

Policy on Related Parties Transactions



4nd revision and consolidation
November/2023

FRAS-LE S.A.

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

POLICY ON RELATED PARTIES TRANSACTIONS

1. PURPOSE

Establish the principles and guidelines to ensure that all related-party transactions are made in the best interest of the Company and its shareholders, based on the principles of transparency and ethics.

2. APPLICATION AND COVERAGE

This policy applies to the Company and its Related Parties, Management, employees, and shareholders, subject to specific rules of the Business Units that have their own policy.

3. REFERENCES

- Randoncorp's Code of Ethics and Conduct
- Randoncorp's Anticorruption Policy;
- Company's Bylaws;
- CVM Resolution 80, of March 29, 2022;
- CVM Resolution 94, of May 20, 2022;
- Law 6,404/1976, as amended; and
- Technical Pronouncement of the Accounting Pronouncements Committee - CPC 5 (R1).

4. DEFINITIONS

Administrator or Administrators: members of the Company's Board of Directors and Executive Board.

Code of Ethics and Conduct: the regulation that establishes guidelines for the actions of administrators, employees, and third parties who have a relationship with Randoncorp, regarding ethical dilemmas and conflicts of interest.

Related-Party Committee: Non-statutory body that advises the Board of Directors.

Company or Frasle Mobility: Fras-le S.A.

Commutative Conditions: equivalence of reciprocal commitments or obligations without favoring any of the parties involved.

Market Conditions: conditions that, during negotiations, must be guided by the following principles: (i) Competitiveness: prices and conditions compatible with those practiced in the market; (ii) Compliance: adherence to contractual terms and

responsibilities practiced by the Company, as well as information quality controls; (iii) Transparency: appropriate report of agreed conditions with due application, as well as their results on the financial statements; (iv) Equity: establishment of mechanisms that prevent discrimination or privileges and practices that ensure the non-use of insider information or business opportunities for individual or third-party benefit.

Conflict of Interests: occurs whenever the interest of a Key Management Personnel interferes in any way, directly or indirectly, with their judgment and objectivity, potentially affecting their ability to perform their activities or decide with impartiality, fairness, or independence.

Subsidiary or Subsidiaries: any company in which the Company holds shareholder rights, ensuring it has a preponderance in corporate resolutions and the power to elect a majority of administrators.

Parent Company: Randon S.A. Implementos e Participações.

CVM: the Brazilian Securities and Exchange Commission.

Significant Influence: the power to participate in financial and/or operational decisions of an entity without characterizing control over these policies, obtained through equity interests, statutory provisions, or shareholders' agreement.

Related Party: the person or entity related to the entity that is preparing its financial statements, as described below:

(a) individuals and/or legal entities that, directly or indirectly, (i) are controllers, subsidiaries, or affiliates of the Company; (ii) are part of the same economic group as the Company; (iii) are under common control with the Company; (iv) have significant influence over the Company; and (v) are Joint Ventures of which the Company is a shareholder;

(b) individual, identified as Key Management Personnel of the Company, its Parent Company, or any of its subsidiaries;

(c) the individual identified as a close family member of any person referred to in items "a" or "b," who, due to the relationship, can influence that person in business with the Company, including (i) spouse or partner and child; (ii) the children of their spouse or partner; and (iii) their dependents or the dependents of their spouse or partner;

(d) the closed supplementary pension entity that provides the post-employment benefit plan whose beneficiaries are Randoncorp employees;

(e) other non-profit associations and foundations, within Randoncorp, of which they participate as associates and/or sponsors.

Entities are not considered Related Parties when (i) two entities simply because they have a common administrator or other Key Personnel; (ii) two investors who share joint control over an enterprise; (iii) entities that finance or invest in any of Randoncorp's activities; (iv) unions and other class entities related to Randoncorp; (v) utility providers; (vi) clients, suppliers, franchisors, dealers, distributors, or agents with whom Randoncorp has a significant volume of business, including due to resulting economic dependence.

Key Management Personnel or Key Personnel: **(a)** those who have authority and responsibility for planning, managing, and controlling the organization's activities, directly or indirectly, including any statutory or non-statutory administrator with significant influence on the Company's management; **(b)** members of the Company's Board of Directors and/or its advisory committees; **(c)** members of the Company's

Fiscal Council; and **(d)** members of the Statutory Executive Board of the Company and its Parent Company, as well as non-statutory executive officers of the Company and its Subsidiaries.

Randoncorp: All companies within the economic group controlled by Randon S.A. Implementos e Participações, located in Brazil and abroad, including its subsidiaries, branches, offices, and/or any establishment that is, directly or indirectly, linked to it. Exclusively for the purposes of this Policy, Randoncorp is also considered as a non-economic entity (foundations, associations, institutes, pension funds) maintained exclusively by any Randoncorp Business Units.

Related-Party Transactions (TPR): the transfer of resources, services, or obligations between the Company and a related party, regardless of whether a price is charged in return.

Examples of Related-Party Transactions:

- (a)** the purchase and sale of goods or services;
- (b)** the lease or purchase of assets, movable or immovable assets;
- (c)** cost-sharing transactions conducted by the Parent Company, subject to exceptions in this Policy;
- (d)** financial operations for cash management, such as borrowings and loans between the Company and the provision of guarantees to subsidiaries, subject to specific guidelines and policies;
- (e)** the transfer of research, technology, and other intellectual services;
- (f)** the sharing of structure or infrastructure;
- (g)** sponsorships and donations, which should comply with the Sponsorship and Donations Policy; and
- (h)** corporate reorganizations and business combinations.

Exempt Transactions: consisted of transactions exempt from applying the guidelines and procedures of this Policy (see item 5.5).

Intercompany Sales Transactions or Intercompany Sales: transactions carried out between the Company and its operational subsidiaries with other Randoncorp Business Units, aimed at providing services, parts, components, systems, and other supplies applied in the buyer's production process.

Commodity Transactions: transactions involving the free loan of non-fungible things.

Cost-Sharing Transactions: transactions provided for in a cost-sharing or apportionment of costs and expenses necessary for operations not related to the business's core activities (back-office).

Holding Fee Transactions: transactions provided for in a service provision contract executed by the Parent Company, as the holding company of Randoncorp's Business Units.

Note: The definitions in item "4" will be automatically updated due to changes in applicable legislation.

5. GUIDELINES

The Company may engage in Related-Party Transactions (RPT) provided that they are carried out transparently and in compliance with this Policy.

RPTs must observe the same control and monitoring mechanisms, and compliance with standards and certifications required in the Company's operations and negotiations with third parties.

5.1. CONDITIONS AND FORMALIZATION

RPTs must consider:

- (a) market conditions and/or conditions established in a specific policy approved by the Board of Directors;
- (b) whether there are clearly reasonable reasons for the transaction from the Company's perspective;
- (c) a written agreement, specifying its main characteristics and conditions, such as price, terms, guarantees, tax payments, fee payments, and license acquisition, among other relevant information;
- (d) compliance with the supply needs of goods and/or services of Related Parties;
- (e) disclosure in the Company's financial statements, according to materiality and risk appetite criteria at the discretion of the Company's management;
- (f) equitable treatment of all Company shareholders;
- (g) approval thresholds as outlined in item 5.2 of this Policy.

5.1.2. Specific Guidelines

Cost-sharing transactions must be carried out on commutative terms, without applying a margin and with the formalization of the apportionment criterion, exempt from the approvals outlined in item 5.2. Any Frasle Mobility Business Unit that incurs expenditures on behalf of others may be reimbursed for the amounts paid, provided there is mutual benefit, and the respective cost-sharing or apportionment of costs and expenses contract is formalized, excluding the sharing of expenses related to core activities.

Holding Fee Transactions with the Parent Company must be carried out under the conditions approved by the Board of Directors and duly formalized in a specific contract. Upon renewal of this specific contract, identical conditions must be established or approval from the Board of Directors sought to adopt other conditions in these transactions.

Intercompany Sales Transactions that apply the conditions and formalization established in this Policy are exempt from the approval registration thresholds outlined in item 5.2.

Commodity Transactions with a related party must be made in writing with a conventional term of up to 12 (twelve) months and with a justification for the interest-free loan. The approval threshold for the transaction must be based on the book value of the non-fungible thing lent.

Asst sales transactions must follow the guidelines of this Policy and be supported by evidence according to their fixed asset category as follows (i) land and buildings: independent appraisal report (third party), considering the forced liquidation scenario; (ii) machinery and equipment: at least 03 (three) quotations for the purchase of a similar asset under the same conditions or an independent technical appraisal report; (iii) vehicles: can be carried out by the value of the FIPE price list; (iv) furniture and fixtures, computers, and peripherals: can be carried out at the residual value.

Sales transactions with a related party for vehicles (iii) or furniture and fixtures (iv) that do not apply to the above guidelines must consider the conditions and formalization outlined in item 5.1 of this Policy.

Related-Party Transactions involving entities in different countries must comply with transfer pricing and applicable tax rules according to jurisdiction, which will be considered market conditions.

Related-Party Transactions provided for in a specific policy approved by the Board of Directors are exempt from the application of this Policy.

Projects related to public or private funding notices for the Hercílio Randon Institute ("IHR"), which require contributions from Randoncorp Business Units and whose resources are included in the approved annual budget, are exempt from the application of this Policy.

5.2. APPROVAL JURISDICTIONS

Except for the specific conditions outlined in item 5.1.2, Related-Party Transactions must be approved under the following jurisdictions:

- (a) The General Shareholders' Meeting: transactions, or set of related transactions, with values exceeding 50% (fifty percent) of the Company's total assets according to the latest approved balance sheet;
- (b) The Board of Directors: transaction, or set of related transactions, exceeding R\$20,000,000.00 (twenty million reais) up to 50% (fifty percent) of the Company's total assets according to the latest approved balance sheet;
- (c) The Statutory Executive Board: transaction, or set of related transactions, totaling up to R\$20,000,000.00 (twenty million reais).

5.3. KEY PERSONNEL IDENTIFICATION AND REGISTRATION

Key Personnel who qualify as Related Parties must fill out the Key Management Personnel Adhesion Form and Declarations – **Exhibit II** and submit it to the Corporate Governance department, which will keep it on file. Key Personnel must update the information in this Adhesion Form at any time when there are changes in the provided information.

The Key Management Personnel Adhesion Form and Declarations remain filed for the legal requirement period at the disposal of the Executive Committee and Board of Directors. The data in the Key Personnel registry can be made available for consultation when requested by the manager, directly or indirectly, of the Key Personnel, as well as by the Company's Administrators and Non-Statutory Executive Officers.

5.4. PROHIBITED TRANSACTIONS

Transactions involving the participation of Shareholders, Administrators, Auditors, Key Personnel, and employees in private or personal businesses that may interfere or conflict with the Company's interests or result from the use of confidential information obtained due to their position or function are prohibited.

Forms of compensation for advisors, auditors, consultants, or intermediaries that generate conflicts of interest with the Company, its Administrators, shareholders, or shareholder classes, are also prohibited.

Unimpeded co-signing in lease agreements for properties intended for Executive Officers, negotiated in advance in their respective employment contracts, is allowed. However, the direct granting by the Company of loans or mutual securities operations is prohibited:

- (a) to Administrators, Fiscal Council members, and Key Personnel, as well as their respective spouses, companions, and dependents;
- (b) to shareholders, individuals, or legal entities, whose equity interests exceed 5% (five percent), any Administrators of the Company, as well as members of their family.

5.5. EXEMPT TRANSACTIONS

Without prejudice to the accounting records and disclosure provided in this Policy and applicable legislation, the following transactions are exempt from the procedures of this Policy:

- (a) the payment of compensation to Administrators and Fiscal Council members of the Company provided that its overall amount has been approved at a General Meeting, under Law 6,404/76, or by the Board of Directors;
- (b) intercompany transactions in which the Company directly or indirectly holds more than 99% of the share capital.

6. DISCLOSURE OF RELATED-PARTY TRANSACTIONS

The Company must disclose information about transactions and existing balances with Related Parties in its financial statements and through other means determined by applicable legislation and regulations, as well as the conditions under which the transactions were conducted.

Related-Party Transactions that constitute a Material Act or Fact will be disclosed to the market, under applicable law and the Company's Material Act or Fact Disclosure Policy.

In any disclosures, the Company must provide sufficient details to identify the Related Parties, as well as the subject of the transaction, to allow shareholders to monitor and evaluate management activities related to such transactions.

7. CONFLICT OF INTEREST

Situations involving conflicts of interest must be formally communicated to the corporate Risk Management and Compliance department for registration.

Matters related to conflicts of interest involving Related Parties must be submitted to the Related-Party Committee, which, following the guidelines of this Policy, will recommend or not the agenda for the Board of Directors' resolution.

The evaluation of the conflict of interest and the consequent abstention of the person exercising significant influence must be recorded in the minutes of the respective meeting.

In the case of an administrator with a conflict of interest who does not express it, any other member of the body to which they belong who is aware of the situation may speak up. In this case, the voluntary non-expression of the administrator may be considered a violation of this Policy.

8. POLICY VIOLATION

Non-compliance with this Policy or the failure to report its violation may result in punitive action against any of those involved, under the Company's internal rules.

Cases of Policy violation by Administrators must be immediately submitted to the CEO or Chair of the Board of Directors by the administration member who becomes aware of it, and failing that, by any person who becomes aware of the violation, so that appropriate action can be taken in line with the principles and the Company's Code of Ethics and Conduct.

Anyone who has suspicions or witnesses situations that violate the guidelines of this Policy can report the incident through Randoncorp's Ethics Channel. This communication channel ensures the confidentiality of the contact and can be accessed by phone at 0800-777-07-68 or the website <https://www.canalconfidencial.com.br/randoncorp/>.

9. RESPONSIBILITIES

Board of Directors

- (a)** Approve this Related-Party Transactions Policy and its amendments.
- (b)** Approve Related-Party Transactions within their scope of competence.
- (c)** Annually monitor the transactions with Related Parties, as reported by the Executive Board.
- (d)** Ensure equitable treatment for shareholders when analyzing corporate restructuring transactions involving Related Parties.
- (e)** Convene General Meetings whenever Related-Party Transactions fall under the shareholders' authority for approval.

Related-Party Committee

- (a)** Express prior opinions on the Related-Party Transactions Policy, as well as its updates, and submit them to the Board of Directors.
- (b)** Ensure that Related-Party Transactions are guided by the Company's interests, observing commutative conditions through a transparent, ethical process in compliance with current legislation.
- (c)** Analyze Conflicts of Interest and non-compliance with this Policy, and, when necessary, recommend to the Board of Directors the adoption of disciplinary measures.

Executive Board

- (a)** Approve Related-Party Transaction contracts within their scope of competence.
- (b)** Annually monitor Related-Party Transactions and report to the Board of Directors.

Investor Relations Department

- (a) Disclose Related-Party transactions through the Company's Reference Form or other means required by current legislation.
- (b) Make the Related-Party Transactions Policy available to shareholders through the Investor Relations and CVM websites and, whenever possible, publicize this Policy to internal and external audiences.

Corporate Controllershship Department

- (a) Maintain appropriate systems, mechanisms, and processes for capturing information and analyzing Related-Party Transactions.
- (b) Analyze, as requested by the requesting areas, Related-Party Transactions regarding accounting and controllership aspects, and alignment with this Policy.
- (c) Disclose Related-Party Transactions in quarterly and annual financial statements.

Corporate Governance Department

- (a) Develop periodic training on the guidelines of this Policy.
- (b) Receive, monitor, and update Key Personnel registration forms.

Risk Management and Compliance Department

- (a) Analyze, following the guidelines of this Policy, the requested transactions with related parties.
- (b) Clarify doubts about conflicts of interest.
- (c) Support the Corporate Governance department in raising awareness of the guidelines of this Policy.

Legal and Tax Planning Department

- (a) Analyze, as requested by the requesting areas, Related-Party Transactions regarding legal and tax aspects, and alignment with this Policy.
- (b) Inform the Corporate Governance department whenever there is any changes in the corporate structure and Key Personnel;
- (c) Forward Related-Party Transaction contracts for the monitoring of the parties involved.

Contracting Departments of Related-Party Transactions

- (a) Comply with the Related-Party Transactions Policy.
- (b) Prove compliance with Related-Party Transactions.
- (c) Submit requests for approval of Related-Party Transactions, accompanied by the information and documents provided in **Exhibit II**, taking responsibility for the entire approval process.

10. CONTROL INFORMATION

This Policy was approved by the Board of Directors on December 12, 2020, becoming effective from January 2021.

Party in charge	Department
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Prepared by	Corporate Governance Department
Review	Risk Management and Compliance and Executive Board
Approval	Board of Directors

Version	Date	Term
1 st version	12/10/2020	01/01/2021
2 nd version	03/02/2021	03/02/2022
3 rd version	07/01/2022	07/04/2022
4 th version	12/13/2023	12/13/2023

EXHIBIT I

KEY MANAGEMENT PERSONNEL ADHESION FORM AND DECLARATIONS

Through this instrument, Mr./Ms. [NAME], [NATIONALITY], [MARITAL STATUS], holder of identification document [No.], enrolled in the register of individual taxpayers (CPF) under [Number], with office address at [ADDRESS], functional register number [Number], ("Registration"), as a member of the workforce of the Company, which is controlled by Fras-le S.A., a publicly held company headquartered in the City of Caxias do Sul, State of Rio Grande do Sul, at Rodovia RS 122, KM 66, nº 10.945, Bairro Forqueta, Caxias do Sul, RS, registered with the corporate taxpayer's ID (CNPJ) under number 88.610.126/0001-29 ("Company"), as [POSITION], hereby declares/informs that:

- (a) They have received a copy of Fras-le S.A.'s "Related-Party Transactions Policy";
- (b) They fully read the Policy and agree with its regulations, undertaking to faithfully comply with them in all activities throughout the term of the contract or their professional relationship with the Company;
- (c) They are aware that the Company will conduct inquiries and surveys related to their name and/or the names of Close Family Members, including companies in which they or Close Family Members hold a stake, to verify the possible existence of Related-Party Transactions.

NOTE: ALL FIELDS BELOW ARE MANDATORY.

1. CLOSE FAMILY MEMBERS

Please list in the table below the Close Family Members, as follows:

- (a) children and/or dependents;
- (b) spouse or partner;
- (c) children and/or dependents of the spouse or partner.

Name	Individual Taxpayer's ID (CPF):	Kinship	Does he/she work at Frasle Mobility?		If YES, indicate:	
			Yes	No	Company	Position

☐ No close family member of the Declarant works at the Company.

2. FULL OR SHARED CONTROL

Please list in the table below all legal entities that you and/or Close Family Members directly or indirectly control, in Brazil or abroad. Control is the power to manage, either directly or indirectly, the business conduct and the financial and operational policies of a legal entity and to use this power to affect the value of its returns.

Example 1: The Declarant's son is the majority shareholder of a company, with the power to manage the company and guide its business.

Example 2: The Declarant holds equity interests in a company that, although not holding majority equity interests, allows effective control over management, such as the appointment of the majority of administrators.

Legal Entity Subsidiary (direct or indirect)	Corporate taxpayer's ID (CNPJ) or equivalent	Controlled by: (Include your name or the name of the family member controlling the legal entity)

☐ Declarant and/or close family members do not control legal entities.

3. RELATIONSHIP WITH THE INDEPENDENT EXTERNAL AUDIT

Please inform if the Declarant and/or Close Family Members have any business relationship with the Independent Auditor or if you have provided services to the Independent Auditor in the last 12 months before the date of response to this questionnaire.

Describe in the table below the purpose of this relationship and the period of this contract.

Name	
Kinship (if applicable)	
Object	
Period (from 00/00 to 00/00)	
Revenue	
Receivables balance (if applicable)	

☐ The Declarant and/or Close Family Members have no business relationship with the Independent Audit company

4. EXISTENCE OF RELATED-PARTY TRANSACTIONS

Please inform if any of the aforementioned individuals or legal entities have had, or currently have, a legal relationship with the Company this year, whether for the provision of services and/or the purchase or supply of materials or products.

Name	Purpose of the Contract	Contract Period

5. CONFLICT OF INTEREST

Please inform below if you are aware of any situation that represents a conflict of interest, whether potential, real, or apparent, as defined below, related to the Declarant. Conflict of Interest: (a) Real: a situation where there is indeed a clear conflict of interest; (b) Potential: a situation that has not yet turned into a real or apparent conflict, but there is a possibility that a conflict may arise in the future; and (c) Apparent: an observer could deduce that a conflict of interest exists even if it does not exist in reality, such as lack of impartiality.

☐ The Declarant is not aware of any conflicts of interest that should be reported.

[PLACE AND TIME]

[NAME]

[SIGNATURE]

**EXHIBIT II
RELATED-PARTY TRANSACTION FORM**

Type of Transaction:	
Related-Party Name:	
Relationship between the contractor and the Company:	
Justification:	
Details of the transaction:	
Amount involved in the business	
Criterion to be adopted for validation of commutative conditions:	
Description of documents attached:	
Power of approval (Executive Board or BoD):	
Prepared by:	
Reviewed and approved by:	
Date:	
Name and Position:	
Signature:	