



CORPORATE GOVERNANCE REPORT 2021_

Chapter - Principle - Practice	Option:	Explanation
1.1.1 - The company's capital stock must be composed only of common shares.	Y	
1.2.1 - Shareholders' agreements must not bind the exercise of voting rights by any manager or member of the supervisory and control bodies.	NA	
1.3.1 - The board of directors must use the meeting to communicate the conduct of the company's business, therefore, the management must publish a manual to facilitate and encourage participation in general meetings.	Y	
1.3.2 The minutes must allow for a full understanding of the discussions held at the meeting, even if drawn up in the form of a summary of the facts that occurred, and include the identification of the votes cast by the shareholders.	Y	
1.4.1 The board of directors must make a critical analysis of the advantages and disadvantages of the defense measure and its characteristics and, above all, the triggers and price parameters, if applicable, explaining them.	NA	
1.4.2 Clauses that make it impossible to remove the measure from the articles of organization, the so-called 'entrenched clauses', should not be used.	NA	
1.4.3 If the articles of organization determine the holding of a public offering for the acquisition of shares (IPO) whenever a shareholder or group of shareholders directly or indirectly reaches a relevant stake in the voting capital, the rule for determining the price of the offer must not impose premium accruals substantially above the economic or market value of the shares.	NA	
1.5.1 The company's articles of organization must state that: (i) transactions involving the sale, directly or indirectly, of shareholding control must be accompanied by a public offering for the acquisition of shares (IPO) addressed to all shareholders, at the same price and conditions obtained by the selling shareholder; (ii) the administrators must comment on the terms and conditions of corporate reorganizations, capital increases and other transactions that give rise to the change of control, and state whether they ensure fair and equitable treatment to the company's shareholders.	P	The Bylaws provide that the sale, directly or indirectly, of the Company's control, can only be contracted under the suspensive or resolute condition, that the acquirer undertakes to make a public offer for the acquisition of the shares of the other shareholders of the Company ("OPA"), with voting rights or not, in order to guarantee them a price equal to the amount paid per share with voting rights that is part of the controlling block. There is no specific provision for a statement by Management regarding transactions that give rise to a change in control, however, the Company understands that management can always express itself, regardless of statutory provision and in accordance with current regulations. In addition, it is worth noting that the Corporations Law already provides for the duties and responsibilities of managers in the exercise of their functions, including the duty of diligence, loyalty and the exercise of their attributions conferred by the Bylaws, conferred on them to achieve the purposes in the interests of the company.
1.6.1 The articles of organization shall provide that the board of directors shall give its opinion in relation to any IPO having, as its subject, shares or securities convertible or exchangeable for shares issued by the company, which shall contain, among other relevant information, the opinion of the management on the eventual acceptance of the IPO and on the economic value of the company.	N	The Bylaws do not provide a specific provision, however the Company has been adopting continuous improvements in its governance practices, in addition to those required by the listing regulation that is included. In this sense, even though there is no formal provision in the Bylaws, the Board of Directors has the discretion to, if it deems necessary, express itself in relation to such OPAs, including issuing opinions. Additionally, in the case of an OPA resulting from a change in control, the Company understands that the tag along right, as already explained in this Report, is a mitigating factor, since all shareholders, including preferred shareholders, will receive 80% of the value per share paid to the controlling shareholder. Occasion in which the administrators must make available to the shareholders, all documents required by the legislation, so that the shareholder can make his decision to adhere (or not) to the OPA.
1.7.1 - The company must prepare and disclose a profit allocation policy defined by the board of directors. Among other aspects, this policy should provide for the frequency of dividend payments and the benchmark to be used to define the respective amount (percentages of adjusted net income and free cash flow, among others).	Y	
1.8.1 The articles of organization must clearly and precisely identify the public interest that justified the creation of the mixed capital company, in a specific chapter.	NA	
1.8.2 The board of directors must monitor the company's activities and establish policies, mechanisms and internal controls to determine any costs of serving the public interest and any reimbursement of the company or other shareholders and investors by the controlling shareholder.	NA	

<p>2.1.1 The board of directors shall, without prejudice to other legal, statutory and other practices provided for in the Code: (i) define business strategies, considering the impacts of the company's activities on society and the environment, aiming at the company's perpetuity and the creation of value in the long term; (ii) periodically evaluating the company's exposure to risks and the effectiveness of the risk management systems, internal controls and the integrity/compliance system, and approving a risk management policy compatible with the business strategies; (iii) define the company's values and ethical principles and ensure that the issuer is transparent in its relationship with all interested parties; (iv) annually review the corporate governance system, with a view to improving it.</p>	Y	<p>With regard to item (i) of the recommended practice, the Board of Directors is the body responsible for defining the general guidelines of the Company's business and deciding on strategic issues, being its responsibility to approve the most relevant projects taking into account their impact in the Company and in the environment, especially where its facilities are located. The annual agenda, prepared by the Chairman of the Board of Directors, discussed and approved by the Board Members, includes the approval and review of the strategic planning, in which actions related to impacts on society and the environment are foreseen, with a view to the Company's perpetuity. In addition, periodically, the Executive Board makes presentations to the Board of Directors on the performance, business and results of the implementation of the strategic planning, in line with the medium and long-term plans. The Company publishes its sustainability report, incorporating the GRI criteria and other materiality factors, providing ample disclosure of the sustainability integrated into the ESG. In relation to item (ii), the practice of periodic risk assessment and verification of the effectiveness of risk management, are provided for in the Corporate Risk Management Policy, whose review and consolidation was approved by the Board of Directors of the controller on 07/17/2020 and of the Company on 07/27/2020. Additional information can be consulted in item 5 of the FRE and the entirety of the Risk Management Policy can be consulted on the Company's website, https://ri.fras-le.com/estatutos-codigos-e-politicas/. The Board of Directors annually monitors the risk map, the definition of risks to be monitored in the period and the results of the monitoring work, including through consolidated reports, so that the Company's exposure level is adequate to the defined risk appetite by the Board of Directors. Regarding item (iii), the Code of Ethical Conduct, approved by the Board of Directors of the Parent Company on 05/10/2016 and of the Company on 08/05/2016, establishes the ethical principles that guide the Company's activities and has as a guideline transparent relationship with shareholders, investors, suppliers, service providers, customers, public agents, among others. The entirety of the current Code of Conduct is available on the Company's World Wide Web pages Regarding item (iv) of the recommended practice, the Company understands that periodic reviews are necessary in its governance system. Even not having in its normative documents, an express forecast of annual review, it constantly seeks to improve its practices, such as adherence to Level 1 of Corporate Governance, from B3, the implementation and review of corporate policies, the dissemination of policies and staff training, the disclosure of the ESG ambition, the structuring of the Governance Secretariat, the disclosure of the Sustainability Report, the implementation of digital meetings, allowing the participation of shareholders from a distance, among other advances.</p>
<p>2.2.1 The articles of organization must establish that: (i) the board of directors is composed mostly of external members, having at least one third of independent members; (ii) the board of directors must annually assess and disclose who the independent directors are, as well as indicate and justify any circumstances that could compromise their independence.</p>	N	<p>The Company's bylaws do not establish that the Board of Directors is composed, in its majority, by external members, having at least one third of independent members, not having a policy of appointing management members formally approved by the Board of Directors. The Board of Directors is composed of five members, three of whom are external directors, two of which are independent, experienced professionals who greatly contribute to the Company's strategy.</p>
<p>2.2.2 The board of directors must approve a nomination policy that establishes: (i) the process for appointing the members of the board of directors, including the appointment of the participation of other company bodies in said process; (ii) that the board of directors should be composed considering the availability of time of its members to exercise their functions and the diversity of knowledge, experiences, behaviors, cultural aspects, age and gender.</p>	N	<p>The 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 the item 12.5 of the FRE. Currently, as mentioned in item 2.2.1 of this Report, the Board of Directors is composed mostly of external members, most of whom are independent, with a diversified profile among its members and experience in other segments, whose result of this composition is to add 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 CEO shall not accumulate the position of chairman of the board of directors.</p>	Y	
<p>2.4.1 The company must implement an annual process for evaluating the performance of the board of directors and its committees, such as collegiate bodies, the chairman of the board of directors, the directors, individually considered, and the governance secretariat, if any.</p>	N	<p>Currently, the Company does not have a formal process for evaluating the performance of the Board of Directors, as provided for in item 12.1(d) of the FRE. However, in compliance with the best practices of corporate governance, the process of reappointment of managers takes into account their experience, observing the debates that took place on the matters discussed, their active contribution in the decision-making process, their commitment to the exercise of their functions, and attendance at meetings during the previous term. This practice may be re-evaluated and, in due course and gradually, the evaluation process referred to in this item may be implemented.</p>
<p>2.5.1 The board of directors must approve and keep up-to-date a succession plan for the CEO, the preparation of which must be coordinated by the chairman of the board of directors.</p>	N	<p>The succession of the Company's Chief Executive Officer is defined by the Board of Directors, in accordance with the guidelines of the controlling shareholder, with the objective of ensuring that management with professionals, whose professional experience and skills, contribute to good performance and to the preservation of the Company's value. In addition, the Company's Board of Executive Officers meets regularly, where decisions and discussions are shared, which contributes to the continuity of management, in the event of an eventual need for the succession of the Chief Executive Officer.</p>
<p>2.6.1 The company must have a previously structured integration program for the new members of the board of directors, so that said members are introduced to the company's key people and its facilities and in which essential topics are addressed for the understanding of the company business.</p>	Y	<p>The integration program for the new members of the Board of Directors has the following stages: (i) the provision by the Company of normative documents, such as: The Bylaws, Code of Ethical Conduct, Internal Regulations of the Board of Directors, calendar of meetings, corporate chart, among others; (ii) The provision, by the Director, of the personal documentation and provision of information, necessary for the respective registration for the purpose of paying fees and collecting charges; (iii) the institutional presentation of the Company, dealing with operational, financial and governance aspects; (iv) The realization of face-to-face meetings with the Chairman of the Board of Directors, the Chief Executive Officer and, if applicable, with any of the Deputy Officers, in order to learn about the Company's management structure; (v) a guided tour of the main plants of the Company and its subsidiaries.</p>
<p>2.7.1 The remuneration of the members of the board of directors must be proportional to the attributions, responsibilities and demand of time. There should be no remuneration based on participation in meetings, and the variable remuneration of directors, if any, should not be linked to short-term results.</p>	Y	

2.8.1 The board of directors must have an internal regulation that regulates its responsibilities, attributions and operating rules, including: (i) the duties of the chairman of the board of directors; (ii) the rules for replacing the chairman of the board in his absence or vacancy; (iii) the measures to be adopted in situations of conflict of interest; and (iv) the definition of a sufficient period in advance to receive the materials for discussion at the meetings, with adequate depth.	Y	
2.9.1 The board of directors must define an annual calendar with the dates of ordinary meetings, which must not be less than six or more than twelve, in addition to calling extraordinary meetings, whenever necessary. This calendar must provide for an annual thematic agenda with relevant issues and dates for discussion.	Y	
2.9.2 Board meetings shall regularly provide exclusive sessions for external directors, without the presence of executives and other guests, to align the external directors and discuss topics that may create embarrassment.	N	The Company does not adopt the practice of regular meetings, however, the Internal Regulations of the Board of Directors provide for the participation of Directors, independent auditors, Fiscal Council and any other bodies of the Company. When the discussion of the topic can create constraints, exclusive sessions will be held for the external directors. However, such sessions are optional and are not regularly held events. In practice, this has already occurred, when the meetings and debates were attended only by external directors.
2.9.3 The minutes of the board meeting must be clearly written and record decisions made, persons present, dissenting votes and abstentions from voting.	Y	The minutes of board meetings are clearly written, where decisions taken, people present, dissenting votes and abstentions from voting are recorded.
3.1.1 The board must, without prejudice to its legal and statutory attributions and other practices provided for in the Code: (i) execute the risk management policy and, whenever necessary, propose to the board any need to review this policy, due to changes in the risks to which the company is exposed; (ii) implement and maintain effective mechanisms, processes and programs for monitoring and disclosing financial and operating performance and the impacts of the company's activities on society and the environment.	Y	
3.1.2 The board of directors must have its own internal regulations that establish its structure, functioning and roles and responsibilities.	Y	
3.2.1 There must not be a reserve of executive positions or managerial positions for direct appointment by shareholders.	Y	
3.3.1 The CEO must be evaluated annually in a formal process conducted by the board of directors, based on verification of the achievement of financial and non-financial performance goals established by the board of directors for the company.	N	The Company adopts a performance evaluation procedure for the members of the Executive Board, carried out among its peers, but it does not yet have a formal evaluation process to be conducted by the Board of Directors. This topic is in the process of being studied, which demonstrates that the practices may be subject to gradual improvement.
3.3.2 The results of the evaluation of the other directors, including the proposals of the CEO regarding goals to be agreed and the permanence, promotion or dismissal of the executives in their respective positions, must be presented, analyzed, discussed and approved at a meeting of the board of directors.	N	Eligible board members are evaluated annually by their immediate superior, peers and subordinates (360 assessment). The assessment is carried out based on the premises, behavioral aspects (assessment of the competencies of the Randon Leader Profile) and results (based on performance goals). The results of this evaluation are presented to the Board of Directors, when the amounts to be distributed to the directors are approved, as variable compensation.
3.4.1 The remuneration of the executive board must be established through a remuneration policy approved by the board of directors through a formal and transparent procedure that considers the costs and risks involved.	Y	The compensation of the Board of Directors, Fiscal Council and Statutory Board of Executive Officers is described in the Policy approved by the Company's Board of Directors on July 19, 2021, and is defined in accordance with metrics established in market research, company strategy, organizational structure and the training, experience and position of each manager. Also in accordance with the Policy, the remuneration of managers must not be linked to indicators that may encourage behaviors that increase risk exposure above the levels considered prudent in the short, medium and long-term strategies adopted by the Company. The entire document can be accessed on the Company's website at https://ri.fras-le.com/estatutos-codigos-e-politicas/ .
3.4.2 The remuneration of the executive board must be linked to results, with medium and long-term goals clearly and objectively related to the generation of economic value for the company in the long term.	Y	The composition of the compensation defined for the Officers is aligned with the short, medium and long-term interests, with the fixed compensation reflecting the market median, and the composition of the fixed compensation added to the short-term variable can reach the third market quartile. This combination aims to attract and retain professionals with a focus on achieving and exceeding results. The variable portion suffers the direct impacts of the results obtained in the short term (period of one year) and in the long term (periods longer than one year). As provided in item 13.1 of the FRE, variable compensation is linked to short (ICP) and long-term (ILP) goals clearly and objectively established to generate economic value for the company in the long term. The main indicators evaluated for short-term goals are EBIT and Operation Cash Flow, and for the long-term, the following are analyzed: EBITDA growth, ROIC and Leverage Reduction.
3.4.3 The incentive structure must be in line with the risk limits defined by the board of directors and prohibit the same person from controlling the decision-making process and its respective supervision. No one should deliberate on their own remuneration.	Y	To determine the individual compensation, the Board of Directors observes the global and annual amount approved by the General Meeting and considers the values in line with market practices, the Company's strategy and adequate risk management over time. For more information, see item 13 of the FRE and the Company's Remuneration Policy. Pursuant to article 17 of the Company's Bylaws, the Board of Directors is responsible for deciding on the distribution of individual compensation to managers. No Director controls the decision-making process on setting their own compensation.

4.1.1 The statutory audit committee must: (i) have among its attributions the one of advising the board of directors in the monitoring and control of the quality of the financial statements, in internal controls, in risk management and compliance; (ii) be formed mostly by independent members and coordinated by an independent director; (iii) have at least one of its independent members with proven experience in the corporate accounting, internal controls, financial and auditing areas, cumulatively; and (iv) have its own budget for hiring consultants for accounting, legal or other topics, when the opinion of an external expert is required.	N	The Company does not have a statutory audit committee. However, it has structured Internal Audit areas as well as RISK MANAGEMENT and Compliance, which are linked and subordinated to the Board of Directors. The link and subordination of these occurs as follows: • The areas report administratively to the CFO and functionally to the Board of Directors. • Functional subordination implies ensuring that activities are free from interference of any order that may limit their scope of action. • Administrative subordination implies ensuring that the RISK MANAGEMENT, Compliance and Internal Audit areas will have the material and human resources necessary to perform their functions. The Company also has a Fiscal Council, installed since 1999 without interruption, whose attributions of its members contribute to the verification of the effectiveness of the internal controls, accounting records and the accuracy of the financial statements.
4.2.1 The fiscal council must have its own internal regulations that describe its structure, functioning, work program, roles and responsibilities, without creating any hindrance to the individual performance of its members.	Y	
4.2.2 The minutes of the fiscal council's meetings must comply with the same disclosure rules as the minutes of the board of directors.	Y	
4.3.1 The company must establish a policy for hiring non-audit services from its independent auditors, approved by the board of directors, which prohibits the hiring of non-audit services that could compromise the independence of the auditors. The company must not hire as an independent auditor anyone who has provided internal audit services for the company for less than three years.	Y	
4.3.2 The independent audit team must report to the board of directors, through the audit committee, if any. The audit committee must monitor the effectiveness of the work of the independent auditors, as well as their independence. It should also assess and discuss the independent auditor's annual work plan and submit it for consideration by the board of directors.	Y	
4.4.1 - The company must have an internal audit area directly linked to the board of directors.	Y	The Company has an Internal Audit area linked and subordinated to the Board of Directors, according to the characteristics described below. The Internal Audit area is under the responsibility of a MANAGEMENT and its structure is composed of 08 auditors, divided into 2 major areas of activity, namely (i) Internal Controls and (ii) Tax Audits. The Internal Audit area is responsible for working in the development of an organizational culture of risks and communication that involves all employees and parties who maintain dealings and/or relations with Randon Companies. Internal auditors must observe the applicable provisions (i) of the Randon Companies Code of Ethical Conduct; (ii) of 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 Brazil (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.
4.4.2 In case this activity is outsourced, the internal audit services must not be performed by the same company that provides audit services for the financial statements. The company must not hire for internal audit anyone who has provided independent audit services for the company for less than three years.	NA	
4.5.1 The company must adopt a risk management policy, approved by the board of directors, which includes the definition of the risks for which protection is sought, the instruments used for this, the organizational structure for risk management, the assessment of adequacy for the operational structure and internal controls in verifying its effectiveness, in addition to defining guidelines for establishing acceptable limits for the company's exposure to these risks.	Y	The Company maintains a risk management policy approved by the Board of Directors, which establishes guidelines, strategies and responsibilities in risk management – a standard available to the internal and external public. As a complement, the Company maintains a formalized risk management procedure that describes how the corporate risk management process takes place, as well as regulates and outlines the activity of internal controls.
4.5.2 It is incumbent upon the board of directors to ensure that the executive board has mechanisms and internal controls to know, assess and control risks, in order to maintain them at levels compatible with the established limits, including an integrity/compliance program aiming to comply with external and internal laws, regulations and standards.	Y	The Company's Risk Management and Compliance area is responsible for the continuous monitoring of corporate risks and for keeping the Executive Board aware of indicators and responses to risks. Corporate risk appetite and tolerance are defined by the corporate Executive Committee, composed of the Chief Executive Officer and Vice-Presidents of the controlling shareholder, and the risk classification observes the critical analysis of impact and probability to establish control mechanisms to strategic, financial, operational and compliance risk management. The Board of Directors is responsible for evaluating and approving the risk map, as well as monitoring the Company's risk monitoring by management.
4.5.3 The executive board must evaluate, at least annually, the effectiveness of the policies and systems for risk management and internal controls, as well as the integrity/compliance program, and report to the board of directors on this evaluation.	Y	Risk management and internal controls are periodically evaluated, at least once a year, by the Executive Committee. The risk indicators are analyzed monthly by the "owners" of each monitored risk. The integrity program is evaluated bimonthly by a specific committee, composed of members of the Executive Committee, which deals with issues related to ethics and compliance and risk management. Periodically, these topics are reported to the Board of Directors, which may approve any suggestions for changes, if deemed necessary.

5.1.1 The company must have a conduct committee, endowed with independence and autonomy and directly linked to the board of directors, in charge of implementing, disseminating, training, reviewing and updating the code of conduct and the whistleblowing channel, as well as the management of investigations and proposition of corrective measures related to breaches of the code of conduct.	Y	The Corporate Risk Management and Compliance Area, which reports directly to the Board of Directors in relation to Compliance matters, is responsible for (i) continuously monitoring the Integrity Program of Randon Companies: (ii) organize training to strengthen the ethical culture with the Company's various publics. The Integrity Program represents continuity in the governance evolution process, consisting of the Code of Ethical Conduct, corporate policies, ethics channel, due diligence portal and communication actions to strengthen the ethical culture provided for in the Program. The Corporate Executive Committee (of the Parent Company) is responsible for reviewing and updating the Code of Ethical Conduct, which provides guidelines on behavioral issues involving all the Company's stakeholders, as well as forwarding them to the Board of Directors. The Code addresses topics such as personal data privacy, conflict of interest, transparency, secrecy and confidentiality, supplier relationships and anti-corruption.
5.1.2 The code of conduct, prepared by the board, with the support of the conduct committee, and approved by the board of directors, must: (i) discipline the company's internal and external relations, expressing the expected commitment from the company, its directors, officers, shareholders, employees, suppliers and interested parties with the adoption of adequate standards of conduct; (ii) manage conflicts of interest and provide for the abstention of the member of the board of directors, the audit committee or the conduct committee, if any, which, as the case may be, is in conflict; (iii) clearly define the scope of actions aimed at investigating the occurrence of situations understood as carried out with the use of inside information (for example, use of inside information for commercial purposes or to obtain advantages in the negotiation of securities); (iv) establish that ethical principles underlie the negotiation of contracts, agreements, proposals to amend the articles of organization, as well as the policies that guide the entire company, and establish a maximum value of the goods or services of third parties that managers and employees can accept for free or favored.	Y	
5.1.3 The whistleblower channel must be endowed with independence, autonomy and impartiality, with operating guidelines defined by the executive board and approved by the board of directors. It must be operated independently and impartially, and ensure the anonymity of its users, in addition to promoting, in a timely manner, the necessary investigations and measures. This service may be carried out by a third party of attested capacity.	Y	The ethics channel (for whistleblowing) of Randon Companies is managed by an independent and specialized company and is open to all audiences through telephone and website, which ensures confidentiality and adequate treatment of each situation, and allows the anonymity of the reporter. The incidents received are pre-analyzed by the independent company, with recommendations and forwarded to the Risk Management and Corporate Compliance area, which promotes investigations according to the risk matrix of complaints.
5.2.1 The company's governance rules must ensure the separation and clear definition of functions, roles and responsibilities associated with the mandates of all governance agents. The decision-making authority of each instance must also be defined, with the objective of minimizing possible sources of conflicts of interest.	Y	The governance guidelines of the Company and its subsidiaries are established in corporate policies that define decision-making levels. The Internal Regulations of the Board of Directors, the Internal Regulations of the Executive Board, the Policy on Transactions with Related Parties and the Code of Ethical Conduct provide for the conduct that must be adopted in the event of conflicts of interest, including in relation to authority.
5.2.2 The company's governance rules must be made public and determine that the person who is not independent in relation to the matter under discussion or resolution in the company's management or supervisory bodies must timely manifest their conflict of interest or private interest. If not, these rules must provide that another person manifests the conflict, if they are aware of it, and that, as soon as the conflict of interest is identified in relation to a specific topic, the person involved withdraws, including physically, from the discussions and deliberations. The rules must provide that this temporary leave is recorded in the minutes.	Y	The Company's governance rules establish that, as soon as the conflict of interest or private interest is identified, the person involved must withdraw from the discussions and deliberations, and must temporarily withdraw from the meeting until the matter is closed. The manifestation of the situation of conflict of interests or particular interest and the removal of the person involved, must be included in the minutes of the meeting. All governance documents mentioned in the previous item are available on the Company's website at the following address: https://ri.fras-le.com/estatutos-codigos-e-politicas/
5.2.3 The company must have mechanisms for managing conflicts of interest in the votes submitted to the general meeting, to receive and process allegations of conflicts of interest, and for the annulment of votes cast in conflict, even after the conclave.	N	The Company does not have pre-established formal mechanisms to establish the management of conflict of interests and votes submitted to the General Meeting. Any conflicts of interest must be previously and formally declared, and the conflicting shareholder must abstain from participating, discussing and voting on the respective matter, in accordance with the legislation. The Chairman of the Meeting may declare the conflict of interest and prevent the vote of the shareholder in question, if he does not declare his conflict. The nature and extent of the conflicting interest must be recorded in the minutes.
5.3.1 The articles of organization must define which transactions with related parties must be approved by the board of directors, excluding any members with potentially conflicting interests.	N	The Bylaws do not contain these provisions, however, the Company has a Transaction Policy with Related Parties, approved by the Board of Directors on December 10, 2020, which establishes procedures and powers for the Board of Directors and disclosed on the Company's website as follows address: https://ri.fras-le.com/estatutos-codigos-e-politicas/ . In due course, a forthcoming proposal to amend the Bylaws to be sent to the General Meeting may be preceded by a study to contemplate a proposal to include such statutory provisions.

5.3.2 The board of directors must approve and implement a policy on transactions with related parties, which includes, among other rules: (i) provision that, prior to the approval of specific transactions or guidelines for contracting transactions, the board of directors will request from the executive board market alternatives to the transaction with related parties in question, adjusted by the risk factors involved; (ii) prohibition of forms of remuneration for advisors, consultants or intermediaries that generate a conflict of interest with the company, managers, shareholders or classes of shareholders; (iii) prohibition of loans in favor of the controller and administrators; (iv) the hypotheses of transactions with related parties that must be supported by independent appraisal reports, prepared without the participation of any party involved in the transaction in question, be it a bank, lawyer, specialized consulting company, among others, based on realistic assumptions and information endorsed by third parties; (v) that corporate restructuring involving related parties must ensure equitable treatment for all shareholders.	Y	As mentioned in the previous item, the Company's Board of Directors approved the Policy for Transactions with Related Parties, which aims to ensure that all these transactions are carried out in the best interest of the Company and its shareholders. It established: (i) the guidelines and conditions for carrying out transactions between related parties, as well as procedures and approval levels to be followed in view of the characteristics of the transaction and its amount; (ii) that all transactions with related parties are carried out under market conditions, based on the principles of competitiveness, compliance, transparency and equity, ensuring equitable treatment to all of the Company's shareholders in corporate restructuring involving Related Parties; (iii) that the transactions must be executed in writing specifying the main characteristics of the transaction and that these must be clearly disclosed in the Company's financial statements; (iv) the prohibition: of remuneration of advisors, auditors, consultants or intermediaries that generate a conflict of interest with the Company and its Managers and shareholders: of transactions involving the participation of shareholders, Managers, Key Persons and employees in businesses of a similar nature individual or personnel that may interfere or conflict with the interests of the Company or that may result from the use of confidential information obtained as a result of the exercise of the position or function they occupy; and, the direct granting, by the Company, of loans or loan operations or provision of guarantees (guarantees or sureties). Information on the rules involving transactions with related parties can be verified in item 16.1 of the Reference Form. The Policy for Transactions with Related Parties is available for consultation on the CVM websites and on the Company's IR website at: https://ri.fras-le.com/estatutos-codigos-e-politicas/
5.4.1 The company must adopt, by resolution of the board of directors, a policy for trading its securities, which, without prejudice to compliance with the rules established by CVM regulations, establish controls that enable the monitoring of the trades carried out, as well as the investigation and punishment of those responsible in case of non-compliance with the policy.	Y	The Policy for the Disclosure and Use of Relevant Information and the Trading Policy, related to the securities issued by the Company, was approved by the Board of Directors at a meeting held on June 14, 2002, revised and consolidated on July 1, 2019. The Company's Securities Trading Policy establishes that share trading must take place through an accredited brokerage firm, in order to expand the control mentioned in the corporate governance code and there are internal rules and procedures to ensure its effectiveness. the violator to disciplinary sanctions, in accordance with the Company's internal rules, as well as constituting a serious infraction for the purposes provided for in § 3 of article 11 of Law 6,385/76.
5.5.1 In order to ensure greater transparency regarding the use of company resources, a policy on voluntary contributions, including those related to political activities, should be drawn up, to be approved by the board of directors and executed by the executive board, containing clear and objective principles and rules.	Y	The Company has a sponsorship and donation policy, approved by the Parent Company's Board of Directors on June 17, 2020, and reported to the Company's Board of Directors on July 27, 2020, which establishes the criteria for investing in social, cultural projects, education and sports. This policy establishes the rule of not making voluntary contributions to political activities, political parties or individuals and legal entities linked to them.
5.5.2 The policy must provide that the board of directors is the body responsible for approving all disbursements related to political activities.	Y	
5.5.3 The policy on voluntary contributions from companies controlled by the State, or which have repeated and relevant commercial relations with the State, must prohibit contributions or donations to political parties or persons connected to them, even if permitted by law.	NA	

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

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