

# **Policy on the Remuneration of Administrators and Members of the Fiscal Council**



**2nd revision and consolidation**

**November/2023 FRAS-LE S.A.**

Publicly Held Company  
Corporate Taxpayer's ID (CNPJ): 88.610.126/0001-29

## **Policy on the Remuneration of Administrators and Members of the Fiscal Council**

### **1. PURPOSE**

The purpose of this Policy is to define the compensation strategy for the Board of Directors, Statutory Executive Board ("management"), advisory committees to the Board of Directors ("Advisory Committees"), and Fiscal Council of Fras-le S.A. ("Frasle Mobility" or "Company"). Accordingly, this Policy aims to attract, retain, and engage the best professionals, enabling the Company to achieve superior performance aligned with shareholders' interests.

### **2. COVERAGE**

This Policy applies to the members of the Board of Directors, its advisory committees, the Statutory Executive Board, and the Fiscal Council of the Company.

### **3. REGULATORY REFERENCES**

Brazilian Corporation Law (Law 6,404/76);  
Regulation of Level 1 Governance of B3 S.A. – Brasil, Bolsa, Balcão;  
Company's Bylaws;  
Board of Directors' Charter;  
Fiscal Council's Charter; and,  
Executive Board's Charter.

### **4. GUIDELINES**

**4.1** Through this Compensation Policy, the Company seeks to provide attractiveness, motivation, retention, and engagement of professionals, reinforcing meritocracy, and other forms of encouragement to performance improvement, balanced with good management and business risk mitigation.

**4.2** Compensation paid by the Company to its management is defined based on the responsibility of the office held in the organizational structure and the positioning strategy in the market.

**4.3** Management compensation should be aligned with the Company's strategic objectives, focusing on its continuity and long-term value creation.

**4.4** Compensation is established and updated based on an annual market salary survey that takes into consideration companies from various sectors, through which the Company's values are compared to the market, assessing competitiveness and the need for adjustments.

**4.5** Management compensation is proposed by the CEO based on the assumptions of this Policy and Randoncorp's corporate assumptions for the Board of Directors, whereby the Annual Shareholders' Meeting is responsible for setting the overall amount, under Article 152 of Brazilian Corporation Law, while the Board of Directors is responsible for its distribution among the Statutory Executive Officers and Board of Directors members.

## **5. COMPENSATION STRUCTURE AND COMPOSITION**

### **5.1. Statutory Executive Board**

The Executive Officers' compensation is aligned with the Company's short-, medium-, and long-term interests, aiming to attract and retain professionals focused on achieving and exceeding results. It includes fixed compensation, variable compensation, present benefits, and post-employment benefits.

C-Level positions are assessed using a job evaluation methodology taking into consideration universal factors comparable worldwide. The scores for the new positions must be presented and validated by the Board of Directors, which, in the event of significant changes in the Company's strategy and an expansion in the scope of C-Level positions, must validate the revised score with the support of specialized consultancy.

Fixed compensation is aligned with the market median and may be changed based on executive merit and/or misalignment with the market, as shown in an annual salary survey and performance evaluation for the period. This change must be approved by the Board of Directors.

Positioning in salary ranges takes into consideration factors such as strategic importance, main attributions, scope of responsibilities, as well as other relevant aspects inherent to each position so that executives can be individually ranked based on their maturity level, professional experience, and contribution to the company's results.

Variable compensation represents a significant portion of the total compensation and is represented as follows:

a. Profit sharing - Short-Term Incentive ("ICP"), is the profit-sharing provided for in Brazilian Corporation Law with an upper limit of the lesser of 8% (eight percent) of the Company's profits or the total annual fixed compensation paid to management, as provided for in the Bylaws. Its purpose is to recognize and reward Executive Officers for the year's results (12-month period), encouraging them to achieve and exceed goals and results, according to their area of expertise and the company's overall performance. ICP will only be paid to Executive Officers in the fiscal years in which the mandatory dividend is attributed to shareholders, as provided for in the Bylaws.

b. Retention Bonus - Long-Term Incentive (“ILP”), aims to recognize and reward eligible Executive Officers for the results achieved in periods exceeding one year, integrating them into the Company’s medium- and long-term development process, allowing them to participate in the appreciation that their work and dedication bring to the Company. ILP plans also contribute to aligning interests between Executive Officers and shareholders in the joint effort to ensure the Company’s sustainability.

Variable compensation is linked to the Company’s financial results and achievement of goals, being higher or lower, depending on the level of achievement or exceeding of such goals, and reflecting the direct impacts of results obtained in the short term (one-year period) and long term (periods exceeding one year). It is also aligned with indicators that inhibit behaviors that may increase exposure to risk beyond levels considered prudent by the Board of Directors.

The Company’s compensation package also includes several benefits aimed at improving the quality of life and providing management and their legal dependents with adequate health care plans, group life insurance, and post-employment pension benefits.

## **5.2. Board of Directors**

The Board of Directors members are entitled to a monthly fixed compensation, as fees, individually distributed among the Board of Directors members, in a specific meeting, in compliance with the overall amount annually defined by shareholders at the Annual Shareholders' Meeting.

Such compensation is not linked to their participation in meetings held by the aforementioned Body and aims to compensate them for the services provided in a manner compatible with their duties, responsibilities, and time dedicated to their functions. The Board of Directors members are not eligible for any variable compensation.

### **5.3. Fiscal Council**

In the event of the installation of the Company's Fiscal Council and election of the respective Council members, the sitting members shall be entitled to a fixed monthly and individual compensation, according to the approval of the General Meeting that elects them. Such compensation shall not be less than 10% (ten percent) of the average compensation granted to each executive officer, excluding benefits, representation fees, and profit sharing, under Paragraph 3 of Article 162 of Brazilian Corporation Law. The Fiscal Council members will be entitled to payment and/or reimbursement of transportation and accommodation expenses, as well as other expenses necessary for the performance of their functions.

Alternate Fiscal Council members shall only be entitled to compensation when replacing the respective sitting members, in cases of vacancy, absence, or temporary impediment, under the Fiscal Council's Charter.

### **5.4. Advisory Committee**

The Company has a Related-Party Advisory Committee, a non-statutory and advisory body composed of Board of Directors members, not remunerated for their participation in the aforementioned Committee.

## **6. RESPONSIBILITIES**

### **Board of Directors:**

- Approve this Policy and its amendments.

### **People and Corporate Culture Department**

- Comply with and enforce the rules of this Policy, as well as guide relevant discussions to the CEO and, if necessary, to the Board of Directors, also following Randoncorp's corporate guidelines.

## **7. CHANGES**

The Company reserves the right, at any time, to review, change, alter, or revoke this Policy, especially in the case of any essential or relevant changes to the laws or regulations applicable to the Company, always respecting the Company's corporate governance rules.

## **8. EFFECTIVENESS AND APPROVAL**

This Policy was prepared by the People and Culture Department, reviewed by the People and Culture Board, becoming effective from its approval date by the Board of Directors, and may be reviewed biannually or as needed, and in the case of material changes, such changes must also be approved by the Board of Directors.

## **9. CONTROL INFORMATION**

Policy approved by the Board of Directors in the BoD Meeting 06/21 held on July 19, 2021, with the latest changes approved in the BoD Meeting 12/23 held on December 13, 2023.

**Parties responsible for the document:**

Responsible	Area
Preparation	People and Culture
Review	Governance Department
Approval	Board of Directors

**Changes Control:**

Version	Date	Effectiveness
1	07/19/2021	07/19/2021
2	12/13/2023	12/13/2023