1.8.1 - The bylaws must identify clearly and precisely the public interest which justified the incorporation of the government-controlled company, in a separate chapter.	NA	
1.8.2 - The board of directors must monitor the activities of the company and set policies, mechanisms and internal controls to ascertain any costs of meeting the public interest and possible reimbursement of the company or its other shareholders and investors by the controlling shareholder.	NA	

<p>2.1.1 - The Board of Directors should, in addition to any other legal or statutory duties and other practices provided for in this code: (i) define business strategies, taking into account the impact of the Company's activities on society and on the environment, with a view to the future of the company and the creation of long-term value; (ii) periodically assess the company's exposure to risks and the effectiveness of the risk management systems, the internal controls and the integrity/compliance system, and approve risk management policy compatible with its business strategy; (iii) define the company's values and ethical principles and ensure that transparency is maintained in dealings with all stakeholders; (iv) review the corporate governance system annually with a view to improving it.</p>	S	<p>The Company's bylaws do not establish that the Board of Directors be composed, in its majority, of external members having, at least, one third of independent members, and does not have a policy for appointing management members formally approved by the Board of Directors. Currently, the Board of Directors is composed of five members, three of whom are external directors appointed by the controlling shareholder. Considering the Company's capital structure, with defined control, Management understands that the composition of the Board of Directors is adequate for its size and does not compromise the independence and exemption of the directors.</p>
<p>2.2.1 - The bylaws should provide that: (i) the majority of the members of the board of directors be external, with at least a third of them independent; (ii) the board of directors analyses and reports annually which of its members are independent, and indicates and justifies any circumstances that might compromise their independence.</p>	N	<p>The Company does not have a policy that establishes the criteria provided for in this item. However, in practice, the current process of appointment and election of the Board of Directors' members allows a diversified profile among its members, which results in adding value for the Company. The effective debate of ideas makes it possible to make technical, impartial and well-founded decisions.</p>
<p>2.2.2 - The Board of Directors must approve an appointment policy that determines: (i) the process for appointing members of the board of directors, including details of the participation of other company bodies in the process; (ii) that the board of directors must be staffed bearing in mind the availability of its members' time to exercise their functions, and the diversity of their skills, experience, conduct, cultural aspects, age brackets and gender.</p>	N	<p>The Company does not have a policy that establishes the criteria provided for in this item. However, in practice, the current process of appointment and election of the Board of Directors' members allows a diversified profile among its members, which results in adding value for the Company. The effective debate of ideas makes it possible to make technical, impartial and well-founded decisions.</p>
<p>2.3.1 - The Chief Executive Officer should not also hold the position of chair of the board of directors.</p>	S	
<p>2.4.1 -The company should implement an annual evaluation process regarding the performance of the Board of Directors and its Committees, as decision-making bodies, the chair of the board of directors, the directors individually, and the governance secretariat, if there is one.</p>	N	<p>Currently, the Company does not have a formal evaluation process regarding the performance of the Board of Directors, nor of the Chair and the other members, individually considered, taking into account the corporate structure of the Company, the form and composition of the Board of Directors, as well as competence, experience and seniority. This practice may be reassessed in due course by the administrators.</p>
<p>2.5.1 - The Board of Directors should approve and keep up to date a succession plan for the CEO, prepared under the supervision of the Chair.</p>	N	<p>The succession of the Company's Chief Executive Officer is established by the Board of Directors in accordance with the guidelines set by the controlling shareholder, with a view to ensuring Management may count on professionals, whose professional experience and skills contribute to the good performance and preservation of the Company's value.</p>
<p>2.6.1 - The Company should have a predefined onboarding program for new members of the board of directors, to introduce them to key members of the staff and the company facilities, and to discuss matters that are crucial to understand the company's business.</p>	S	<p>The onboarding program for the new members of the Board of Directors consists of the following steps: a) The provision, by the Company, of normative documents, such as: Bylaws, Code of Ethical Conduct, Board of Directors' Internal Regulations, schedule of meetings, corporate organizational chart, and others; b) The provision, by the new Board member, of personal documentation and information, which are required for the respective reference file/registration aiming the payment of fees and charges; c) The institutional presentation of the Company on operational, financial and governance aspects; d) The holding of in-person meetings with the Chair of the Board of Directors, the Chief Executive Officer and, if applicable, with any of the Vice-Chief Executive Officers, with the purpose of getting to know the management structure of the Company; e) Guided visits to the main plants of Randon Companies. It is the responsibility of the members of the Board of Directors and the Executive Board to ensure the implementation of the program, as soon as possible from the date on which the new Board member takes office.</p>
<p>2.7.1 -The compensation of members of the board of directors should be proportional to their duties, responsibilities and time demands. Compensation should not be based on attendance at meetings, and variable compensation for board members, if any, should not be linked to short-term results.</p>	S	
<p>2.8.1 -The board of directors must have internal regulations describing its responsibilities, duties and rules for operation, including: (i) the duties of the chair of the board of directors; (ii) the rules for replacing the chair during absences or in the event of a vacancy; (iii) the measures to be adopted in situations of conflicts of interest; and (iv) a definition of the period of notice sufficient for the receipt of board papers, and how detailed they should be.</p>	S	
<p>2.9.1 -The board of directors should issue an annual calendar with the dates of ordinary meetings, at least six and not more than twelve, in addition to calling extraordinary meetings when necessary. This calendar must include an annual agenda of important topics, with discussion dates.</p>	S	
<p>2.9.2 - Board of directors' meetings should include regular sessions for external directors, without the presence of the executives or other invitees, for them to reach agreement and discuss matters that could cause embarrassment.</p>	N	<p>The Company does not have this practice because it considers that, taking into account its capital structure, of defined control, the composition of the Board of Directors and the way the issues are dealt with in this collegiate body, are sufficient to add value to the Company.</p>
<p>2.9.3 - Minutes of board of directors' meetings must be drafted clearly and record the decisions made, the people in attendance, dissident votes and abstentions.</p>	N	<p>The minutes of the Board of Directors' meetings are clearly written, recording the decisions that have been made, the dissident votes and the abstentions from voting.</p>

3.1.1 -The executive board should, in addition to any other legal or statutory duties and other practices provided for in this Code: (i) execute the risk management policy and, whenever necessary, propose to the board of directors any required amendments to the policy due to changes in the risks to which the company is exposed; (ii) implement and maintain effective mechanisms, processes and programs for monitoring and reporting financial and operating performance and the impact of the company's activities on society and the environment.	S	
3.1.2 -The executive board should have its own internal regulations governing its structure, its operation and its roles and responsibilities.	N	The Board does not have its own internal regulations formally approved. The Company understands that the way of conducting meetings and approvals is already widespread among the members of the Executive Board and widely known in the organization. In addition, the Company's bylaws provide, in articles 24 to 30, for the rules applicable to the composition, duties and powers of the Executive Board.
3.2.1 - Executive officers and managers should not be appointed directly by shareholders.	S	
3.3.1 - The CEO should be evaluated annually, in a formal process conducted by the board of directors, on the basis of attaining financial and non-financial performance targets set by the board of directors for the company.	N	The Company adopts a performance evaluation procedure for the members of the Executive Board, followed among its peers, but it does not yet have a formal evaluation process to be conducted by the Board of Directors. This topic is in the process of being studied, which demonstrates that practices may be subject to gradual improvement.
3.3.2 - The results of the evaluation of the other executive officers, including the proposals of the CEO for targets to be agreed and the continuation, promotion or dismissal of executives, should be submitted, analyzed, discussed and approved at a board of directors' meeting.	N	Eligible board members are evaluated annually by their immediate superior and subordinates. The assessment is carried out taking into account two aspects: behavioral (assessment of the skills of the Randon Leader Profile) and results (based on performance targets assigned individually). The results of this evaluation of the executive board members are not submitted to the Board of Directors.
3.4.1 -Compensation of the Executive Board should be fixed by means of a compensation policy approved by the Board of Directors in a formal, transparent process that takes into account the costs and risks involved.	P	The remuneration of the Company's managers is defined according to the metrics established in market survey, the company's strategy, the organizational structure and the training, experience and position of each manager . Although the Board of Directors has not formally approved a remuneration policy, the Board members are aware of the metrics mentioned above and are in agreement with them. The remuneration of managers aims to establish criteria that make it possible to acknowledge and appreciate functional performance, keep the Company's management capable and efficient, as well as attract and retain the best professionals in the market.
3.4.2 - Compensation of the Executive Board must be linked to results, with medium and long-term targets, clearly and objectively related to the generation of economic value for the company in the long term.	S	Variable compensation is linked to results, with medium and long-term targets clearly and objectively related to the generation of economic value for the company in the long term. These are the main indicators evaluated: EBIT, operation cash flow, EBITDA growth, ROIC and Leverage Reduction. The Company understands that its practice of executive compensation is sufficient to provide the alignment of the interests of the executive board members with the medium and long term interests of the Company.
3.4.3 - The incentives structure must be aligned with the risk limits established by the Board of Directors and must prohibit that a single person controls and oversees the decision-making process. No one should determine his/her own compensation.	N	The Company does not have a compensation policy approved by the Board of Directors. However, the remuneration is paid in compliance with the limits set by Brazilian corporate law, bylaws and general shareholders' meeting.
4.1.1 - The statutory audit committee should: (i) among its other duties, advise the Board of Directors on monitoring and controlling the quality of the financial statements, internal controls, risk management and compliance; (ii) have a majority of independent members, and be chaired by an independent board member; (iii) have at least one independent member with proven experience in all of the following areas: accounting/corporate, internal controls, finance and auditing; and (iv) have its own budget to engage consultants for accounting, legal and other matters, when necessary in the opinion of an external expert.	N	The Company does not have a statutory audit committee. However, it has structured areas of Internal Audit, Risks and Compliance, which are linked to and subordinate to the Board of Directors. These are linked and subordinated as follows: • The areas report administratively to the Corporate Controllership Department and functionally to the Board of Directors. • Functional subordination implies ensuring that activities are free from interference of any kind that could limit their scope of action. • Administrative subordination implies ensuring that the Compliance and Internal Audit areas will have the material and human resources required to perform their duties. The Company also has a Supervisory Board since 1999, on an uninterrupted basis, whose duties of its members contribute to the verification of the effectiveness of internal controls, accounting records and accuracy of the financial statements.
4.2.1 - The supervisory board should have its own internal regulations describing its structure, its operation, work schedule, role and responsibilities, without hindering the individual work of its members.	S	
4.2.2 - Minutes of the supervisory board meetings must follow the same rules of disclosure as the minutes of Board of Directors' meetings.	S	
4.3.1 - The company should establish a policy for contracting non-audit services from its independent auditors, approved by the Board of Directors, prohibiting the practice if it may compromise the independence of the auditors. The company must not engage an independent auditor who has provided internal audit services for the company over the last three years.	S	
4.3.2 - The independent audit team should report to the Board of Directors through the audit committee, if there is one. The audit committee must monitor the effectiveness of the work of the independent auditors, and their independence. It must also assess and discuss the annual work schedule of the independent auditors and submit it for the assessment of the Board of Directors.	N	Considering that there is no an Audit Committee in the Company, the independent audit reports to the Board of Directors, which is responsible for directly monitoring / following up the work of the independent audit. The Company understands that the current practice ensures independent auditors their independence from the Company, the administrators and the shareholders.

<p>4.4.1 - The company should have an internal audit department reporting directly to the Board of Directors.</p>	<p>S</p>	<p>The Company has an Internal Audit, Risks and Compliance area ("Internal Audit"), linked and subordinated to its Board of Directors, as follows: the Internal Audit area is under the responsibility of a Coordinator and its structure is composed of 08 auditors, divided into 2 major areas of activity, which are (i) Internal Controls, and (ii) Tax Audits. The Internal Audit area is responsible for developing an organizational culture of risk and communication that involves all employees and parties that have a link and / or relationship with Randon Companies. Internal auditors must comply with the applicable provisions (i) of the Code of Ethical Conduct for Randon Companies; (ii) the Rules and procedures of the Federal Accounting Council; (iii) the International Structure of Professional Practices issued by the Institute of Internal Auditors of Brazil - IIA Brasil (Fundamental Principles for the Professional Practice of Internal Auditing, Code of Ethics, Standards and Definition of Internal Auditing). In order to establish and communicate the purpose, authority and responsibility that define the performance of the Internal Audit area of Randon Companies, the "Internal Audit Regulation of Randon Companies" was prepared.</p>
<p>4.4.2 - If this activity is outsourced, the internal audit services must not be provided by the firm which audits the financial statements. The company must not engage an internal auditor who has provided independent audit services for the company over the last three years.</p>	<p>NA</p>	
<p>4.5.1 -The company should have a risk management policy, approved by the Board of Directors, which includes a definition of the risks for which protection is required, the instruments used for the purpose, the organizational structure for risk management, the assessment of the adequacy of the operating structure and the internal controls for verifying their effectiveness, in addition to defining guidelines for establishing acceptable limits for the company's exposure to these risks.</p>	<p>S</p>	<p>The Company has a risk management policy approved by the Board of Directors that establishes the guidelines, strategies and responsibilities in risk management - a standard that is available to the internal and external parties. In addition, the Company maintains a formalized risk management procedure that describes how the corporate risk management process occurs, while regulating and outlining the activity of internal controls.</p>
<p>4.5.2 - It is the responsibility of the Board of Directors to ensure that the Executive Board has in place mechanisms and internal controls to identify, assess and control risks, so as to keep them within limits, including a compliance program aimed at observing the law, regulations and internal and external standards.</p>	<p>S</p>	<p>The Company's Risk Management and Compliance area is responsible for the continuous monitoring of corporate risks, keeping the Executive Board aware of the indicators and responses to risks. The appetite and tolerance for corporate risks are defined by the Executive Committee, and risk classification observes the critical analysis of impact and probability for establishing control mechanisms for strategic, financial, operational and compliance risk management.</p>
<p>4.5.3 - The Executive Board must, at least once a year, assess the effectiveness of the risk management policies and systems, and internal controls, as well as the compliance program, and report the results of such assessment to the Board of Directors</p>	<p>S</p>	<p>Risk management and internal controls are periodically evaluated, at least once a year, by the Company's Executive Committee - risk indicators are also analyzed monthly by the risk owners (Management). The integrity program is evaluated every two months by the Randon Companies' Ethics and Compliance Committee.</p>
<p>5.1.1 -The company should have a conduct committee that is independent and autonomous, reporting directly to the Board of Directors, and responsible for the implementation, dissemination, training, revision and updating of the code of conduct and the anonymous tip hotline, and for investigating reports and proposing corrective measures for violations of the code of conduct.</p>	<p>S</p>	<p>The Integrity Program of Randon Companies is continuously monitored by the Risk Management and Compliance area, and its results are shared bimonthly in a meeting of the Ethics and Compliance committee - composed of the CEO, the vice-presidents, the CTO and the Controllership director. The Integrity Program of Randon Companies represents continuity in the evolution process of corporate governance, establishing a Code of Ethical Conduct, corporate policies, Anonymous Tip Hotline, Due Diligence Portal, in addition to training aimed at to strengthening the ethical culture. The Ethics and Compliance Committee is responsible for reviewing and updating the Code of Ethical Conduct, which provides guidance on behavioral issues involving all the Company's stakeholders. This document addresses issues such as privacy of personal data, conflict of interest, transparency, secrecy and confidentiality, relationships with suppliers and the fight against corruption.</p>
<p>5.1.2 - The code of conduct, drafted by the Executive Board with the help of the Committee of Conduct, and approved by the Board of Directors, should (i) govern the internal and external relations of the company, expressing the commitment expected of the company, its directors, executive officers, shareholders, staff, suppliers and stakeholders to proper standards of conduct; (ii) administer conflicts of interest and provide for the abstention of any member of the Board of Directors, the Audit Committee or the Committee of Conduct, if any, if they are in a position of conflict; (iii) define, clearly, the rules applying to privileged information (e.g. use of privileged information for commercial purposes or to obtain advantages in securities trading); (iv) ensure that ethical principles are the basis for contracts, agreements, proposals for changes in the bylaws, and the policies that guide the whole company, and set a maximum value for goods, services or favors that managers and staff may accept from third parties without payment.</p>	<p>S</p>	
<p>5.1.3 -The anonymous tip hotline must be independent, autonomous and impartial, operating as established by the Executive Board and approved by the Board of Directors. It must operate independently and impartially and guarantee anonymity for users, as well as ensuring that reports are investigated promptly and appropriate measures are taken. This service can be outsourced from a suitable firm.</p>	<p>S</p>	<p>The Anonymous Tip Hotline of Randon Companies is managed by an independent and specialized company and open to all audiences by telephone and website, which ensures confidentiality and the appropriate treatment of each situation, in addition to ensuring the anonymity of the person reporting. The occurrences received are pre-analyzed by the independent company, with recommendations and referral to the Risk Management and Compliance area of Randon Companies, which conducts investigations according to the risk matrix of the complaints.</p>

5.2.1 - The company's governance rules should ensure the separation and clear definition of functions, roles and responsibilities associated with the mandates of all the agents of governance. Approval authorities for each level must also be defined, in order to minimize possible conflicts of interest.	S	The governance guidelines of Randon Companies are established in corporate policies that define the decision-making levels. The Code of Ethical Conduct provides guidance on how to avoid possible conflicts of interest and establishes a term for clarifying conflicts of interest by identifying and monitoring possible outbreaks.
5.2.2 - The company's governance rules should be published and should require that any member of a management or supervisory body who is not impartial in respect of a matter under discussion must declare a conflict of interest or personal interest at the appropriate time. If this person fails to do so, the rules must provide that any other person who is aware of the conflict must report it, and that in either case the conflicted individual must abstain from the discussions and voting, which means being physically absent. The rules should provide that this temporary absence must be registered in minutes	S	The Code of Ethical Conduct provides guidance on how to avoid possible conflicts of interest and establishes a term for clarifying conflicts of interest by identifying and monitoring possible outbreaks. In addition, the Board of Directors establishes that any conflict of interest, real or potential, direct or indirect, must be communicated in advance, and whoever has a conflict of interest cannot participate in any discussion or issue related to said conflict of interest.
5.2.3 - The company should have mechanisms to manage conflicts of interest in proposals submitted to the vote at shareholders meetings, to receive and process allegations of conflicts of interest, and to annul votes cast in a position of conflict, even subsequently to the meeting in question.	N	The Company does not have formal mechanisms to establish the management of the conflict of interests in meetings. However, it complies with the applicable legislation, which establishes that the shareholder cannot vote in the resolutions of the general meeting that may benefit him/her in a particular way, or in which he/she has an interest. conflicting with that of the Company.
5.3.1 - The bylaws should define which transactions with related parties must be approved by the board of directors, excluding any members with potentially conflicting interests.	N	The Bylaws do not contain these forecasts. This topic may be studied and, in due course, be brought to the assessment of the Company's deliberative bodies.
5.3.2 - The Board of Directors should approve and implement a policy for transactions with related parties, including the following rules: (i) a provision that, before approval of specific transactions or guidelines for contracting transactions, the Board of Directors must ask the Executive Board for market alternatives to the transaction with a related party in question, adjusted for the risk factors involved; (ii) a prohibition on methods of remunerating advisors, consultants or intermediaries that create a conflict of interest for the company, its managers, shareholders or classes of shareholder; (iii) a prohibition on loans to the controlling shareholder or managers; (iv) a list of transactions with related parties that must be based on independent valuation reports prepared without the participation of anyone involved in the transaction in question, such as a bank, lawyer or consultancy firm, based on realistic premises and information provided by third parties; (v) corporate restructuring involving related parties must ensure equitable treatment for all shareholders.	N	The commercial transactions carried out with related parties follow specific pricing policies and terms established in an association agreement between the parties. The commercial agreement takes into account the term, volume and specificity of products purchased by related parties, which are comparable to those sold to unrelated parties.
5.4.1 - The Board of Directors of the company should adopt a policy on trading company securities, which meets the Brazilian Securities Commission's (CVM) requirements and creates controls for monitoring trades, including investigating and punishing those responsible in the event of violation of the policy	S	The Policy for Disclosure and Use of Relevant Information and the Trading Policy, related to the securities issued by the Company, were approved by the Board of Directors at a meeting held on June 14, 2002, and were reviewed and consolidated by the same body in meetings of September 14, 2009, April 29, 2014, November 10, 2015, December 9, 2016 and July 1, 2019. The Company's Securities Trading Policy establishes that the trading of stocks must take place through an accredited broker, in order to expand the control mentioned in the corporate governance code. There are internal rules and procedures to ensure its effectiveness.
5.5.1 - In order to ensure more transparency in the use of company resources, there should be a policy on voluntary contributions, including those related to political activity, to be approved by the Board of Directors and executed by the executive board, containing clear and objective principles and rules.	S	In 2020, the Company developed a Sponsorship and Donation Policy that establishes the criteria for investment in social, cultural, education and sports projects. This policy established the rule of not making voluntary contributions to political activities, to political parties or to individuals and companies connected to them.
5.5.2 - The policy should provide that the Board of Directors is the body responsible for approving all disbursements related to political activity.	S	
5.5.3 - The policy on voluntary contributions by government-controlled companies, or which have recurrent and significant commercial relations with government, should prohibit contributions or donations to political parties or their agents, even if allowed by law.	NA	

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