



## CORPORATE GOVERNANCE REPORT 2019\_

Recommended Practice	Adopted	Explanation
1.1.1 The company's capital stock must consist only of common shares.	Yes	
1.2.1 Shareholders' agreements shall not bind the exercise of voting rights by any manager or member of the supervisory and control bodies.	No	<p>The Company has a Shareholders' Agreement, participates in a shareholders' agreement entered into on April 25, 2016, between the shareholders GIF V PIPE Fundo de Investimentos em Participações (Gávea) and the parent company Randon S.A. Implementos e Participações, which will be effective for a period of 10 (ten) years, whose main terms are described in item 15.5 of the Company's Reference Form.</p> <p>The aforementioned Agreement, which is of a transitory nature, establishes among the main definitions that the Company or the Parent Company will communicate in advance to GIF about the intention to submit certain matters contained in the agreement, submitted to the General Meeting or Board of Directors for consideration, as well as the intention to vote, which may request additional clarifications or meetings with representatives of the Parent Company and/or the Company's Board of Directors, in order to enable GIF to take a decision on the matter to be resolved.</p> <p>Thus, the Company understands that the parent company is effectively exercising control, pursuant to Article 116 of the Brazilian Corporation Law, and undertakes, under the terms in which it is resolved at the previous meetings, to vote uniformly and permanently on all matters of competence of the General Meeting and, through the Board of Directors and elected Officers.</p>
1.3.1 The executive board must use the meeting to communicate the conduct of the company's business, for which reason the management must publish a manual to facilitate and encourage participation in general meetings.	Yes	
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.	Yes	

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.	Not Applicable	
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.	Not Applicable	
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.	Not Applicable	
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.	Yes	
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.	No	Although there is no specific statutory provision for the opinion of the board of directors in relation to any IPO, having as subject shares or securities convertible or exchangeable for shares issued by the company, through a reasoned opinion, the practices currently adopted by the Company are in accordance with current applicable legislation.

<p>1.7.1 The company must prepare and disclose a profit allocation policy defined by the board of directors. Among other aspects, this policy should provide for the frequency of dividend payments and the benchmark to be used to define the respective amount (percentages of adjusted net income and free cash flow, among others).</p>	<p>No</p>	<p>The Company does not have a formal policy defined and approved by the Board of Directors to regulate the allocation of results. However, the current practice of the Company on retention of profits and distribution of dividends, as provided for in articles 37 to 39 of its articles of organization, which provides that the amount corresponding to 25% (twenty-five) of the net income is distributed to the shareholders with a mandatory minimum dividend. In addition to the mandatory minimum dividends, the Articles of Organization provide for the possibility of distributing dividends from the profit reserves or semiannual earnings account, without prejudice to the credit and payment of interest on equity, which may be imputed to dividends.</p> <p>Furthermore, the Company informs that the profit retention and dividend distribution rule, as well as the Company's practice, is disclosed annually in its Reference Form, in item 3.4. The Company understands that the practice of allocation of results that has been adopted over the years is adequate for the economic and financial characteristics of the business, respecting the need to generate cash and investments. And that this practice, disclosed annually in the Reference Form, is sufficient to ensure broad knowledge of all interested parties, including shareholders and investors.</p>
<p>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.</p>	<p>Not Applicable</p>	
<p>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.</p>	<p>Not Applicable</p>	

<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>	<p>Partially</p>	<p>As provided for in article 23 of the Company's articles of organization, the Board of Directors is responsible for establishing the general orientation of the Company's business, approving development plans and investments necessary for its execution, approving annual and multi-year budgets and permanently monitoring the development and performance of the Company, through the supervision of the management and performance of the Executive Board. The performance of the Company's Board of Directors seeks to achieve the long-term interests of the Company and its shareholders, aiming at the Company's perpetuity and the creation of long-term value, reconciled with managing the risks inherent in the Company's way of operating. The Company has a Risk Management Policy approved by the Board of Directors in 2017, which can be accessed through the website: <a href="http://ri.fras-le.com.br/governanca-corporativa/estatutos-codigos-e-politicas">http://ri.fras-le.com.br/governanca-corporativa/estatutos-codigos-e-politicas</a>. Thus, the Board of Directors considers the impacts of the activities and aims at the Company's perpetuity. The periodic assessment of the Company's exposure to risks and the effectiveness of risk management systems is scheduled to occur annually, in accordance with the Risk Management Policy and the Company's values and ethical principles contained in the Code of Ethical Conduct, the last of which consolidation was approved by the Board of Directors in May 2016, and the last change was approved in 2018. According to the Company's Risk Management Policy, the Ethics, Compliance and Risks Area is responsible for keeping the Executive Board and the Executive Committee (non-statutory) regularly informed about the risks that the Company is subject to, and the Executive Committee must carry out a continuous assessment of the adequacy and effectiveness of the risk management model. The results of the assessments are reported by the Executive Board to the Board of Directors. The Company's ethical principles and values, as well as any changes related to them, are approved by the Board of Directors, which ensures the maintenance of the issuer's transparency in the relationship with interested parties.</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>	<p>No</p>	<p>The Company's articles of organization do not establish that the Board of Directors is composed, in its majority, of external members, having at least one third of independent members. The Company does not have a policy for appointing management members formally approved by the Board of Directors. Currently, the Company's Board of Directors is composed of 5 (five) members, 3 (three) of which are external directors. Among the 3 (three) external directors, 2 (two) are classified as independent, according to the concept introduced in the Corporate Governance Code. The Company understands that the current practice, in addition to complying with the provisions of the law and applicable regulations, is adequate for its size and structure, as well as for its good track record, without compromising the independence and impartiality of the Board of Directors.</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.	No	The process for appointing the members of the Board of Directors complies with the Brazilian Corporate Law, CVM regulation, Level 1 Listing Regulation and the Company's articles of organization. Therefore, candidates are nominated based on their availability, suitability for the position and alignment with the Company's interests. Furthermore, the Company understands that the current process of nominating and electing the members of the Board of Directors is sufficient to guarantee members with a diversified profile, and size that allows the creation of committees, the effective debate of ideas and the making of technical decisions, unbiased and well-founded and, at the same time, do not cause a significant cost to the Company, nor hinder decision-making. Furthermore, the Company clarifies that its practice is to have external members in the composition of the Board of Directors, aiming at representing and defending the interests of its minority shareholders in this collegiate decision-making body. In compliance with the legal provisions that allow minority shareholders to participate in this collegiate body, the controlling shareholder has the prerogative of appointing the majority of the members of the Board of Directors.
2.3.1 The CEO shall not accumulate the position of chairman of the board of directors.	Yes	
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.	No	The Company does not have a formal process for evaluating the performance of the Board of Directors, nor of the chairman and other members of the Board of Directors, individually considered. Taking into account the Company's corporate structure, the form and composition of the Board of Directors, as well as the assumptions of competence, experience and seniority of its members, the Company understands that formal evaluations of its members are not required. Furthermore, the Company complies with the requirements provided for in the applicable legislation and in the Level 1 Regulation of Corporate Governance.
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.	No	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 a view to ensuring that the management has professionals whose professional experience and skills contribute to good performance and to the preservation of value of the Company.

<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>	<p>No</p>	<p>The Company does not have a previously structured integration program for new members of the Board of Directors. Currently, the introduction of new members of the Board of Directors to the Company's key people and its facilities is made on demand and involving the requested areas.</p> <p>Furthermore, the members of the Board of Directors are invited to participate in strategic planning events, in which strategic and financial aspects are addressed, enabling a better understanding of the business and strategic ambitions.</p> <p>The Company understands that the current practice is sufficient for the members of the Board of Directors to be familiar with the Company's culture, people, environment, structure and business model.</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>	<p>Yes</p>	
<p>2.8.1 The board of directors must have an internal regulation that regulates its responsibilities, attributions and operating rules, including: (i) the duties of the chairman of the board of directors; (ii) the rules for replacing the chairman of the board in his absence or vacancy; (iii) the measures to be taken in situations of conflict of interest; and (iv) the definition of a sufficient period of notice to receive the materials for discussion at the meetings, with adequate depth.</p>	<p>Yes</p>	

<p>2.9.1 The board of directors must define an annual calendar with the dates of ordinary meetings, which must not be less than six or more than twelve, in addition to calling extraordinary meetings, whenever necessary. This calendar must provide for an annual thematic agenda with relevant issues and dates for discussion.</p>	<p>Partially</p>	<p>The Company's Board of Directors defines an annual calendar with at least 5 (five) ordinary meetings, and calls, whenever necessary, extraordinary meetings. The Company understands that the number of meetings adopted is in accordance with the provisions of the law and applicable regulations, and was established taking into account the Company's size, form of operation and structure.</p> <p>Without prejudice to the holding of face-to-face meetings, the members of the Board of Directors may express their opinion in writing on the topics submitted to them, facilitating their participation in strategic decisions. In 2018, 20 minutes of the Board of Directors' Meetings were formalized, related to ordinary and extraordinary meetings. The calendar of meetings of the Board of Directors indicates the dates and key topics for deliberation, such as the financial statements, the directors' report and the annual operating plan.</p>
<p>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.</p>	<p>No</p>	<p>The meetings of the Company's Board of Directors are not preceded by exclusive meetings for external directors, for the alignment of external directors and discussion of topics that may create embarrassment. The failure to adopt this recommendation by the Company will also be due to the size, form of operation and structure of the Company, and is also in accordance with the provisions of applicable law and regulations.</p>
<p>2.9.3 The minutes of the board meeting must be clearly written and record decisions made, persons present, dissenting votes and abstentions from voting.</p>	<p>Yes</p>	<p>The minutes of the Board of Directors' meetings are clearly written, where decisions made, people present, dissenting votes and abstentions from voting are recorded.</p>
<p>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.</p>	<p>Yes</p>	

3.1.2 The board of directors must have its own internal regulations that establish its structure, functioning and roles and responsibilities.	No	The Company's Executive Board does not have its own formally approved internal regulations. The Company understands that the way of conducting meetings and approvals is already widely disseminated among the members of the Executive Board and widely known in the Company. The Company understands that the way the Executive Board works, as well as the management of its activities, is in accordance with the way the Company works, the size and structure of the Company. Additionally, the Company's articles of organization provide, in Articles 24 to 30, the rules applicable to the composition, attributions and powers of the Executive Board.
3.2.1 There must not be a reserve of executive positions or managerial positions for direct appointment by shareholders.	Yes	
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.	No	The Company has a formal performance assessment procedure for the members of the Executive Board, with the exception of members linked to the controlling group. Currently, the CEO belongs to the controlling group.
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.	No	Eligible board members are periodically evaluated once a year. The evaluation is not carried out by the Board of Directors, being carried out by the immediate superior of the evaluated Director, in this case the CEO, and by his subordinates. The evaluation is carried out in two areas: behavioral (evaluation of the competences of the Randon Leader Profile) and results (based on individually assigned performance goals).



<p>3.4.1 The remuneration of the executive board must be established through a remuneration policy approved by the board of directors through a formal and transparent procedure that considers the costs and risks involved.</p>	<p>Partially</p>	<p>Although the Board of Directors has not formally approved a remuneration policy, the remuneration of directors aims to meet the interests of the Company's shareholders to maintain a capable and efficient administration and aims to attract and retain the best professionals in the market. The remuneration of Directors is established based on professional training and market experience and is directly linked to the alignment of the interests of the executives in question and of the shareholders. The main objective of the remuneration of the Executive Board is to establish criteria that enable the recognition and appreciation of functional performance, the possibility of development opportunities and the establishment and maintenance of the balance of the organizational structure with regard to positions and salaries, as well as the motivation of directors.</p>
<p>3.4.2 The remuneration of the executive board must be linked to results, with medium and long-term goals clearly and objectively related to the generation of economic value for the company in the long term.</p>	<p>Yes</p>	<p>Variable compensation is 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. Main indicators evaluated: EBIT, operation cash flow, EBITDA growth, ROIC and Leverage Reduction. The Company understands that its practice of remuneration of officers is sufficient to align the interests of officers with the medium and long-term interests of the Company.</p>
<p>3.4.3 The incentive structure must be in line with the risk limits defined by the board of directors and prohibit the same person from controlling the decision-making process and its respective supervision. No one should deliberate on their own remuneration.</p>	<p>No</p>	<p>The Company does not have a remuneration policy approved by the Board of Directors. However, the remuneration is paid in compliance with the limits established by the corporate law, articles of organization and the general meeting of shareholders.</p>

4.1.1 The statutory audit committee must: (i) have among its attributions the one of advising the board of directors in the monitoring and control of the quality of the financial statements, in internal controls, in risk management and compliance; (ii) be formed mostly by independent members and coordinated by an independent director; (iii) have at least one of its independent members with proven experience in the accounting-corporate, internal controls, financial and auditing areas, cumulatively; and (iv) have its own budget for hiring consultants for accounting, legal or other matters, when the opinion of an external expert is required.	No	<p>The Company does not have a statutory audit committee. However, it has structured areas for Internal Audit as well as Risk and Compliance, which are directly linked and subordinated to the Board of Directors. The link and subordination of these occurs as follows:</p> <ul style="list-style-type: none"> <li>• The areas report administratively to the Corporate Controllershship Board and functionally to the Board of Directors.</li> <li>• Functional subordination implies ensuring that activities are free from interference of any order that may limit their scope of action.</li> <li>• Administrative subordination implies ensuring that the Compliance and Internal Audit areas will have the material and human resources necessary to perform their duties.</li> </ul> <p>Furthermore, the Company complies with the provisions of the Brazilian Corporate Law and applicable regulations.</p>
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.	Yes	
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.	Yes	
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.	No	<p>There is no formal policy approved by the Company's Board of Directors for contracting non-audit services from its independent auditors. The Company's practice is to comply with the restrictions on the services of independent auditors, that is, to ensure that there is no conflict of interest, loss of independence or objectivity for the services provided by independent auditors, not related to the external audit. Such independence is obtained through the provision of services by professionals from areas that are independent of the auditing company.</p>
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.	No	<p>As there is no Audit Committee at the Company, the independent audit reports directly to the Board of Directors, which is responsible for directly monitoring/following up on the work of the independent audit. The Company understands that current practice guarantees independent auditors their independence from the Company, the administrators and the shareholders.</p>

<p>4.4.1 The company must have an internal audit area directly linked to the board of directors.</p>	<p>Yes</p>	<p>The Company has an Internal Audit, Risks and Compliance area ("Internal Audit"), directly linked and subordinated to its Board of Directors, according to the characteristics described below. The Internal Audit area is under the responsibility of a Coordinator and its structure is composed of 08 (eight) auditors, divided into 2 (two) 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.</p>
<p>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.</p>	<p>Not applicable</p>	
<p>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.</p>	<p>Yes</p>	<p>The Company has a Risk Management Policy approved by the Board of Directors on November 7, 2017, which can be accessed through the website: <a href="http://ri.fras-le.com.br/governancacorporativa/estatutos-codigos-e-politicas">http://ri.fras-le.com.br/governancacorporativa/estatutos-codigos-e-politicas</a>, which aims to establish the guidelines, strategies and responsibilities in managing the Company's risks. The Risk Management Policy mainly provides for (i) definition of risks; (ii) the guidelines and indicators of the risks to which the Company is subject; (iii) the treatment of risk; and (iv) the responsibility of each corporate body or not to deal with the risk. The treatment of risk, in general terms, is carried out through the Strategic Planning cycle of the Business Units, in which the main risks that may impact the Company's business are identified, evaluated and measured and, after the identification phase, the risks are evaluated and measured so as to be (i) avoided, (ii) accepted; (iii) retained; (iv) mitigated; and (v) transferred.</p>
<p>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.</p>	<p>Yes</p>	<p>The Ethics, Compliance and Risks Area is responsible for keeping the Executive Board and Executive Committee regularly informed about the risks to which the Company is subject, and the Company's Chief Executive Officer is responsible for reviewing and approving the general definitions of risk management strategies.</p>

<p>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.</p>	<p>Yes</p>	<p>The definition of internal control mechanisms and the execution of the risk structuring was prepared in 2018, after diagnosis and proposal of the risk management model for Randon Companies.</p>
<p>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.</p>	<p>Yes</p>	<p>The Company has a Code of Ethical Conduct that extols the values and principles on which the Company was founded, bringing its identity and organizational culture, giving employees the opportunity, through a whistleblowing channel, to provide their observations on the activities of the Company, as shown below. In this sense, the Company established, in 2016, the Integrity Program, which aims to build an ethical organizational environment for everyone to carry out their activities guided by honesty, transparency, integrity and seriousness and, through this, reaffirm their commitment to society as a whole. The main tools of this Program are the Code of Ethical Conduct, the Anti-Corruption Policy, the Ethics Channel and the Due Diligence Portal. The Ethics, Compliance and Risks area is responsible for developing the Integrity Program, seeking to permeate the culture of integrity, ethics and transparency in Randon Companies. This area conducts the investigation of reports made and monitors the investigation and application of sanctions in cases that may occur at Randon Companies. The compliance area is structured under the coordination of the Controllershship Board and its matrix report is directed to the Chief Executive Officer. In this context, the Company has a compliance policy ("Compliance Policy") approved in 2017 by the Board of Directors. This area also periodically conducts training related to the Integrity Program, applicable to administrators, employees, interns, internal consultants and service providers physically allocated to the Company. In turn, the Ethical Conduct Committee supports the implementation of the Integrity Program of Randon Companies, encouraging the commitment of top executives and sponsoring the actions of ethics and compliance management.</p>

<p>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.</p>	<p>Yes</p>	
<p>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.</p>	<p>Yes</p>	<p>The Ethics Channel (Whistleblower Channel) applies to employees and third parties for all Randon Companies. It is an exclusive channel for secure communication and, if desired, anonymous, of conduct considered unethical or that violates the principles of Randon Companies and/or current legislation. The Ethics Channel is managed and operated by ICTS, a company specialized in capturing reports, ensuring total secrecy and confidentiality. Demands are analyzed by the Ethics Committee of Randon Companies, which is responsible for complying with the Code of Ethical Conduct by properly handling all occurrences.</p>

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.	Yes	The rules and mechanisms relating to conflicts of interest are included in the Code of Ethical Conduct (Kinship, Parallel Activities and Relationships with Partners) and in Annex B (Conflict of Interest Clarification Term). Both are available on the Company's website. Furthermore, the Company's Reference Form establishes that with respect to transactions with related parties, which may result in a conflict of interest, the Company reinforces its commitment to clearly and objectively establish measures to avoid conflict of interest, as well as to provide all the information necessary to demonstrate that the operations were carried out under strictly commutative conditions or with the appropriate compensatory payment, similar to those that could be established in transactions with unrelated parties, stating, among others, terms and conditions applied in the operation and the existence of any guarantees. The Company undertakes not to state that the transactions were carried out under market conditions if it does not have clear and objective information to confirm the seriousness of these transactions.
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.	Partially	The rules and mechanisms relating to conflicts of interest are included in the Code of Ethical Conduct (Kinship, Parallel Activities and Relationships with Partners) and in Annex B (Conflict of Interest Clarification Term). Both are available on the Company's website.
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.	No	The Company does not adopt mechanisms or policies that establish the management of conflicts of interest at meetings, in addition to those provided for by law. The Company understands that the legal provisions are sufficient to deal with conflict of interest situations at the Company's general meetings.
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.	Yes	

<p>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.</p>	<p>No</p>	<p>Commercial transactions with related parties follow specific pricing and deadline policies 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.</p>
<p>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.</p>	<p>Yes</p>	<p>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 by the same body at meetings held on September 14, 2009, April 29, 2014, November 10, 2015, December 9, 2016 and July 1, 2019. The Company's Securities Trading Policy establishes that share trading must take place through an accredited broker, in order to expand the control mentioned in the corporate governance code, and there are internal rules and procedures to ensure its effectiveness.</p>
<p>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.</p>	<p>No</p>	<p>The Company does not have a voluntary contribution policy approved by the Board of Directors. However, the Company has a Code of Conduct and Ethics which addresses issues related to voluntary contributions, which must be transparent and in accordance with the law.</p>

<p>5.5.2 The policy must provide that the board of directors is the body responsible for approving all disbursements related to political activities.</p>	<p>No</p>	<p>There is no policy on this topic, however, in relations with the public sector, it observes the applicable legislation in force, in particular the Anti-Corruption Law, as provided for in its Code of Conduct and Ethics and the Anti-Corruption Policy of Randon Companies.</p>
<p>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.</p>	<p>Not applicable</p>	