



SUSTAINABILITY REPORT 2022

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RANDONCORP

SUMMARY

INTRODUCTION	02
About the Report	04
Message From Management	05
Sustainability	06
2022 Highlights	08

FRASLE MOBILITY	12
About Us	13
Iconic Brands	16
Our Operations	17
Value Generated	18

CORPORATE GOVERNANCE	20
Governance Structure	23
Business Ethics	26
Risk Management	29

EXCELLENCE AND SAFETY AS A VALUE	30
Information Security and Privacy	31

STRATEGY AND INNOVATION	33
Diversification and Technology	34
Sustainable Innovation	36

PROSPERITY FOR ALL	45
Employees	46
Customers	58
Supplies	61
Investors	65
Communities	67

SUSTAINABLE OPERATION	69
Environmental Management	70
Fighting Climate Change	71
Circularity	72
Water and Effluents	74

ATTACHMENTS	75
Indicators Attachments	76
GRI and SASB Content Index	86
SDG Map	92
Capital Map	93
Assurance Statement	94
Credits	96

CHAPTER 1

INTRODUCTION

ABOUT THE REPORT	04
MESSAGE FROM MANAGEMENT	05
SUSTAINABILITY	06
2022 HIGHLIGHTS	08

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Luciane Lima de Almeida
Press operator

ABOUT THE REPORT

GRI 2-3

WELCOME TO FRASLE MOBILITY'S SUSTAINABILITY REPORT 2022.

Through this document, we reinforce our commitment to transparency and report the main financial, environmental, social and corporate governance highlights of our business, showing how we generate value to our employees, customers, suppliers, investors, communities and other stakeholders.

Following the best sustainability practices, the Report was prepared based on an in-depth study of the most relevant issues for the business sustainability (learn more on page 06). The information reported covers Frasle Mobility companies between January 1st and December 31st, 2022. The indicators that do not cover all operations are identified in the text.

Should you have any questions or suggestions about the themes presented in the Sustainability Report, please contact us by e-mail: ri@frasle.com

BEST PRACTICES



For the fourth year running, our report follows the guidelines of the **Global Reporting Initiative (GRI)**, a voluntary standard adopted by companies from the most diverse sectors and countries for sustainability reporting. At the beginning of each sub-chapter, you will find the indicators reported, by means of the acronym GRI-XX. In addition, at the end of the document, you can see the full list of indicators on page 86.



The **Sustainable Development Goals (SDGs)**, of the United Nations Organization, are another directive that guides our report. At the beginning of each chapter, you will find the logos of each SDG, showing how the actions presented contribute to the achievement of one or more SDGs, and at the end of the report (page 92), we provide a map that indicates which pages bring relevant content for each SDG impacted.



For the second time, we have adopted the guidelines of the **Sustainability Accounting Standards Board (SASB)**, a voluntary standard for sector sustainability reporting. At the beginning of each chapter, we present the indicators covered by the acronym SASB-XX. At the end of the report, we provide the full listing of indicators on page 86.



For the 3rd consecutive year, our report also follows the **Integrated Reporting guidelines of the International Integrated Reporting Council (IIRC)**, which shows the interdependence among the business capitals and their relevance to long-term value creation. At the beginning of each chapter, you will find a marker with Capital XX, indicating its approach, and at the end of the document, the capitals map (on page 93) pinpoint the pages that present each one of them.

MESSAGE FROM MANAGEMENT

GRI 2-22

As we move forward in our growth strategy in 2022, we reinforce our purpose of connecting people and riches, generating prosperity. For 69 years we have been developing people, technologies and exploring different geographies around the globe in search of sustainable solutions for mobility.

Keeping life moving through an ecosystem of intelligent and sustainable alternatives. This is the mission we reassert daily in the construction of our journey and reaches a new stage with the identity we have adopted from now on. We are Frasle Mobility, a global company focused on safety and innovation in its products and services, through end-to-end solutions for customers and partners.

We understood that, in order to forge new decades, it was required to direct our strategic journey of evolution and growth, focused on mobility solutions in Brazil and worldwide, following our calling in safety and innovation. We wish to enhance the recognition of what we have already achieved as a reference in offering solutions for mobility through a comprehensive mix of products for motion control and added services to the Aftermarket, bringing together a unique team, but with a huge list of skills and knowledge that have built iconic and important brands for the most diverse vehicle and means of transportation profiles.

We continue to evolve to achieve the goals set out in our ESG Ambitions, with continued investment in circular economy and reverse logistics initiatives, and the focus on clean energy for our operations, with the inauguration of the first photovoltaic generation plant in the China plant. Our solution in composite materials has expanded business and added a new brand, Composs, which is already working with increased production capacity and product portfolio. Nione, meanwhile, a company focused on nanotechnology, is advancing in research that will soon materialize in additional revenues.

We celebrated important milestones, such as the 65th and 70th anniversaries of our companies Controil and Nakata, besides the 30th anniversary of the CCQ Show – Quality Control Circles, a cultural event that symbolizes our permanent investment in efficient processes and in the safety of our professionals. We also implemented the Florescer Joinville social program center, in the city of Joinville (SC), aiming to support children and young people in vulnerable situations.

Once again, we achieved the highest and best financial indicators in our history, and carried out a follow on, which presented itself as a vote of confidence from the market for our performance, rewarding recent performance as a key element for the evolution we are building. A year with balanced and positive performance in all our operations in Brazil and worldwide. Some of the Company's strategic projects reached new maturity and development phases, such as the consolidation of our integrated Distribution Center in Extrema (MG) and a new operational center in Argentina, which enhanced the synergies between our companies.

We are optimistic about our future and our goals for sustainability. For over four decades we have had Latin America's largest and most advanced research and development center, in addition to more than 5,000 key players who help us build our ambition.

We are Frasle Mobility, *Keep Life in Motion!*

The Sustainability Report presents the consolidated result of the work we have developed so far.

Sergio L. Carvalho, President and CEO of Fras-le



SUSTAINABILITY

GRI 3-1

At Frasle Mobility, we believe that we have a responsibility to build a better, more responsible, efficient and prosperous future for all.

Therefore, the entire strategy and day-to-day actions are guided by the basic principle that governs our management: to be an environmentally correct, socially fair and economically viable company.

With the goal of further advancing this path, we continue committed and focused on our ESG Ambition, developed together with Randoncorp, which defines the strategic pillars, commitments and goals established until 2025 and 2030 to promote business sustainability.

To build our ESG Ambition, we conducted a materiality study, which identifies the most relevant themes for business sustainability from the perspective of investors (main capital markets ESG indexes), the main frameworks (GRI, SASB, and SDGs), the best industry practices (considering our peers around the world) and the Company's strategy.

The study identified 13 topics that were grouped into five interconnected strategic pillars. These pillars represent the most relevant themes for our value creation over the next few years.

Learn more about our performance in the five strategic pillars in the next chapters!



To enhance the generation of value to our publics, while supporting the development of our employees and a diversified and inclusive work environment and stimulating the development of sustainable practices by our suppliers and socio-economic inclusion in local communities..

To ensure business sustainability through continuous, disruptive, and collaborative innovation while striving for advancements in sustainable cargo transportation and in our value chain.

To remain a reference in terms of quality and safety in all areas of our operations, with a focus on the safety of our employees, data security, and product excellence to ensure safety to our clients.

To optimize the sustainable development of our business by assuming institutional commitments and adopting better sustainable management practices, with ethics and corporate governance, while keeping transparency and rendering accounts to all our stakeholders.

To identify and develop eco-efficiency gains opportunities in our operations, with a focus on promoting circularity and the efficient use of resources, fighting climate change, and stimulating advancements in environmental, supplier and client management practices.

PUBLIC COMMITMENTS



PROSPERITY FOR ALL

Double the number of **women**

in leadership positions by 2025.



EXCELLENCE AND SAFETY AS A VALUE

Zero serious accidents



SUSTAINABLE INNOVATION

Increase the annual consolidated net revenue generated from **new products**



COMMITMENT TO THE ENVIRONMENT

Reducing greenhouse gas emissions by 40% by 2030

Zero waste disposal in industrial landfills, until 2025

To zero the discharge of treated effluents until 2025, **reaching 100% of reuse**

2022 HIGHLIGHTS

OPERATION

- » **Logistics integration at the Nakata plant** in Extrema-MG, providing faster and more efficient customer service, in addition to reducing operating costs.
- » **Expansion of the operations center in Argentina**, with the construction of the Garín Operating Center, located in the province of Buenos Aires. The center holds all Frasle's business fronts in the country, including logistics processes, auto parts distribution, administration and marketing operations.
- » **Implementation of the special shift in the plant of Caxias do Sul (RS)**, established in an agreement signed between the Syndicate of Metalworkers of Caxias do Sul and region and Fras-le. The initiative is expected to create over 100 jobs, in addition to reducing delivery times.
- » **Celebration of Nakata's 70th anniversary**, a great milestone in the history of Brazilian industry. Nakata was founded by 4 brothers in 1952 and is today one of the main auto parts companies in Brazil. It has been part of Randoncorp since 2020.
- » **Celebration of Controil's 65th anniversary**, that due to the robust investments in the last years in the factory, the company has obtained gains in productivity scale and also in the development of new items in its product lines for hydraulic brake components and polymers.



Garín Operating Center, located in the province of Buenos Aires, Argentina

PERFORMANCE

- » **Net Income of R\$203.3 million** (–3.5% vs. 2021)
- » **Net Revenue of R\$3.1 billion** (+18.4% vs. 2021)
- » **Adjusted EBITDA of R\$475.6 million** (+15.1% vs. 2021)
- » **Market value of R\$2.6 billion in 2022**

INNOVATION

- » **Partnership with Iveco**, which started to use our Composs technology for the production of tail light support for its vehicle, truck and light truck lines.
- » **Supply of a new model of railroad shoe**, with changes in the manufacturing process and formulation.
- » **Copper-free program**, aimed at developing copper-free friction materials to comply with the US legislation that restricts the use of this metal after 2025, thus reducing environmental impact.
- » **Implementation of the Where to Find function in Auto Experts**, which allows the search for parts in the app based on their geolocation, in addition to the license plate search.

GOVERNANCE

- » **Updating of the Company's Bylaws** to reflect the best corporate governance practices.
- » **Company's capital increase (Follow-on)**, with the primary public offering of 52,450,000 new shares.

- » **Initiation of the performance evaluation process for the Board of Directors**, in line with the best corporate governance practices.
- » **Election of a woman Board member to the Board of Directors**, in line with our commitment to a diverse environment.

ENVIRONMENT

- » **An investment of R\$100 million up to 2030 was announced**, together with Randoncorp, in initiatives aimed at using renewable energy in the Company's operations. The first delivery was the photovoltaic plant with about 2.3 thousand solar panels, installed at the CTR, in Farroupilha (RS).
- » **Construction of a photovoltaic plant project at Fras-le Pinghu**, located in China, in partnership with the Chinese government. The panels supply 20% of the unit's energy.
- » **Progress in Fras-le and Fremax's Circular Economy Programs**, with R\$3.8 million invested in total and 1.8 ton of waste collected or recovered.

SOCIETY

- » **Implementation of the Florescer Joinville**, a social program center, in the city of Joinville (SC), with the objective of supporting children and young people in vulnerable situations.



Opening Ceremony of the Florescer Joinville

PEOPLE

- » **Review of our organizational competencies**, in line with the new business challenges.
- » **Continuity of Leadership in Motion, our leadership development program**, which focused on Synergy in 2022.
- » **Diversity program**, which includes initiatives such as affinity groups and leadership education.
- » **Female mentoring program**, focusing on the career development of women, with 22 participants.
- » **Reduction of serious accidents**, focusing on the mitigation of critical risks mapped in our processes.



AWARDS AND RECOGNITION

» 50th Export Award RS 2022

Fras-le Caxias do Sul – winner in the category Industry Highlight – Vehicles and Auto Parts

» Sindirepa-SP Award – Best of the Year

Fremax – 1st place among brake disc brands

Fras-le Caxias do Sul – 2nd place in brake pads and Jurid do Brasil – 2nd place in brake pads

Nakata – 2nd place in CV Joints

» Workshop Brands

Fras-le Caxias do Sul – Brake Pads – 1st place as the most recalled and most bought brand

Controil – Master Cylinder and Servo Brake – 1st place as the most bought and 2nd place as the most recalled brand

Fremax – Disk Brakes – 2nd place as the most recalled and most bought brand

Nakata – among the brands preferred by mechanics – Top of Mind

Suspension Tray – 2nd place as the most recalled and most bought brand

Steering Bars – 1st place as the most bought and 2nd place as the most recalled brand

Steering Gearboxes – 2nd place as the most recalled and most bought brand

Suspension Pivots – 1st place as the most recalled and most bought brand

Axle Terminal Blocks – 2nd place as the most recalled and most bought brand

Steering Terminals – 1st place as most recalled and 2nd place as most bought brand

» Mecânico Magazine

Fras-le Caxias do Sul – Linings/Brake Shoes – 1st most popular and frequently bought brand

Brake Pad – 2nd most frequently bought brand

Fremax – Disk Brakes – 2nd most frequently bought and best known brand

Nakata – 2nd place among the brands preferred by mechanics

Constant Velocity Joints, Suspension Pads, Suspension Bi-Rail, Suspension Pivot, Axial Terminal and Steering Terminal – 1st most frequently bought and best known brand

Steering Bar – 1st most popular brand and 2nd most frequently bought

Shock absorber – 2nd most popular brand and 2nd most frequently bought

Suspension Bushing – 2nd most frequently bought and best known brand

Water Pumps – 2nd most popular brand

Springs – 2nd most popular brand

» Best Truck Award 2022

Fras-le Caxias do Sul – Preferred Brand in the Brake Pads and Linings Category



Export Award.

Jader de Bittencourt Vieira (Export Business Analyst) – Igor Marchioro Fedrizzi (After Sales Export Consultant); Eduardo Manenti Vargas (Business Director of Fras-le Commercial Line Caxias do Sul); Daniel Signori (Export Coordinator).

RANDONCORP: NEW IDENTITY OF RANDON COMPANIES

Starting in 2023, Randon has updated its brand and corporate identity with the goal of keeping up with its internal transformations and the changes in the markets where it operates, in line with its vision of the future.

We are now **Randoncorp**, a brand that values the legacy of more than seven decades shared with customers, maintaining and strengthening its principles and purpose, following the sustainable growth practiced.

The update is, more than a change of brand, a turning point. This way, Randoncorp seeks to convey to its talents, customers, market and society all its robustness, stability and courage.

The Sustainability Report presents the consolidated result of the work we have developed so far.

We are **multiple and many**:

We are in every corner of Brazil and the world.

With a passion to tread new paths, We inspire and mobilize dreams and people.

Innovating and creating solutions to our challenges every day.

We seek to share prosperity.

We respect our relationships with the planet and with people.

We always have room for more.

Original ideas, new products, the latest services.

One that creates a sustainable future combined with a unique way of thinking and doing mobility.

*We are fortunate to rely on people who know that in a world as dynamic as ours, **keep on moving is fundamental.***

And so we carry on.

With a growing appetite for tomorrow and plenty of courage to live the future.

Tireless. Enthusiastic. Always evolving.

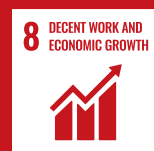
Connecting people and riches to generate prosperity.

RANDONCORP

CHAPTER 2

FRASLE MOBILITY

ABOUT US	13
ICONIC BRANDS	16
OUR OPERATIONS	17
VALUE GENERATED	18



Maria Eduarda Ataide
Trainee – Manufacturing Engineering – Commercial Line Frasle Mobility Caxias do Sul

ABOUT US

GRI 2-1 | 2-2

Keeping life in motion through an ecosystem of intelligent and sustainable solutions. With this mission, we present to the market our new corporate brand positioning. We are now Frasle Mobility.

We are the union of strong brands that seek innovation to move. We are caring for people and respecting the planet.

We have bolstered our business strategy as a global company focused on safety and innovation in its products and services, through complete solutions for customers and partners.

The creation of the new identity repositions Frasle Mobility as a house of brands, associated with the intense expansion cycles experienced in the last 10 years, projecting a future of new possibilities of evolution and growth.

Since 1996, we have been part of Randoncorp, which allows us to access synergies, markets and advantages in different areas of operation, qualifying our results and expanding value creation for stakeholders.



PURPOSE

Connecting people and riches to generate prosperity.



MISSION

Keeping life moving through an ecosystem of smart, sustainable solutions.



VISION

Globally recognized for its sustainable solutions for mobility, R\$4.5 billion in revenues by 2025¹.



BUSINESS

Safety and innovation in movement control.



PRINCIPLES

- » Valued and respected people
- » Ethics
- » Satisfied customers
- » Profit with sustainability

- » Safety and Quality
- » Innovation and Technology
- » Preservation of image and legacy
- » We are all RANDON.

Note 1: Forward-looking statements: The statements contained in this report regarding Fras-le's business prospects, projections and results and growth potential are mere forecasts and were based on Management's expectations regarding the Company's future. These expectations are highly dependent on changes in the market, the general economic performance of the country, the sector, and international markets, and may change.



KEEPING LIFE MOVING THROUGH AN ECOSYSTEM OF SMART, SUSTAINABLE SOLUTIONS..

With this mission, Fras-le changed its name to Frasle Mobility in early 2023. This move reinforces our business strategy as a global company focused on safety and innovation in its products and services, by providing comprehensive solutions to customers and partners. As a result, we are even more aligned with our purpose, mission, values and principles.



* Exclusively for use in Brazil.

Along with the name change, we published the Brand Manifesto:

Life is movement.

And our commitment is to keep it that way:

Dynamic, fluid, moving forward.

Beyond the movement safety, mobility.

Beyond mobility, performance, innovation, and sustainability

Beyond every achievement of the past, a confident look to the future.

We are Frasle Mobility.

We are respect for the planet.

We are care for people.

We are the union of strong brands that pursue innovation so you can move.










A global brand, present all over the world.

For you to have performance, positive experiences, and complete solutions.

We are Frasle Mobility.

Keep life in motion

FRASLE MOBILITY IN FIGURES

-  Founded in **1954**
-  **5,456** employees
-  **R\$3.1 billion of** consolidated net revenue
-  **R\$475.6 million** in Adjusted EBITDA
-  **11 manufacturing plants, 9 distribution centers, and 4 sales offices** in 12 countries
-  **R\$106.4** in CAPEX
-  Products in over **120 countries**
-  Capacity to manufacture over **140 million parts/year**
-  Aftermarket represents more than **85% of Net Revenue**



Global leader in brake linings for commercial vehicles;



Market leader in Latin America with a broad and diversified product portfolio;



Leader in Brazil in brake linings for commercial vehicles (aftermarket and OEM segments);



Leader in Brazil in brake pads (aftermarket segment).

ICONIC BRANDS

GRI 2-6

Our products are traded through iconic brands, recognized by their tradition, quality and delivery, with high level of service and outstanding customer service, being references in their markets, both nationally and internationally.



In the market for 69 years, it is the global leader in products and components for motion control on roads, rails, and runways. It serves the most diverse segments, such as heavy vehicles, cars, motorcycles, railways, aviation, agriculture, and industry.



Controil is the most purchased brand of master cylinders and brake servos¹ in Brazil. It has been in the market for 65 years and it is the leader in the replacement market of components for hydraulic brakes.



Awarded for the Best Brake Disc¹, Fremax has been in the market for 36 years and is the main brand of brake discs and drums for light vehicles in Brazil, with recognition for quality and safety in the most demanding automotive markets worldwide.



Nakata, the most preferred brand in repair shops¹ and one of the preferred brands among mechanics², is the leader in the suspension and steering segments for light and heavy vehicles and motorcycles, and has been in the market for 67 years.



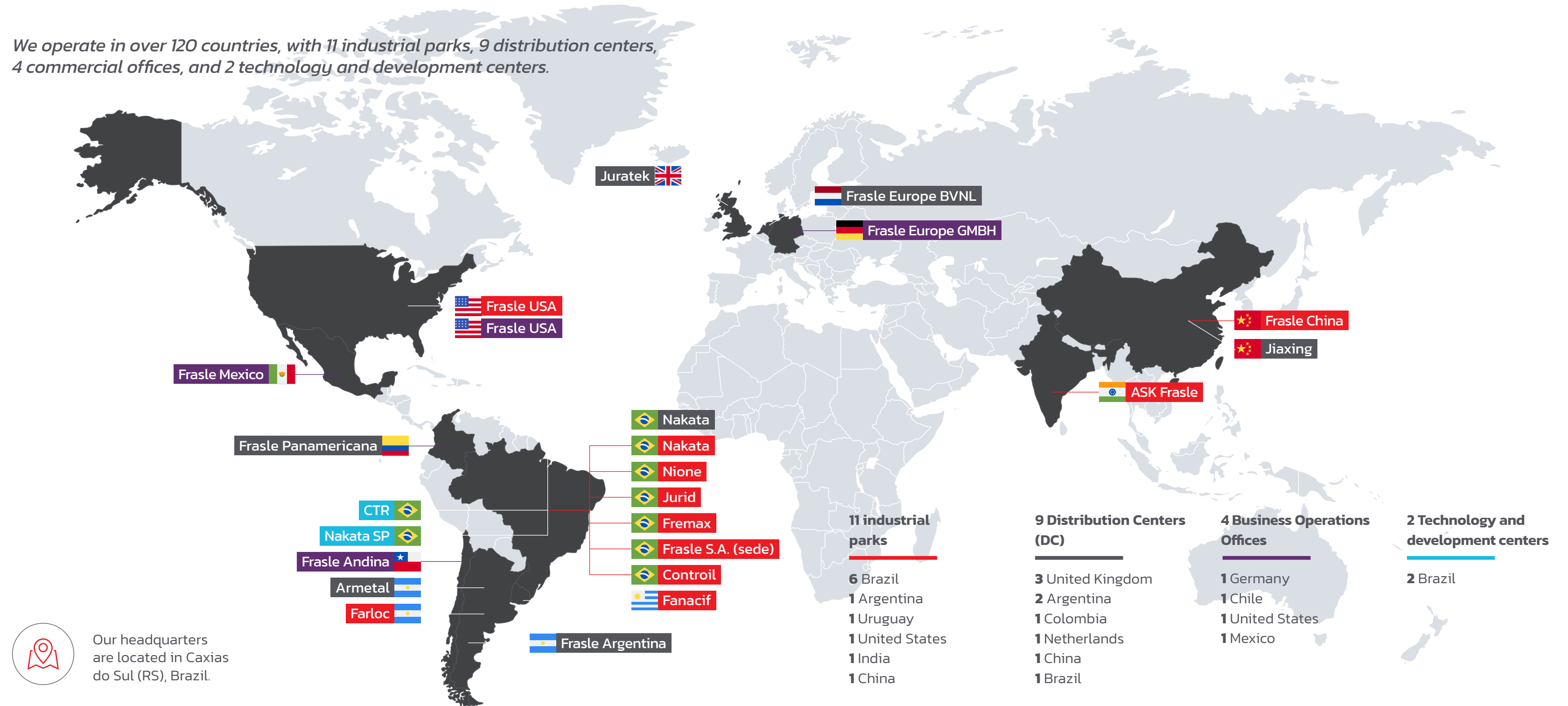
Lonaflex has been in the market for 50 years and is one of the main brands of linings and brake pads for passenger and cargo transportation motor vehicles.

¹ Best of the Year Award – Sinderepa (Union of Vehicle Repair and Accessories Industries of the State of São Paulo), 2021.

² Survey "O Mecânico: the mechanics' preferred brands", conducted by IPEC, 2021.

OUR OPERATIONS

We operate in over 120 countries, with 11 industrial parks, 9 distribution centers, 4 commercial offices, and 2 technology and development centers.



VALUE GENERATED

BUSINESS MODEL

Capitals

 Intellectual	R\$40.9 million invested in RD&I	2 Technology and Development Centers	4,942 prototypes
 Human	5,456 employees	1,675 new hires	14.2 training hours for women 17.9 training hours for men
 Natural	R\$6.9 million invested in environmental management initiatives	763 GJ of energy consumed	R\$7.2 million invested in the construction of a solar energy plant 166.49 ML of water consumed
 Social and Relationship	2,628 suppliers	R\$846 thousand invested in social actions	67% customer satisfaction index
 Manufactured	11 Industrial Parks	9 Distribution Centers	4 Commercial Offices



Safety and innovation in motion control.

Value generated

1 new patent registered			84 innovation projects finalized	Innovation
100% of eligible employees received performance evaluation				Our people
17.8 tons of friction material collected for reverse logistics	57% of waste was recycled	39% of effluent reuse		Environment
R\$1.5 billion paid in contracts with suppliers	4 programs coordinated by Instituto Elisabetha Randon (IER)	68+ thousand people benefited by IER		Society
R\$1.7 billion in added economic value	R\$62.82 million distributed in dividends to shareholders	R\$3.1 billion in Consolidated Net Revenue		Business

FINANCIAL PERFORMANCE

GRI 201-1

We ended 2022 at Frasle Mobility with consolidated net revenues of R\$3.1 billion, an increase of 18.4% over the previous year. The Company's Adjusted EBITDA was R\$475.6 million and the Adjusted EBITDA Margin was 15.6%, variations that represent, respectively, an increase of 15.1% and a decrease of 0.5 percentage points compared to 2021.

We have invested R\$106.4 million, the most important of which are:

- » in the parent company, R\$51.5 million corresponding to the Iveco Project, related to expansion, besides other productivity and automation projects.
- » 55 million were invested in the controlled units, with the most relevant investments focused on expansion, besides the inauguration of the new operations center in Argentina, strengthening Latin America in the centralization of operations.

We closed the year with a net income of R\$203.3 million, with a net margin of 6.6%. No non-recurring events were recorded under the item taxes and contributions in 2022.

The Company's consolidated net debt registered R\$2 million, which was equivalent to a multiple of 0x of EBITDA. This result was impacted, mainly, by the capitalization with the public offering (follow-on) that we carried out in 2022.

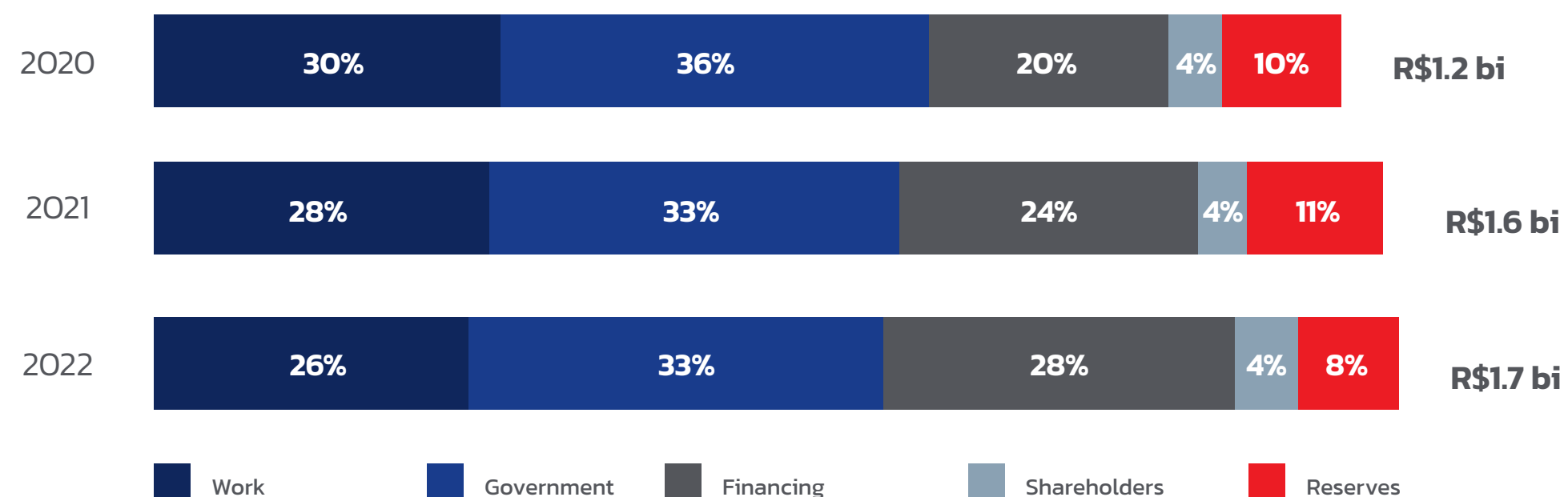
Regarding the foreign market, we totaled US\$ 227.7 million in sales, an increase of 39.7% in a historical series from 2018-2022. This result was impacted by export demand, which remained strong throughout 2022.

The financial data was audited by a specialized company, as stated in the Management Report: <https://bit.ly/3oGTbbD>

STATEMENT OF INCOME SUMMARY (IN R\$MILLION)

	2022	2021	Δ%
Total Gross Revenue	3,869.6	3,649.4	6.0%
Net Revenue	3,058.2	2,582.2	18.4%
Internal market	1,882.1	1,590.6	18.3%
External market	1,176.0	991.5	18.6%
Adjusted EBITDA	475.6	413.3	15.1%
EBITDA Margin - Adjusted	15.6%	16.0%	-0.5 p.p.
Net profit	203.3	210.6	-3.5%
Net Margin	6.6%	8.2%	-1.5 p.p.

VALUE ADDED - VAS





CHAPTER 3

CORPORATE GOVERNANCE

GOVERNANCE STRUCTURE 23

BUSINESS ETHICS 26

RISK MANAGEMENT 29

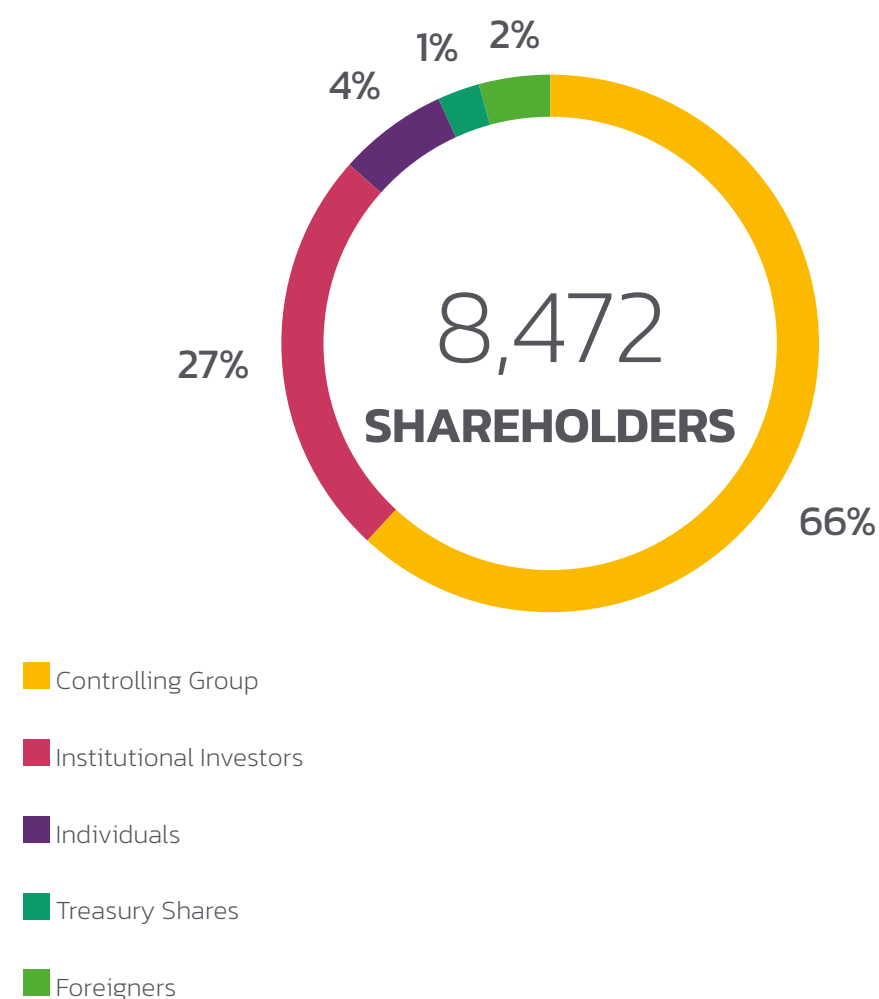


Claudia Nogueira – Quality Analyst at Fremax

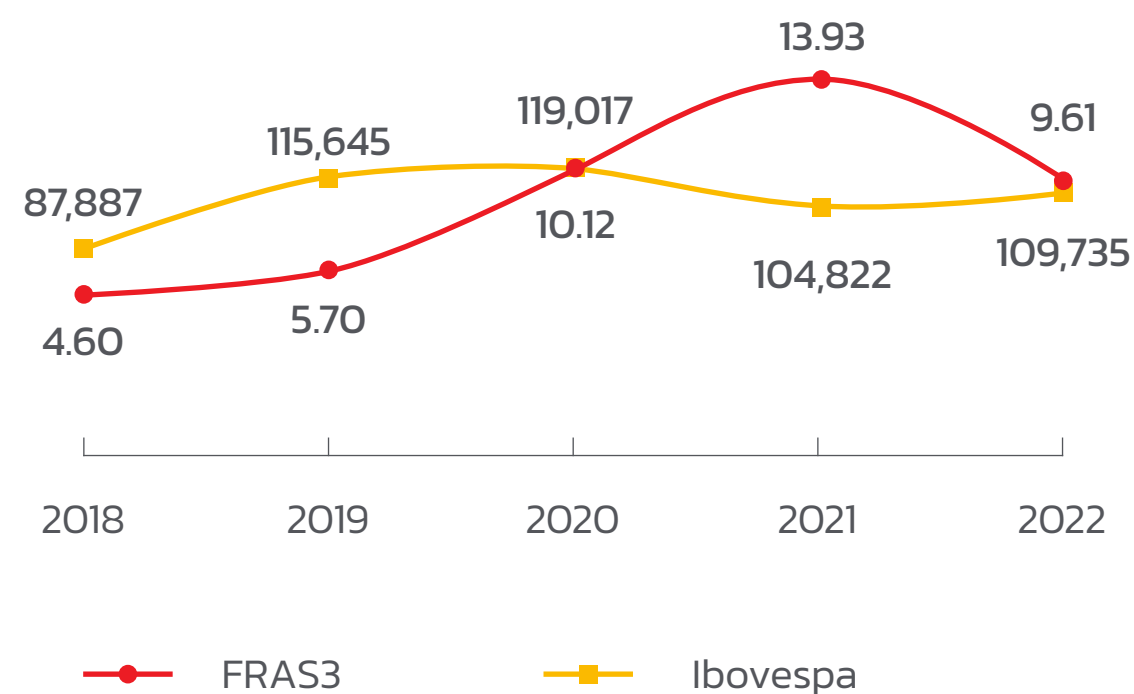
SNAPSHOT

Frasle S.A. is a publicly traded company, with shares traded on B3 under the ticker codes FRAS3 and FRAS3F (fractional market). At the close of 2022, our capital was composed of 270,016,343 common shares, with a market value of R\$2.6 billion on 12/31/2022.

SHAREHOLDERS' COMPOSITION - TOTAL SHARES



FRAS3 X IBOVESPA VARIATION



Note: the data refer to the year ended 12/31/22.

FOLLOW-ON

In 2022, we have increased the Company's capital stock by issuing 52,450,000 new shares, at a price per share of R\$12.00, totaling R\$629.4 million.

The total net proceeds from the Restricted Offering will be allocated to:

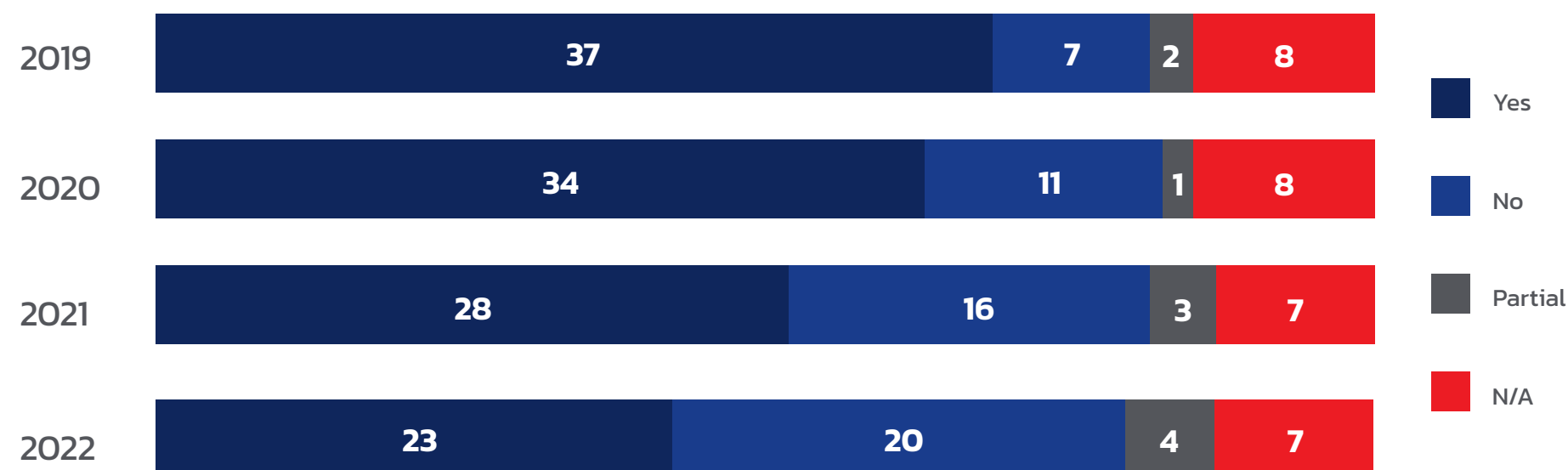
- » expansion of the Company's business, including acquisitions, greenfields, joint ventures and other strategic commercial agreements;
- » investments in the businesses and products developed by the Company, including the exploration of new technologies and the expansion of current production units;
- » working capital.

Learn more about Follow-on on page 66.

*TO ENSURE OUR COMMITMENTS TO
TRANSPARENCY, ETHICS AND VALUE CREATION
FOR OUR STAKEHOLDERS, WE CONTINUE TO IMPROVE
OUR GOVERNANCE PRACTICES,*

in line with the recommendations of the IBGC's Brazilian Code of Corporate Governance, which make up the Governance Report "Practice or Explain", and the standards and guidelines of the Securities and Exchange Commission (CVM Instruction No. 586). Since 2019, the Company has had the following evolution in adherence:

GOVERNANCE EVOLUTION



To learn more about our corporate structure, visit our IR website [here](#).

GOVERNANCE HIGHLIGHTS

- » B3 Corporate Governance **Level 1**
- » **33.1%** free float
- » **100%** tag along
- » **40% independent members** in the Board of Directors (BD) – 2 out of 5
- » One female Board of Directors member (20%)
- » **Related-Party Committee** (non-statutory)
- » Manual for **Participation in Meetings**
- » **Internal Regulations** for Boards and Executive Board
- » **Internal Audit and Compliance**
- » Third-party and independent **whistleblower channel**
- » **Corporate Policies**
- » **Corporate Governance Department**

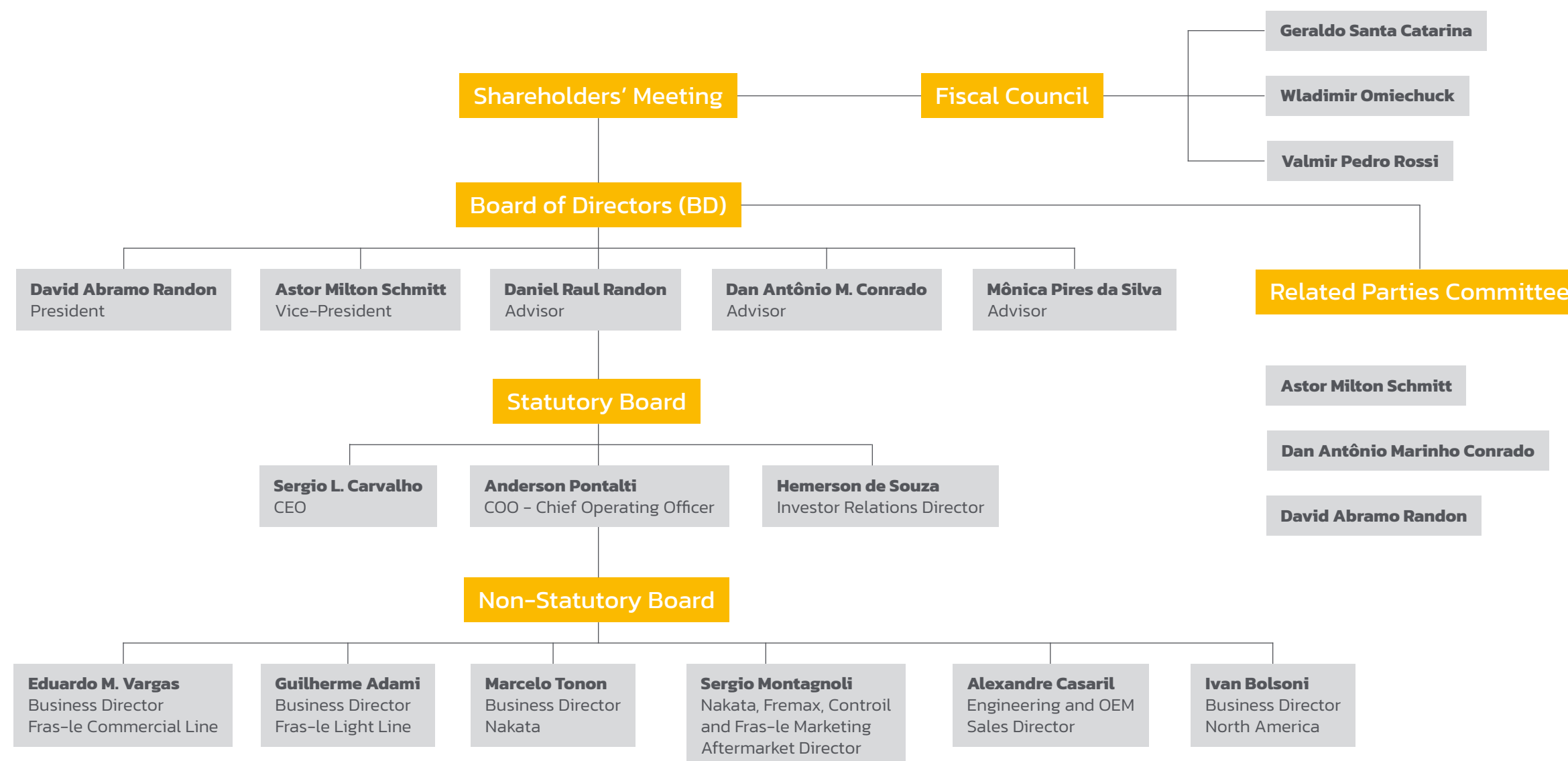
GOVERNANCE STRUCTURE

Our governance structure is made up of the General Shareholders' Meeting, the Board of Directors, the Fiscal Council, the Related Parties Committee and the Board of Executive Officers.

UPDATING OF THE BYLAWS

In 2022, we updated the Company's Bylaws, including, among others, the following guidelines:

- » Rule for cases of conflict of interest in General Shareholders' Meetings and Board of Directors' resolutions;
- » Minimum of 1/3 of Independent Directors and definition of independence;
- » Statutory provision for an integration program for new Board Members;
- » Minimum of six Board meetings per year;
- » Express authority of the Board to evaluate risk exposure and the effectiveness of its management.



BOARD OF DIRECTORS

GRI 2-9 / 2-10 / 2-11 / 2-12 / 2-14 / 2-17 / 3-3

The Board of Directors is made up of three to nine members, shareholders or not, elected by shareholders at a General Meeting, and at least one third independent members, with a unified term of office of 2 years, reelection being permitted.

Consisting of five members, in 2022 the average term of office of the Board of Directors was 9.4 years. The Board of Directors met 14 times, with 100% attendance.

In an effort to improve the Board of Directors' collective knowledge, the Company usually makes visits with the members to the several operating plants, where they participate and learn about projects and events related to sustainable development, such as products with "green" technologies, renewable energies, new units with modern and technological production processes.

EVALUATION OF THE BOARD OF DIRECTORS

GRI 2-18

In 2022, we also implemented the evaluation of the Board of Directors as a collegiate body and the self-evaluation of the Board Members, who also evaluated the Corporate Governance Department. The evaluation process was carried out internally, by means of self-assessment questionnaires and evaluation of the body, on a digital platform that preserved the identity of those being evaluated.

COMPOSITION OF THE BOARD OF DIRECTORS ON 12/31/2022:

David Abramo Randon

President

Term of office: 7 years

Attendance at meetings: 100%

Astor Milton Schmitt

Vice-President

Member of the Related Parties Committee

Term of office: 27 years

Attendance at meetings: 100%

Dan Antonio M. Conrado

Independent Advisor

Term of office: 3 years

Attendance at meetings: 100%

Daniel Raul Randon

Advisor

Member of the Related Parties Committee

Term of office: 9 years

Attendance at meetings: 100%

Mônica Pires da Silva

Independent Advisor

Term of office: 1 years

Attendance at meetings: 100%

For a detailed description of the professional experience of each Board of Directors member, access the Reference Form [here](#).

STATUTORY BOARD

According to the Bylaws, the Board of Executive Officers is composed of at least two members and at most nine members, shareholders or not, residents in the country, elected by the Board of Directors, being designated a Chief Executive Officer, a Superintendent Director, an Investor Relations Officer (IRO) and the others with no specific designation, and the IRO's tasks may be combined with other executive duties. Composed by three members, in 2022, the Board met 10 times, with the attendance of 100% of its members.

COMPOSITION OF THE STATUTORY BOARD ON 12/31/2022:

Sergio Lisboa Moreira de Carvalho

President and CEO

Anderson Pontalti

Superintendent Director

Hemerson Fernando de Souza

Investor Relations Officer

For detailed professional experience of each member of the Executive Board, access the Reference Form [here](#).

FISCAL COUNCIL

An independent body from management and the external auditors, it is installed at the request of shareholders at an Annual General Meeting and is composed of three to five members, with an equal number of alternates. In 2022, the Council had three members and met seven times, with 100% participation.

COMPOSITION OF THE FISCAL COUNCIL ON 12/31/2022:

Geraldo Santa Catharina

Advisor

Wladimir Omiechuck

Advisor

Valmir Pedro Rossi

Advisor

For a detailed description of the professional experience of each Fiscal Council member, access the Reference Form [here](#).

RELATED PARTIES COMMITTEE

This is a non-statutory body, of an advisory nature, which advises the Board of Directors, ensuring that transactions with related parties are guided by the Company's interest, observing commutative conditions, through a transparent, ethical process and in compliance with the current legislation.

It is made up of three Board of Directors members, designated by consensus by the Board of Directors members.

The Committee has no fixed meeting schedule, meeting on demand, according to need. In 2022, the Committee met 3 times, with an average attendance of 100%, to evaluate transactions with related parties.

COMPENSATION

GRI 2-19 | 2-20 | 2-21

The compensation practices for Board of Directors members, Executive Officers and Fiscal Council members are aligned with the Company's interests and aim to recognize the professionals for the performance of their duties, in pursuit of business expansion and shareholder returns.

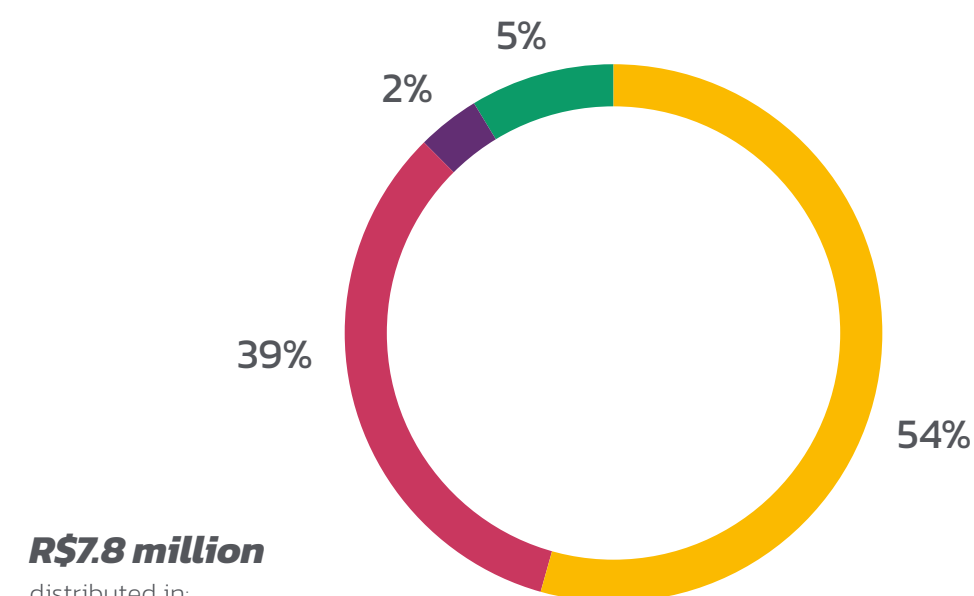
According to our Compensation Policy, the senior management compensation is defined by the General Shareholders' Meeting, which approves the global amount to be distributed to the members of the statutory Board of Directors and Executive Board, according to the proposal approved by the Board of Directors.

Board of Directors members have fixed monthly remuneration, as fees, and post-employment benefits (medical assistance, complementary pension plan and group life insurance).

For the Board of Executive Officers, in addition to a fixed monthly compensation and post-employment benefits, the package also includes variable compensation, which is divided into short-term incentive (STI) — for achieving goals within a period of up to 1 year — and long-term incentive (LTI) — for the achievement of goals in a period of 3 years that ensure the perpetuity of the Company. We also offer a private pension plan, medical assistance and personal accident insurance, and a guarantee fund for length of service.

The Fiscal Council compensation, when installed, is set by the shareholders at the Annual General Meeting, as proposed by management. In 2022, the established compensation was guided by market research and ensured to the Directors, an amount higher than the minimum provided by law, corresponding to 10%, on average, of the compensation assigned to each director, and does not include benefits, representation funds and profit sharing.

COMPENSATION BOARD OF DIRECTORS AND STATUTORY BOARD



Please access our [Compensation Policy](#) for further information.

BUSINESS ETHICS

GRI 2-16 | 2-23 | 2-24 | 3-3 | Ethical and responsible conduct



As a subsidiary of Randoncorp, we follow the Integrity Program of Randon Companies (Randon ID), which aims to ensure commitment to ethics, integrity and respect for human rights. Randon ID guides, disseminates and monitors the principles and values to be observed by all employees, administrators and partners in all Group companies.

Solid commitment. We are signatories of the Ethos Institute's Business Pact for Integrity and Against Corruption, and we took a public commitment in favor of integrity in the business.

To sow an ethical and responsible culture in all areas of our business, we rely on the Code of Ethical Conduct and policies established by Randon ID, which govern everyone's behavior within the Company.

The Ethics and Compliance Committee monitors the reports bimonthly and statistical data, mitigation actions and follow-up of the results of implemented actions are reported to the Board of Directors.

Currently, we have 18 corporate policies approved by the Board of Directors that guide our commitment to responsible conduct. In each policy, those responsible for its implementation and dissemination of its content are indicated.

POLICIES AND MECHANISMS | RANDON ID



Code of Ethic Conduct



Anti-Corruption Policy



Risk Management Policy



Ethics Hotline

GUIDING POLICIES ON SPECIFIC TOPICS

- » Anti-Corruption Policy
- » Internal Audit Policy
- » Compliance Policy
- » Corporate Purchasing Policy
- » Policy of Consequences
- » Policy for Hiring Extra-Audit Services
- » Controllership Policy
- » Finance Extract Policy
- » Exchange Risk Management Extract Policy
- » Investment Management Policy
- » People Management Policy
- » Risk Management Policy
- » Sponsorship and Donations Policy
- » Personal Data Privacy Policy
- » Health and Safety and Environment Policy
- » Information Security Policy
- » Asset Security Policy
- » Related Party Transactions Policy

To learn more about the policies, visit
<https://ri.fraslemobility.com/en/by-laws-policies-and-regulations/>

CONFLICT OF INTERESTS

GRI 2-15

Our Code of Ethical Conduct establishes that, whenever the personal interests of any manager or employee may override the Company's interests, he or she must step aside for the company's analysis. In this way, we ensure that decision-making is guided with the necessary impartiality and integrity.

This allows us to ensure the impartiality and integrity required to ensure that decisions are made in the best interest of the business.

In the event of conflicts within the Board of Directors, the Directors involved cannot participate in the discussions and decisions about the related topics, as provided for in the Internal Regulations.

ENGAGEMENT

GRI 2-23 | 205-2

To strengthen our ethic and integrity culture, Randon ID program is presented to the employees as soon as they join the Company. New employees receive hard and digital copies of the Code of Ethical Conduct, in addition to undergoing training on the document. At the end of the process, they sign a statement of awareness and commitment to its guidelines.

Employees also undergo refresher training whenever the document is updated. As the Code of Ethical Conduct underwent a revision process in 2021, the Company's leaders attended refresher training in the same year, and the remaining employees were trained throughout 2022.

In 2022, we launched new training courses on the Pra.VC platform, with themes focused on the Risk Management Policy, the Compliance Policy, and anti-corruption, in addition to recurrent integrity workshops.

ETHICS CHANNEL

GRI 2-25 | 2-26

As part of our Integrity Program, we make available to all our stakeholders an Ethics Channel, an exclusive and safe means of communication for reporting unethical behavior or behavior that violates the principles of Randoncorp or the laws in force in the countries where we operate.

The Channel is an exclusive and safe means of communication, ensuring anonymity, protection and non-retaliation to the reporters. The information recorded is received by an independent and specialized company, ensuring absolute confidentiality and the appropriate handling of each situation. Next, the reports are sent to the Risk Management and Compliance area, which assigns the appropriate forwarding.

For confirmed cases of non-compliance with ethical conduct, disciplinary measures are applied in accordance with the Company's Consequences Policy. For specific cases, action plans are also prepared, with the objective of correcting them and preventing new occurrences.

In 2022, we registered 88 reports, with 90% cases finalized. Out of this total, 58.2% were considered unfounded, 32.9% founded, 3.8% inconclusive, 3.8% out of scope, and 1.3% with insufficient data. The corrective actions for the confirmed cases were orientation, referral for training, verbal warning, written warning, contract suspension, dismissal without fair cause, creation of controls for the process, creation of procedures, change of shift or sector, dismissal for a fair cause.

ETHICS CHANNEL

www.canaldeetica.com.br/empresasrandon
Brazil: 0800-777-0768 - USA: 1-800-245-8549
compliance@empresasrandon.com.br
Intranet | Ethics and Compliance Portal



INTERNAL AUDIT

GRI 205-1 | 205-3

The Internal Audit is the area responsible for the independent and systematic evaluation of all processes and units of the Company.

The Internal Audit has the objective of verifying whether they are in compliance with the current legislation and with internal policies and procedures, also evaluating the effectiveness of internal controls.

The Internal Audit area is also responsible for investigating reports and allegations of corruption received through the Ethics Channel, and the Risk Management and Compliance department is responsible for risk analysis and management of the fight against corruption. In 2022, there was no record of reports and accusations of corruption in the Ethics Channel.

When preparing the work plan, which is established annually, the following aspects are considered: criticality of the risks of the corporate matrix, strategic guidelines, relevance and materiality of the process and of the unit.

The corporate risk matrix considers the assessment of corruption risks and this assessment is reflected in the Regulatory Risk category. Currently, we have listed four risks as priorities concerning corruption:



REGULATORY COMPLIANCE RISK

Insufficiency or loss of institutional capacity to manage the regulatory complex, difficulty in identifying activities such as fraud, money laundering, sanctions violations, market abuse, bribery, corruption and tax evasion.

Criticality level of the risk: **SIGNIFICANT**



ENVIRONMENTAL RISK

Non-compliance with local and international environmental regulations, difficulty in identifying activities such as bribery and corruption.

Criticality level of the risk: **SIGNIFICANT**



ETHICAL CONDUCT RISK

employee acts diverging from the ethical standards established and accepted by the Companies.

Criticality level of the risk: **SIGNIFICANT**



THIRD-PARTY AND PARTNER MANAGEMENT RISK

Failures in the relationship with suppliers/service providers/franchisees, which may cause legal risks arising from sanctions by regulators and compensation for damages resulting from the violation of current legislation.

Criticality level of the risk: **SIGNIFICANT**

RISK MANAGEMENT

Our risk management process aims to control and manage the possible negative impacts of our business, generating and protecting our value in the short, medium and long term.

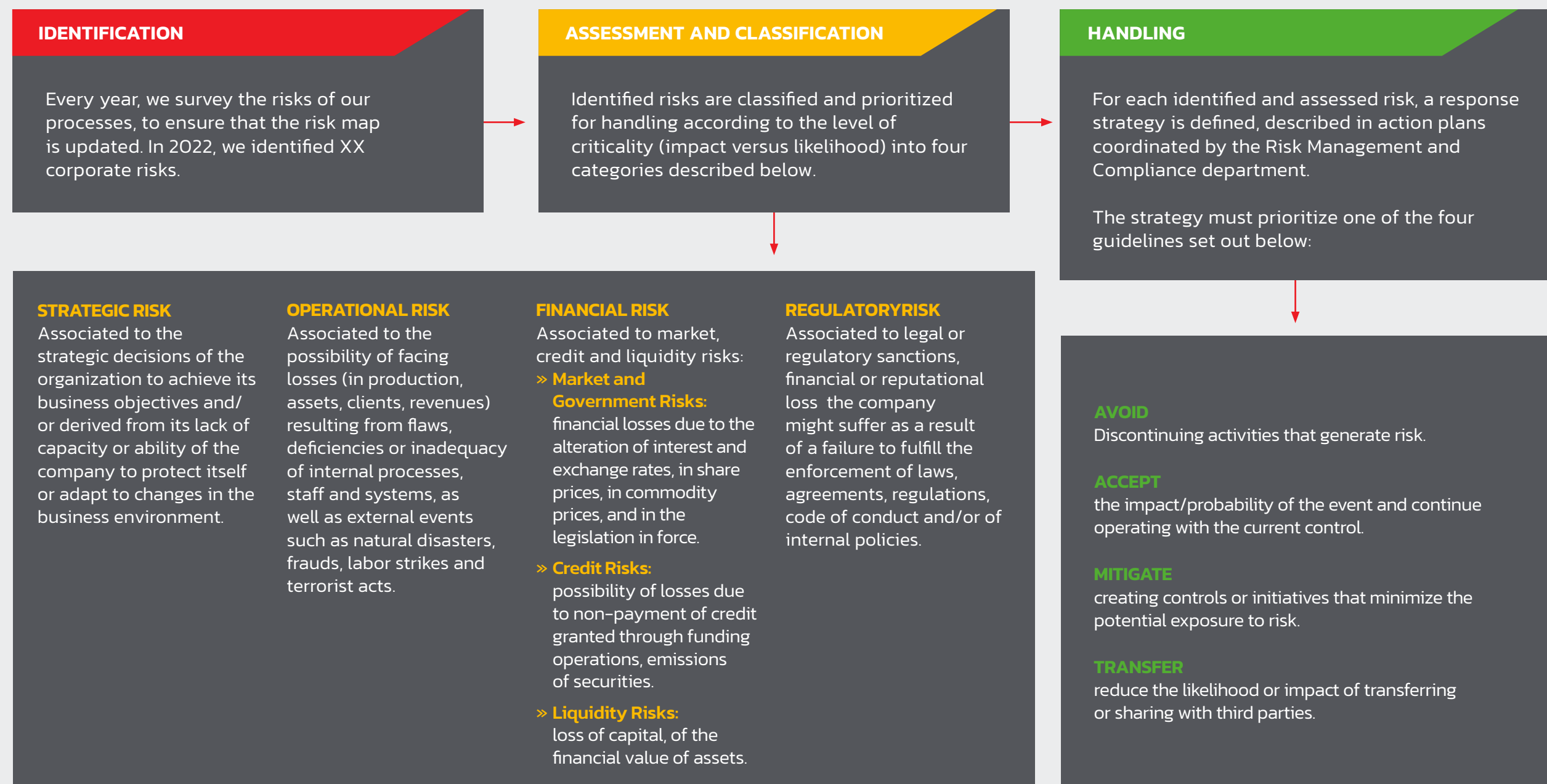
We manage the risks to which we are exposed through our Risk Management Policy, which applies to all Randoncorp companies. The document establishes the guidelines, strategies and responsibilities in the integrated management process.

In order to identify, assess, treat and monitor all risks inherent to our activities, we have a corporate area for the execution of the risk management process.

In turn, the Board of Directors and the Executive Committee of Randoncorp are responsible for supporting the enforcement and continuous assessment of the Group's risk management model.

The integrated risk management process is described as follows:

INTEGRATED RISK MANAGEMENT PROCESS





CHAPTER 4

EXCELLENCE AND SAFETY AS A VALUE

INFORMATION SECURITY AND PRIVACY

31



Valderes de Matos Cogo – Support Process Leader (left)
Maicon Eliezer dos Santos Franca – Logistics Analyst (on the right)

INFORMATION SECURITY AND PRIVACY

GRI 3-3 | Excellence and safety as a value

At Frasle Mobility, we have a solid commitment to privacy and information security, striving to preserve the personal data and privacy of our employees, customers and suppliers, while ensuring the legal protection of both the Company and the public who are users of this information.

HELP CHANNELS

We have fast contact channels to answer questions and provide Information Security (IS) support to our employees:

IS is Virus? For questions about suspicious files:
sievirus@randon.com.br

IS validates email? For questions about suspicious email:
sivalidaemail@randon.com.br

IS helps me? For general questions:
si@randon.com.br

INFORMATION SECURITY MANAGEMENT

To guide the management of the theme, we have an Information Security Policy, which presents the guidelines, the behaviors expected from employees and the safest model of operation to be followed.

Apart from this, we can also mention the following documents on the theme:

- » Information Security Policy;
- » Code of Ethical Conduct;
- » Incident Management Control Procedure;
- » Change Management Control Procedure;
- » Access Management Control Procedure;
- » Backup Copy Procedure;
- » Remote Work Control Procedure;
- » Cloud Services Contracting Control Procedure;
- » Mobile Device Standard Procedure;
- » Server Standard Procedure;
- » Cyber Crisis Management Standard Procedure

We manage information security risks through our Risk Management area, with a structure dedicated to the topic. The area has a Qualitor ITSM (Information Technology Service Management) system, which has a service catalog that can be requested by employees in case of need. In addition, the team has three support e-mails, in case there is a need to answer questions about the topics.

Our structure was designed in accordance with the requirements of the General Data Protection Act (LGPD), and is composed of the Information Security department, the Risk Management and Compliance department and the Privacy and Security Committee.



The Committee is comprised of representatives from the Compliance, Legal, Information Security, Financial Services and Digital Business Management departments, and is responsible for defining the entire strategy and managing the information security budget.

The main person responsible for the theme within Randoncorp is the Director of the Corporate IT & CSC Area, Fernando Bortolini, who monitors and manages all actions and projects, reporting regularly to the Executive Committee and to the Board of Directors of Randon Companies. In 2022, we recorded an information security incident. The incident impacted the system of only one unit of the company, for a 24-hour period.

PROTECTION FROM CYBER ATTACKS

Focusing on protecting our systems against the threat of cyber attacks, we rely on several procedures and monitor our technological assets, applications and databases daily, on all devices.

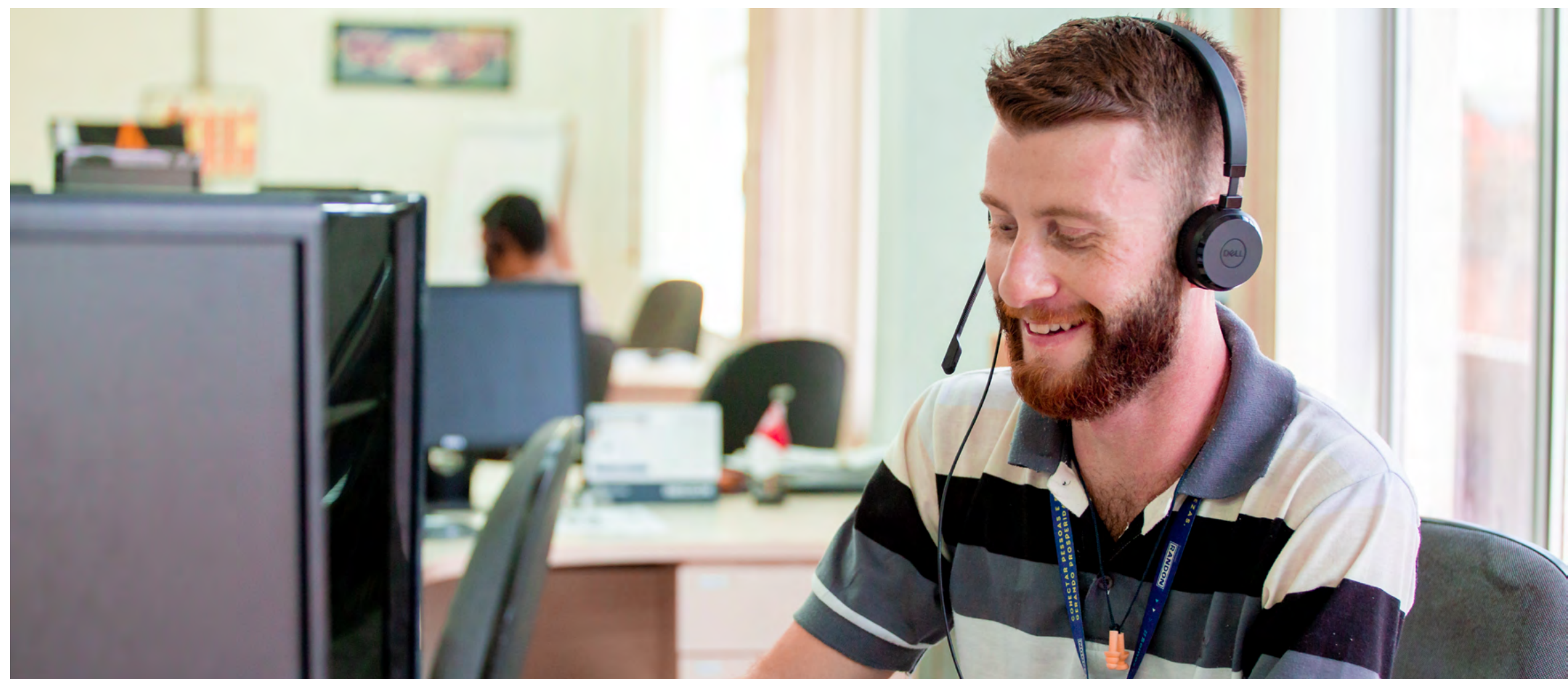
The company's operational macro-structures are anchored in specialized partner companies, focused on monitoring and responding to incidents of possible cyber-threats in real time. We also have tools that seek to simulate real hacker attacks on our main systems, in order to verify weaknesses and assess the effectiveness of defense mechanisms.

In 2022, we recorded no information security breaches or other cybersecurity incidents and, consequently, no fines were paid.

SAFETY CULTURE

We aim to raise awareness among our stakeholders and disseminate a culture of information security through the Safe Connections Program. The campaigns and training sessions are offered through news clippings and videos sent to all employees through RandonApp, e-mail and WhatsApp.

The choice of contents offered is based on the results of tests conducted to analyze the employees' behavior. To carry out these campaigns, we prioritize the sectors that interact with more sensitive information, although everyone may participate.



To add to this, we hold custom-built workshops and forums, considering the target audience and the information that flows within a certain area.

In 2022, we carried out the Data Protection Gamification, a voluntary program available to all employees. This program consists of a training track with the data privacy and LGPD theme. Employees with the highest scores were awarded prizes at the end of the process.

Also in 2022, we established partnerships with teams dedicated to creating content to raise awareness of the issue and disseminate it to all Randoncorp companies through internal communication channels.

Information Security is also a topic very important to us when we think about our supply chain. The contracts with suppliers and service providers have clauses with the essential requirements to ensure the treatment and protection of personal data, thinking about a non-vulnerable information sharing. The educational materials of the Safe Connections program are available through the Supplier Portal.

CHAPTER 5

STRATEGY AND INNOVATION

DIVERSIFICATION AND TECHNOLOGY	34
SUSTAINABLE INNOVATION	36

7
AFFORDABLE AND
CLEAN ENERGY

8
DECENT WORK AND
ECONOMIC GROWTH

9
INDUSTRY, INNOVATION
AND INFRASTRUCTURE

11
SUSTAINABLE CITIES
AND COMMUNITIES

12
RESPONSIBLE
CONSUMPTION
AND PRODUCTION

13
CLIMATE
ACTION

Jaime Webber
Innovation Researcher – IHR
Smart Materials

DIVERSIFICATION AND TECHNOLOGY

*WE ARE A COMPANY IN
CONTINUOUS EXPANSION, GROWING
BOTH IN NUMBER OF BRANDS
AND GEOGRAPHIC PRESENCE,
AND IN MARKETING SOLUTIONS.*

As a result, we have expanded our capacity to bring safety and comfort to the transportation of people and goods, positively impacting an increasingly larger and more diverse number of people and businesses.

To keep up this expansion movement, we always seek to diversify our business model and product portfolio, with strong investment in technology and innovation, in order to modernize our operation.

Throughout our 69 years of operation, we have made several acquisitions, aiming at a growth in our net revenue and global presence. We have consolidated ourselves as one of the major leaders in our segment in the Americas, with strong and recognized brands in their respective markets.

STRATEGIC ADVANTAGES



Among the world's largest
Production of brake linings for commercial vehicles.



Growing Resilience
Market and segment diversification.



Diversified model
Diversified revenue base in currencies and markets.



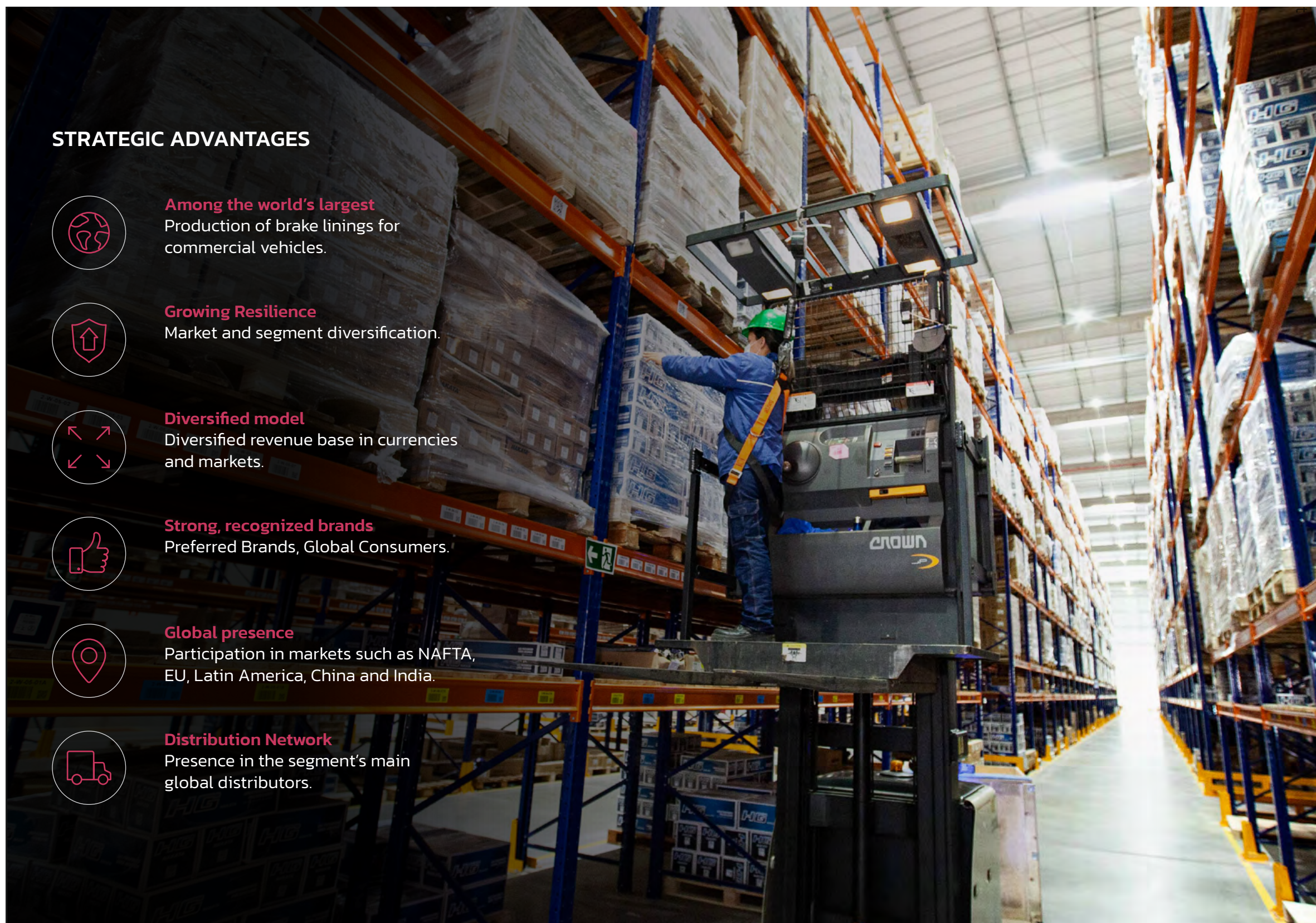
Strong, recognized brands
Preferred Brands, Global Consumers.



Global presence
Participation in markets such as NAFTA, EU, Latin America, China and India.



Distribution Network
Presence in the segment's main global distributors.



OUR EXPANSION HISTORY



SUSTAINABLE INNOVATION

GRI 3-3 | Sustainable Innovation | FRAS2

WE INNOVATE WITH QUALITY AND SUSTAINABILITY TO KEEP YOUR LIFE MOVING

To support our growth path, we rely on a Research, Development and Innovation (RD&I) strategy, which entails investments in high technology and in the technical qualification of our team, so that we can transform our research into innovations for the business.

OUR R&D STRATEGY IS BASED ON FOUR MAIN PILLARS:

PARTNERSHIPS

Through the IHR, we partner with scientific and technological institutions to boost our innovation ecosystem. Therefore, we generate knowledge and support the continuous training of our people. Our RD&I partners are laboratories and Institutes of Science and Technology (IC's), such as the Federal University of Santa Catarina (UFSC), University of Caxias do Sul (UCS) and Federal University of Rio Grande do Sul (UFRGS).

PEOPLE

We have a highly qualified team, with more than 90 professionals, with technical training in several areas, mainly chemistry, mechanics and materials, who work with exclusive dedication in RD&I. By 2022, our team comprised 39 engineers, more than half with doctoral or master's degrees.

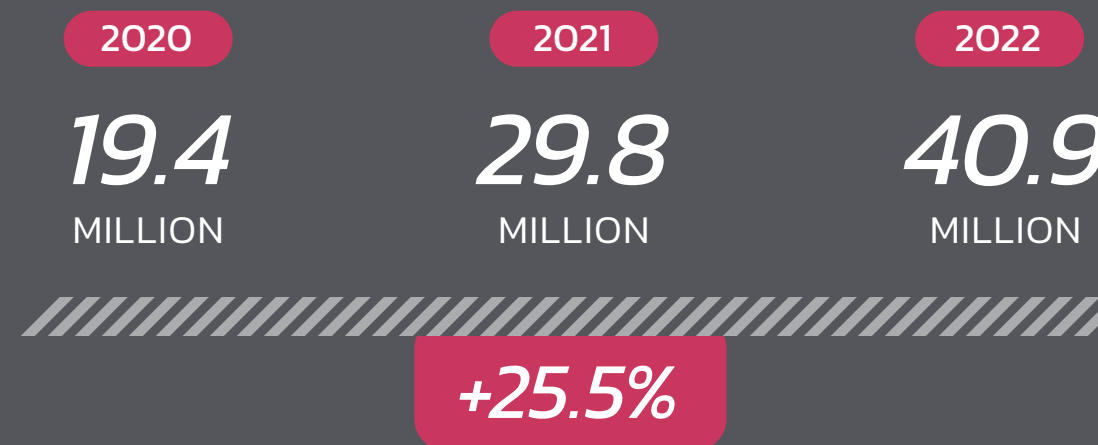
ROBUST STRUCTURE

We maintain the Research and Development Center (R&D), the Randon Technological Center (CTR), and Auttom, the latter two in partnership with Randon Companies.

DEDICATED BUDGET

Historically, we have invested about 2% of revenues in resources for RD&I. In 2022, over R\$40.9 million was invested in 84 projects to develop more competitive, modern, and sustainable technologies.

INVESTMENT IN RD&I



INNOVATION INDEX



4,942
prototypes

in 2022, up 3% from the previous year.



51.24%

of Net Revenue comes from new products launched in the last 5 years.



Throughout 2022 we continued investing and dedicating ourselves to RD&I, with emphasis on the consolidation of some lines and expansion of the product portfolio. Below, we present some highlights, with a focus on sustainability:

- » **Composs:** structural parts conceived in composites that, due to their freedom of design and materials used, enable the creation of lighter, resistant, and highly durable parts, as they do not suffer from corrosion processes (learn more on page 42).
- » **Copper-free:** copper-free friction materials, to comply with US legislation that restricts the use of this material after 2025. The main challenge in removing copper is in the commercial pads used in buses and trucks, where copper plays an important role in the

thermal dissipation of the material and prevents the formation of cracks in the disc. With research started in 2017, this product line is now a reality and, in the year 2022, went through portfolio expansion and new business with important OEM customers.

In addition to expanding the product portfolio, we won important business with OEM customers in Europe, China, and the United States. In the latter, the technology motivated investments of approximately US\$4 million in a new production line in our Alabama plant.

- » **Inorganic Binder:** more sustainable and economical raw material, which reduces energy consumption in its production. The railway shoe was the first product launched with this technology, in 2020. As a result, based on ISO methodology, we managed to reduce the

carbon footprint by 32%, considering the cradle to gate study, and 43% considering a useful life and final disposal.

- » **Circular economy:** program for the use of foundry by-products that has been active at Frasle Mobility since 2015, based on the development of friction materials that use by-products from foundries in their composition. In 2022, we expanded the program, with the use of by-products from Fremax, with an average monthly consumption of 30 tons.
- » **Metal rubber:** In the year 2022 Controil has advanced important steps for its consolidation in the metal-rubber market. After extensive tests and rigorous approval procedures, we started supplying the railroad segment.

STRUCTURE

GRI 3-3 | Sustainable Innovation

R&D CENTER

FOR OVER 48 YEARS OUR RESEARCH AND DEVELOPMENT CENTER HAS BEEN THE LARGEST AND MOST ADVANCED IN LATIN AMERICA.

Located in Caxias do Sul (RS, Brazil), it has three high-tech laboratories that offer full support to the research and development process of the products we create.

With a laboratory structure that ensures compliance to the requirements of the most important global standards for quality control of friction materials, the center also enables us to test the performance and durability during the entire life cycle of our products. Several methods used in the R&D Center are certified by ISO 17.025 (laboratory management), in addition to the methods required by the Brazilian legislation, according to INMETRO's ordinance.

Our testing involves physical, chemical and mechanical trials, from raw material characterization and prototype construction to reverse engineering processes, validation and monitoring of new processes, product certifications and approvals. In addition, we have simulation tools that support the development of solutions for structural, dynamic, thermal and Noise Vibration and Harshness (NVH) problems. With the support of research groups in the area, we create proprietary algorithms that allow the agile development of customized solutions for each customer's demands.



4,000 m²
in labs

230+
vehicle braking system for testing.

15 inertial dynamometers

Inertia capacity of up to 4000kgm², enabling testing on a wide range of vehicle classes, from motorcycles to trains.

2022 PERFORMANCE: TESTS AND TRIALS

Characterization: 24,500 samples tested

- » Determination of friction coefficient (ISO17025 – SAE J661).
- » Dilation and growth (ISO17025 – SAE J160/NBR 5505).
- » Compressibility (ISO17025 – ISO6310).
- » Shear (ISO17025 – ISO6312/NBR5537).
- » Hardness.
- » Natural frequency.

Dynamometers: 1,780 tests

Performance, wear, noise, thermal fatigue, static friction (parking brake) tests, based on international standards such as SAE and ISO.

Vehicle tests with fleet owners and partners in various parts of the world: USA, Colombia, Chile, Brazil, China and India.

Chemical: 15,460 samples tested

- » Thermo-gravimetric analysis (TGA).
- » X-ray diffraction and fluorescence.
- » Accelerated corrosion (salt-spray).
- » Rheometry.
- » Analisador de partículas.



RANDON TECHNOLOGICAL CENTER (CTR)

Randon Technological Center (CTR), a partnership between Randoncorp and Frasle Mobility (45.07%), is one of the largest independent technological centers of the sector in Latin America and the first and most complete independent testing field for trucks, buses, passenger cars, motorcycles, road equipment, and auto parts. In April 2022, the CTR was consolidated as the most complete open complex for vehicle tests in Latin America.

Located in Farroupilha, Rio Grande do Sul, it has over 20 types of tracks with different paving and specific obstacles to carry out tests in the most diverse conditions and to validate products in vehicles. In addition to the tracks, the Center, located in an area of 92 hectares, has a structure of laboratories and specialized technical staff.

The CTR, like the industry, is continuously evolving, attentive to the sector's trends in terms of product development, testing, and validation. Furthermore, it seeks to update its services following the main global movements, expanding engineering solutions, reinforcing investments in test equipment, and carrying out projects to serve the various industry segments in the most innovative and technological way.

In 2022, the Technological Center received R\$2.4 million in investments to be an attractive structure available to the automotive industry.

Auttom

Aiming at updating our processes, Randoncorp created Auttom, which operates in the segment of technological solutions in automation and industrial robotics.

Auttom has four pillars of action:

- » **Special machines for core processes:** Design and construction of machines and special devices for core processes at Randon companies.
- » **Automation:** Use of technological elements and machinery in industrial processes.
- » **Handling:** Development of autonomous machines and equipment, which operate without the need for a human driver.
- » **Smart manufacturing:** Manufacturing company integrated with information technology, with machines connected to the internet to monitor production process.

Among the solutions created by Auttom, we can mention the manufacturing and commercialization of turn key robotic cells, machines, devices and industrial tooling, as well as the provision of technical engineering and consulting services in industrial automation.

To learn more about Auttom, click [here](#).

HERCÍLIO RANDON INSTITUTE

(INSTITUTO HERCÍLIO RANDON- IHR)

Hercílio Randon Institute (IHR) is an Institute of Science and Technology (IST) focused on thinking about the future of mobility. It operates by supporting disruptive research, connecting with innovation ecosystems and developing new professionals and projects that are of interest to society.

IHR'S FOCUS OF ACTION



Mobility



**Embedded
Electronics**



**Smart
materials**

The IHR is located in Caxias do Sul (RS, Brazil) within the premises of the CTR. With its own multicultural team of over 40 people, the IHR intends to consolidate itself as the main development center for disruptive technologies in the country.

In 2022, the Institute signed a partnership with global company Altair, aiming to develop a technology for high-performance virtual simulation of structural composite materials and intelligent mobility systems. By doing so, it intends to reach new performance levels.

To learn more about Hercílio Randon Institute of Science and Technology and its innovations, [watch the video](#).



SUSTAINABLE MOBILITY

GRI 3-3 | Sustainable Innovation

WE ARE CONTINUOUSLY UPDATING OURSELVES IN FACE OF THE GLOBAL MEGATRENDS RELEVANT TO OUR INDUSTRY TO ENSURE OUR BUSINESS' SUSTAINABILITY AND EVOLUTION.

In recent years we have made important moves to ensure the sustainability of the business through continuous, disruptive and collaborative innovation.

To adapt and find the best solutions to the global trends that govern the future of transportation, we seek to anticipate market transformations with the support of the Research and Development (R&D) department.

We are committed to investing in sustainable mobility, pursuing alternatives for the construction of a transportation system that does not cause impacts on human health and ecosystems, while meeting the commuting needs of the population.

Frasle Mobility, together with Randoncorp, has three main fronts in sustainable mobility:



Mobility and electrification

Initiatives related to new propulsion concepts (with a main focus on electric traction), in addition to new concepts and modes of mobility for people and goods.



Embedded electronics

Development of solutions with complex electronic systems for vehicles, for example, the ABS system, launched by Master.



Smart materials

Development of alternative solutions to the use of materials (essentially steel) in vehicle applications, with a focus on reducing weight and increasing efficiency.

Within the Group, Frasle Mobility focuses on projects and solutions in smart materials. The Mobility & Electrification and Embedded Electronics segments are the focus of development of the IHR, which is maintained with the support of Randoncorp (learn more on page 40).

FRAS-LE SMART MATERIALS

Investing in alternative materials is one of the main disruptive innovation strategies we have been working on over the last few years. In this sense, we seek to discover and explore new paths – especially smart materials – with the purpose of replacing the use of other traditional materials, enabling new manufacturing processes and design optimized for the customer's needs. Therefore, we seek to add greater quality and performance to our products, while reducing our environmental impact.

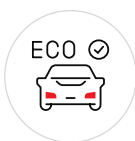
Within this line of innovation, in 2021 Composs was born, which was called Fras-le Smart Composites up to the end of 2022. Composs is the main technology developed in our business, focused on the use of composite materials for the production of auto parts, replacing items originally made of steel.

COMPOSS BENEFITS

Up to 65% weight reduction



**FUEL
CONSUMPTION**



**POLLUTANT
EMISSIONS**

Because of the materials used, we have achieved better performance, with lighter and more resistant parts, leading to a reduction in fuel consumption and CO₂ emissions.

The most relevant initiative with the technology was the launch of fender supports for Iveco. The project was presented by the customer at Fenatran 2022, at the launch of the S-Way heavy truck.

The weight reduction offered by Fras-le's supports reduces fuel consumption and helps the vehicle to meet the emission specifications determined by the Proconve 8 program (equivalent to Euro 6), which went into effect in early 2023.

*OVER THE YEAR, WE HAVE HIT THE
MARK OF 70 THOUSAND PARTS
ALREADY SUPPLIED IN PRODUCT
LINE OF COMPOSS.*

NIONE

NIONE was created in 2021 from the discovery of an unprecedented method for obtaining and stabilizing nanometric niobium particles on a large scale. It is a company owned by Randon Technological Center (CTR), with indirect participation of Frasle Mobility (45.07%). On the sales of this unit, Frasle Mobility receives 5% of royalties for holding the patent that the company operates.

The new business unit was created to produce and explore new technology focused on enhancing the properties of different materials, improving their mechanical resistance and durability, with more lightness and less environmental impact.

With NIONE we open new opportunities for different industrial sectors, particularly in metallurgy, electro-electronics and chemicals. Currently, the unit is already exploring brake spiders, drums and hubs using nanotechnology.

ADVANTAGES



ENERGY



COATING LIFE
(USE OF THINNER COATS)



IMPACT
(WATER-BASED FORMULATION)





PRODUCT SAFETY AND EXCELLENCE

GRI 3-3 | Excellence and safety as a value

The safety and quality of our products are key factors for the survival of the business, impacting on our brand reputation and generating value for our customers and end-consumers.

All our companies have a Management System (SG) that includes the Quality, Environment, Safety and Occupational Health Systems and Laboratory Competence.

*PROCESSES ARE CERTIFIED BY
THE MOST IMPORTANT QUALITY
MANAGEMENT, ENVIRONMENTAL
MANAGEMENT, AND HEALTH
AND SAFETY SYSTEMS.*

We also hold the main technical supply certifications for the automotive industry.

OUR MAIN CERTIFICATIONS

ISO 9001
Quality
management system

ISO 14001
Environmental
management system.

IATF 16949
Quality management
standard for the
automotive industry

ISO 45001
Occupational health and
safety management system.

ISO 17025
Requirements for laboratories
for testing and calibration

In addition, our products are certified and regulated by IRAM-AITA (Argentina), Inmetro (Brazil), CCC (China), ONAC (Colombia), AMECA and NSF (USA), ECE-R90 (Europe) and EAC (Russia).

To meet the legal and technical requirements and regulatory norms, our processes utilize a range of methodologies and standards, such as:

- » Advanced Product Quality Planning (APQP);
- » Failure Mode and Effect Analysis (FMEA);
- » Continuous improvement programs to solve problems, such as 8D;
- » Analysis and Problem Solving Methodology (MASP);
- » Lean Six Sigma Program..

AUDIT

Annually, we conduct internal and external audits in all of our units, which evaluate our management system and check for any issues related to compliance with the requirements of our customers and stakeholders.

The audit is also carried out in our supply chain, searching for cases of non-compliance with the essential requirements of our purchasing, health management, occupational safety and environmental policies.

STRATEGIC QUALITY INDICATORS OF FRAS-LE PRODUCTS* FRAS1			
	2020	2021	2022
PPM OEM ¹	2	2	4
Low quality costs (R\$) ²	10.901.488	12.180.436	17.782.314
Productivity (n°) ³	39	40	36,98
General scrap (%) ⁴	2,1	2,1	2,07
Warranty cost (R\$) ⁵	710.718	710.718	702.387

* Data does not consider the following units: FASIA, FAPAN, FARLOC, FANACIF and FLEU.

¹ OEM PPM: number of parts claimed in a universe of 1 million.

² Low quality cost: operating costs arising from internal rejection, customer rework, extra freight, warranties and rejection.

³ Productivity: number of parts an operator produces per hour.

⁴ General scrap: percentage of products that are scrapped due to operating problems.

⁵ Warranty cost: expenses with product warranties that are with the customer.



QUALITY CONTROL CIRCLE (QCC)

To promote and develop quality management improvements throughout the business, we rely on the Quality Control Circle (QCC), our continuous improvement program. The program involves several areas of the company, with the voluntary participation of our employees, called circulators.

These employees meet in working groups to discuss opportunities for improvement within their work environments, which are evaluated every quarter by a technical committee. The improvement ideas from the work groups are awarded prizes every six months, and the outstanding projects are presented in the QCC Internal Work Exhibition, through theatrical sketches. Since its creation, 11 thousand projects have already been implemented in the company.

OPERATIONAL EFFICIENCY

SASB TR-AP-000.A; FRAS3

At Frasle Mobility, we rely on the Operational Excellence area to increase the efficiency of the resources made available in the Company. The area operates directly in projects for cost reduction, 6 Sigma, lead time reduction, efficiency increases and layout changes. It also operates indirectly in the acquisition of equipment, automation and process improvements. In 2022, we produced 93.6 million parts, with a production capacity of 398 thousand parts/year.

PRODUCTIVE CAPACITY			
	2020	2021	2022
Pieces produced	80.266.894	96.356.735	93.675.146
Production capacity/day	340.114	383.891	398.00
Number of days	236	251	235



CHAPTER 6

PROSPERITY FOR ALL

EMPLOYEES	46
CUSTOMERS	58
SUPPLIES	61
INVESTORS	65
COMMUNITIES	67



Antonio Luis Tironi, Claudia Lopes De Oliveira
Production Operators

EMPLOYEES

GRI 2-29 | GRI 3-3 | Prosperity for all

CULTURE AND EMPLOYER BRAND

Frasle Mobility, together with Randoncorp, has a culture that values its employees, who are considered key elements in our purpose of connecting people and wealth to generate prosperity for all. It is thanks to our engaged and capable team that we can expand our business and continue to be a benchmark in the sector.

Today we have over 5,000 employees, and each of these people is a fundamental part of the progress of our business, being at the center of everything we do.

Our relationship with this public is guided by Randoncorp's People Management Policy, which seeks to value people in order to develop and consolidate business management in a solid and strategic way.

Throughout 2022, one of the focuses of our work was the integration of employees coming with the acquisition of Nakata, which took place in 2020. Throughout the year, we reinforced the practices of the Code of Conduct, an action that had been implemented since 2021. Employees were also included in our development programs, such as the Jornada Delas and the career advancement program, in addition to aligning the entire compensation and benefits policy. By 2023, the employees resulting from the acquisition will be included in the performance management cycle.

TALENT ATTRACTION

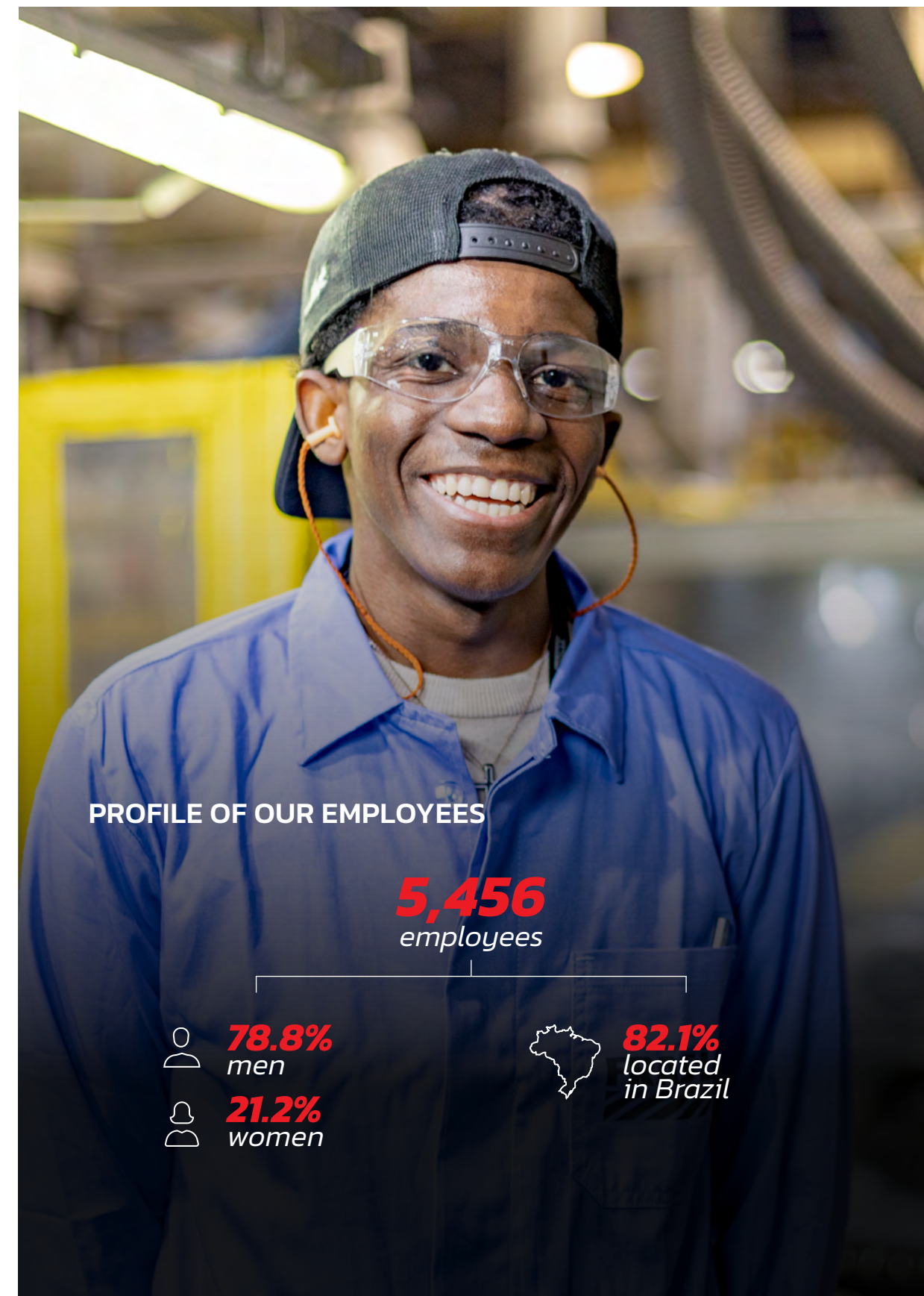
Our team consists of highly specialized and qualified professionals, responsible for managing the quality and safety of our products and for developing new solutions for the market. Therefore, we pay special attention to the engagement and attraction of employees, and this issue is part of our risk matrix (learn more on page 28).

To this end, we use Randoncorp's Careers Page ([Gupy](#)) to advertise all our openings. We also publish job openings in other talent attraction sources and channels that consolidate the employer brand, such as [LinkedIn](#), [Instagram](#) and our [Careers page](#).

Furthermore, our Recruitment & Selection area maintains close proximity to regional academic institutions, close to the business units, forwarding all available internship opportunities or those with high adherence to the training courses offered. We also advertise vacancies during our participations in events at universities (undergraduate, graduate, MBA classes, and at job fairs).

In 2022, the main action was the implementation of the EVP (Employee Value Proposition) and the connection of the institutional positioning with the employer brand. We participated in national actions such as Mercopar, Baja SAE Brazil, SAE Brazil National Congress, Grape Festival, and job fairs held.

We have a corporate integration process to welcome new employees to the Company, during which they are introduced to our culture and Code of Ethics, as well as a stage for the professionals to get to know the workplace and their new colleagues.



PROFILE OF OUR EMPLOYEES

5,456
employees

78.8%
men

21.2%
women

82.1%
located
in Brazil

BENEFITS

GRI 401-2

All of our employees receive a robust benefits package. It includes: pharmacy, health plan, dental plan, life insurance, health center, telemedicine (SSI), room for breastfeeding, mental health, financial health, flexible hours, PRA.VC., food or meal allowance, funeral allowance, transportation allowance, and Christmas basket. Full-time employees also receive day care assistance and a length of service bonus.

Our location has a restaurant – which offers nutritious and healthy food – a library, country headquarters, party rooms, gym, bank and insurance brokerage. For those who work in units without their own restaurant, we offer food assistance. In addition, the employee association coordinates sports activities, encouraging habits that contribute to quality of life..

We have implemented extended maternity leave of 60 days, and paternity leave of 15 days. To support employees during the first years of their children’s upbringing, we offer daycare and parenting assistance.

Additionally, we implemented new work cycles and models, such as coworking, innovation hubs, teleworking, and home-office, to reinforce strong cultural traits – such as autonomy, openness, flexibility, and trust – and enable new connections that encourage creativity, experimentation, and collaboration.

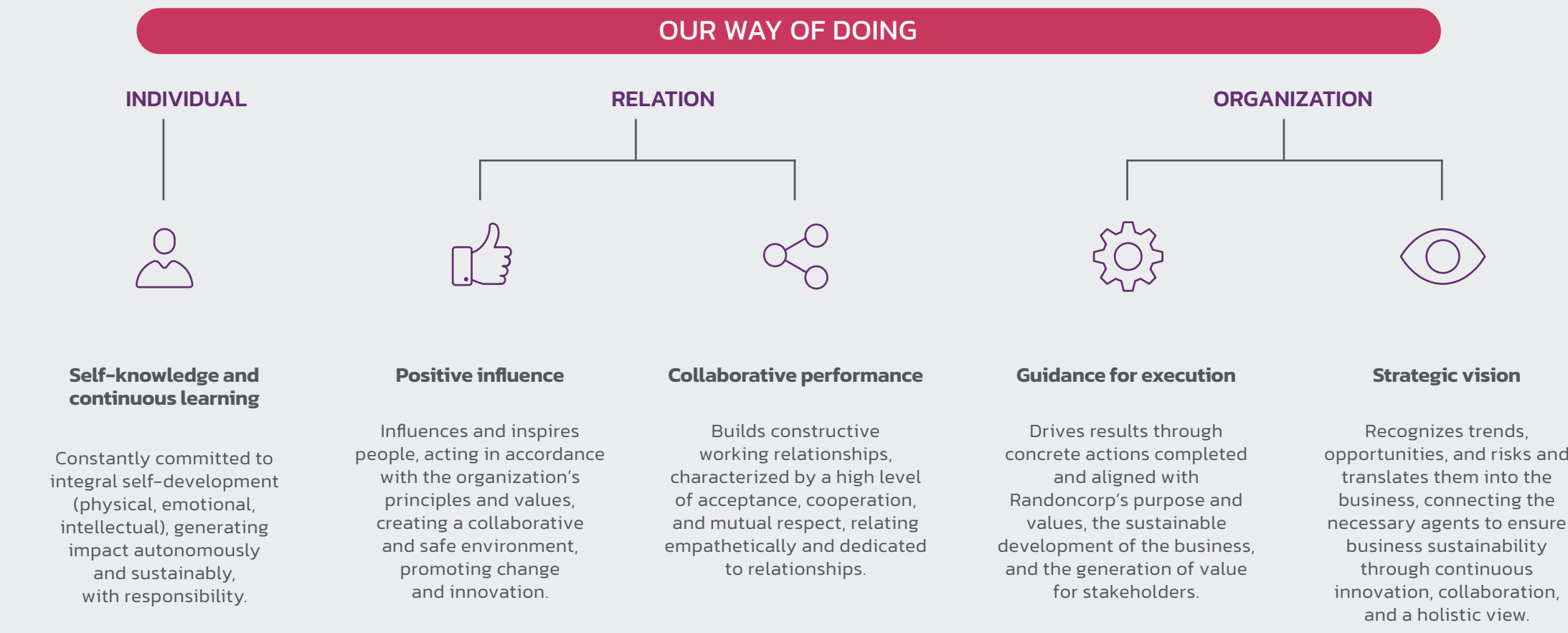
In 2022, about 1,868 employees of Randoncorp performed their activities at home-office and 52 in teleworking model.

DEVELOPMENT

GRI 3-3 | Prosperity for all

Frasle Mobility, together with Randoncorp companies, encourages the self-development of our employees, seeking to make them key players in their own careers as well as to support them in the planning of their next steps.

In 2022, in line with the Group’s business evolution, our organizational competencies were reviewed. They seek to guide the development of employees in their self-development journey.



CORPORATE EDUCATION

GRI 404-1 / 404-2

At Frasle Mobility, we consider the learning process as paramount for both our employees and our business. In line with Our Way of Being and Doing, we have a robust corporate education model, guided by the development of competencies and driven by the Personnel Management Policy and the Education and Development Procedure.

The model includes awareness cycles and specific trainings, which meet from mandatory needs to the demands of each employee. Among the trainings, we can mention:

- » **Quality:** training so that our employees know the best quality practices and are able to meet the requirements of certifications, standards and our customers. In 2022, 443 training sessions were held.
- » **Safety:** continuous training, so that employees know and keep up-to-date on the actions necessary to ensure safety at work, sustaining a preventionist culture to avoid accidents and risks. A total of 2800 training sessions were held during the year 2022.
- » **Languages:** as an international company, we offer an online platform that provides training in 24 languages in an interactive manner. The program served 123 professionals, who totaled 2,785 hours of study.
- » **Training young talents:** we invest in training young talents through the Qualificar Program, our Young Apprentice project, developed at the Randon/SENAI Vocational Education Center. In partnership with RTS Industry, robotization and industrial automation became part of the curriculum of the Program, supporting the training of professionals with skills for the future. The program trained 142 young people at Randoncorp, in 2022. Out of this total, 24 are Fras-le's representatives.



- » **PRA.VC:** online learning portal that encourages autonomy and leading role in the personal and professional development of employees, offering quality content in courses and learning journeys. In 2022, we recorded 4,622 completions in over 300 available courses, adding up to 2,800 hours of study.
- » **Ser Digital (Being Digital):** Launched in 2022, the program allows employees to access an immersive online learning platform with more than 1,200 courses focused on digital transformation, covering topics such as programming, innovation, mobile, data science and soft skills. Students have unlimited access to tracks, courses, podcasts and articles, produced and updated according to the latest market demands. Throughout the year, 16 employees used the platform, with 954 hours of study.



WOMEN'S JOURNEY

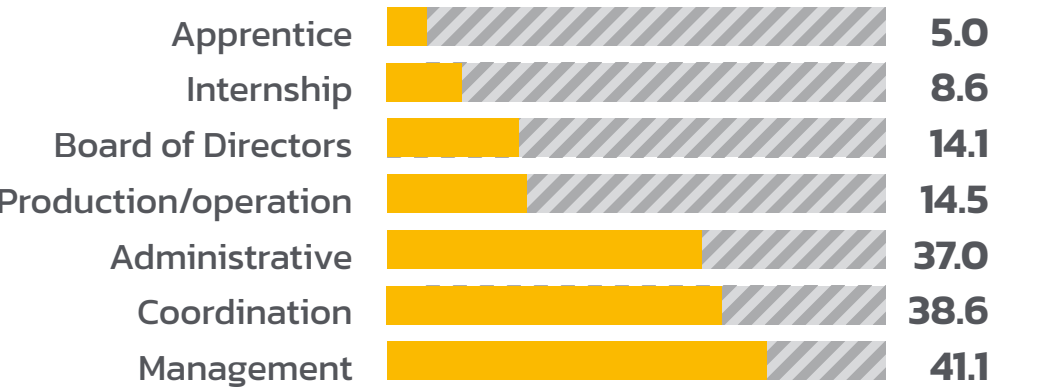
Career acceleration program for female employees, aligned with our diversity and inclusion initiatives, aimed at developing soft skills such as self-knowledge, influence, negotiation, personal branding and interpersonal relationships.

The class of 2022 had 22 women, 6 of whom were Frasle Mobility participants, who did not hold a leadership or management position, selected from among those enrolled on a voluntary basis.

AVERAGE TRAINING HOURS PER EMPLOYEE



AVERAGE TRAINING HOURS BY JOB CATEGORY



LEADERSHIP DEVELOPMENT

Our formal leadership development program, Leadership in Motion empowers organizational competencies by promoting professional development, career advancement, engagement, and team building.

In 2022, the program focused on the Company's Business Pillar and on the development of an educating leadership. All meetings and learning communities were conducted by Randoncorp's internal leaders, from conception to presentation, with concepts on the themes and internal cases.

On top of the development programs, we also take care to keep our leaders engaged and aligned with the business strategies. To this end, together with Randoncorp, we hold the Leadership Meeting, an annual leadership meeting to reflect on the future of our business.

In 2022, the meeting was held in a mixed way and had as its theme "Synergy", with a focus on our new organizational competencies (more on page 47) and diversity (more on page 54).

IN 2022, THE LEADERSHIP IN MOTION PROGRAM ALSO INCLUDED THE FOLLOWING INITIATIVES:

- » Coaching and mentoring: programs that support and accelerate the development of organizational skills and increase the performance of leaders.
- » Executive Organizational Mentoring: promotes skills development, disseminates knowledge about the business and creates synergy among Randoncorp companies.
- » Visits for benchmarking: our managers visit other domestic and foreign organizations to learn and exchange experiences.
- » Behavioral development: we rely on partnerships with external institutions, which support us with learning solutions, training and behavioral development of leaders.
- » Technical development: we offer trails and technical training on topics relevant to leaders.





SUSTENTAR PROGRAM

At Frasle Mobility, we support cultural and behavioural changes, contributing to the achievement of the Company's vision in relation to sustainability.

With the **Sustentar Program**, of Fras-le Caxias do Sul, we have unfolded the Company's strategy into meaningful initiatives for our employees and service providers, focusing on the pillars of Safety, Quality and Productivity (SQP). In 2022, Sustentar carried out a number of actions focused on our pillars, which promoted an innovative culture directed towards SQP. The actions had the support of senior management and leaders of the organization.

During the year, among the implemented actions, we highlight:

- » New Year's welcome for all employees and service providers;
- » Celebration of Fras-le's 68th anniversary;
- » Safety Quiz during Green April;
- » Awareness on the National Day of Accident Prevention;
- » Fire brigade Day;
- » S Day;
- » Quality Quiz;
- » Quality newsletters;
- » Quality Tour;
- » Stars of Quality;
- » Chat with the girls.



<ar> MOVEMENT

The **<ar> Movement** was created to support the Company's digital, agile and cultural transformation strategy, stimulating the culture of innovation in all areas and business units of Randoncorp. The program operates by building innovation theses and roadmaps and by developing transformation agents, who lead projects that contribute to the sustainable result of the brands.

BUSINESS UNITS



MOVEMENT



INNOVATION ECOSYSTEM



In an effort to leverage the movement, by 2022, we counted on 80 transformation agents, who are employees from various areas, with different technical knowledge and skills, who make up a multidisciplinary team focused on finding innovative solutions that add value to the business and to customers. The program operates in 17 units and areas, and has 12 innovation theses.



17

Impacted Units and Areas



80

Transformation Agents



12

Innovation theses

5 PILLARS OF ACTION FOR CULTURAL TRANSFORMATION:

The <ar> acts on five fronts in order to connect our business units to Randoncorp's internal and external innovation ecosystem:

1. GOING DIGITAL

Influence the organization to think about digital solutions centered on customer needs.

2. THINK AND ACT GLOBALLY

Encourage the organization to think and act globally. Be aware of market trends in order to support the global strategy.

3. CONNECT DIVERSITY

Explore diverse thinking. Disarm the limitations. Have diversity as an organizational value. Respect to all people.

4. COLLABORATE AND SHARE

Enhance collaboration, experimentation and connection with all internal and external areas of the company.

5. EXPLORE OPPORTUNITIES

Act as a facilitator for capturing and exploring internal and external opportunities focused on current and future customers.

digitaliz<ar>
globaliz<ar>
compartilh<ar>
colabor<ar>
conect<ar>
explor<ar>
inov<ar>

DATA EXPERTS

Data Experts, launched in October 2022, is a program focused on materializing the data strategy and digital automations with the different business areas. This closer relationship with the areas promotes efficiency in mapping and developing automations and dashboards, evolution of digital maturity, and assertiveness in the construction of analytical products.



PERFORMANCE EVALUATION

GRI 404-3

Our performance management mixes formal and informal processes and practices, to prepare our employees and leaders to achieve the growth objectives of our business. It is structured according to different job levels:

- » **Administrative employees:** everyone goes through a formal assessment, based on the organizational competencies, that analyzes their performance and the opportunities for improvement, to draw up a development plan (PDI).
- » **Managers and Coordination:** undergo a 270° assessment, with self-assessment, manager assessment and subordinate assessment.
- » **Directors:** undergo 360° evaluations, which include the peers of the person being evaluated.

EMPLOYEE PERFORMANCE EVALUATION PROCESS

SELF-ASSESSMENT

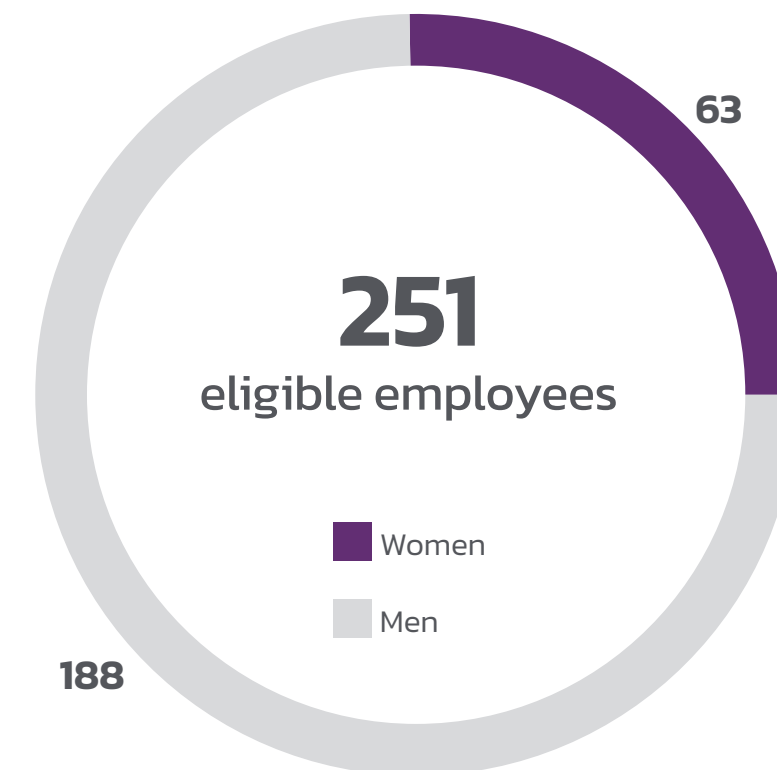


FEEDBACK WITH THE MANAGER



INDIVIDUAL DEVELOPMENT PLAN (IDP)

EMPLOYEES WHO PERFORMED THE FORMAL PERFORMANCE EVALUATION IN 2022



100%
of eligible employees
received a performance
evaluation



74.90%
eligible men



25.10%
eligible women

NOVOS CAMINHOS (“NEW PATHS”) PROGRAM

GRI 404-2



The New Paths Program aims to provide support in the career transition of employees who leave Randoncorp and its subsidiaries, encouraging professional autonomy in building new experience cycles and career longevity, with vision and action for new challenges. Since its creation 20 years ago, 808 professionals have participated, including employees of the companies and their direct relatives to whom the program also covers.

In the bi-annual Active Longevity survey with professionals who have left Randoncorp in the last five years, we have seen the results below:

- » 29% have income-generating activities;
- » 71% have taken on new routines with the family;
- » 92% engage in physical activity;
- » 89% have a well being in integral health;
- » 11% have some type of health treatment in progress.

In 2022, the Program had activities on subjects such as Integral Health, Financial Capacity, Valuing and Mobilizing Experiences, and Projecting Futures, among others. The program will undergo a review in 2023, aiming to generate even more value to this public.

DIVERSITY AND INCLUSION

GRI 3-3 | Prosperity for all

As a global company, diversity and multiculturalism are at the heart of our business: we are made up of several nationalities, present in over 120 countries on four continents.

Our diversity strategy is corporate and was built from a diagnostic study with Randoncorp, which identified the main challenges to promote diversity and inclusion throughout the group.

To address this issue, we have a working group comprised of the departments of People and Culture, Shared Solutions Center, and Compliance and Ethics, which works to promote good inclusion and equity practices in line with our principles of valuing people. We act on four fronts to drive our diversity strategy:

INSTITUTIONAL COMMITMENT:

Creating representativeness goals, inclusive culture, and objectives for the themes of gender equity, race and ethnicity, people with disabilities, and LGBTQIAPN+.

STRENGTHENING INCLUSIVE CULTURE:

Leadership development, communication actions with inclusive language, development of spokespeople, and face-to-face and online meetings to raise awareness about the issues.

EXPANSION OF THE REPRESENTATION OF MINORITY AND/OR UNDER-REPRESENTED SOCIAL GROUPS

Programs for expediting women’s careers, training of reference persons to support PWD’s, and review of policies and processes in the employee journey.



GOVERNANCE:

Creation of affinity groups with goals of representativeness, objectives and inclusive culture. Definition of board sponsors to influence change and connect with business strategies.

Throughout 2022, we advance in inclusive culture initiatives. Seeking to promote gender equality at all levels of the Company, and to ensure our public commitment together with Randoncorp, our strategy is driven by career acceleration for women, monitoring of female leadership goals, attraction and selection, and inclusive processes.

Together with Randoncorp, and as a result of our diversity efforts, we reached 26% female employees at the end of the year, an increase of 8 percentage points compared to 2021. In leadership roles, there was an increase of 2 percentage points in the female presence, with 14% of leadership held by women.

AFFINITY GROUPS

GRI 406-1

In 2022, based on the diversity perspective, we launched our affinity group journeys, which bring together employees to talk about and debate initiatives on four themes:

WOMEN

Pursue gender equity with collective and individual actions that promote respect and empowerment of women at all levels of the organization, generating real changes.

LGBTQIAPN+

To build a culture of belonging and authenticity at the Company, respecting all LGBTQIAPN+ people by promoting a safe, democratic and inclusive environment, using all spaces..

RACE AND ETHNICITY

Acting with commitment and awareness, connected with our origins to transform the Company into an environment with ethnic and racial equity, leaving a legacy of opportunities, respect, empathy, justice and unity, starting now.

PWDS

To support the issues of physical and digital accessibility, providing inclusion conditions for people with disabilities, welcoming diversity and respecting the human being in its entirety and differences.

Those involved in the groups had a journey of training, knowledge of corporate strategies, integration, and creation of prioritized ideas for planning and execution in 2023.

As the groups' main objectives, we can highlight the stimulation of positive influence, self-knowledge, and continuous learning. We also have initiatives in several relevant commemorative dates, as well as awareness raising, conversation circles, and reflective groups. Each group has goals and objectives regarding representativeness and inclusive culture.

Among the thematic lives offered on commemorative dates and open to all employees, we had:

- » **One woman inspires the other** Women's Day;
- » **Children in the curriculum** Mother's Day;
- » **Not me, we! | Different stories, same direction** day of migrants, immigrants, and refugees – ethno-racial;
- » **Diversity LGBTQIAPN+ An agenda for all people** LGBTQIAPN+ Pride;
- » **Fathers who are together!** Father's Day;
- » **Demystifying the myths about the inclusion of People with Disabilities** International Day of People with Disabilities;
- » **Racial Literacy** Black Awareness Day.

In 2022, we registered no cases of discrimination in our Ethics Channel.

TRAINING GEARED TO THE PARTICIPANTS OF THE AFFINITY GROUPS

Awakening: training meeting to broaden knowledge on the topics of diversity, inclusion, and equity, challenges of each social marker, corporate challenges and myths, and the role and responsibilities of affinity groups.

Inter-being: teambuilding of the four affinity groups, which brings concepts about diversity and social markers and creation of the groups' identity, the purpose, values, expectations, and challenges that the members brought to generate significant changes.

Connect: participants meeting to get to know each social marker, also addressing the connection of the company's strategies with the interests of the groups and experiences with the theme.



HEALTH AND SAFETY AT WORK

GRI 403-1 | 403-2 | 403-3 | 403-4 | 403-5 | 403-6 | 403-7

Guided by the Health, Safety and Environment Policy (HSE) of Randoncorp, Frasle Mobility acts actively in anticipation, recognition and evaluation of risks in its activities, establishing preventive and control measures to ensure and preserve the health and safety of its employees. A culture of prevention is encouraged through programs and projects that promote participation and engagement, reinforcing our commitment to the care and safety of each person.

Our health and safety management system, based on procedures, guidelines and standards of Occupational Health and Safety, covers employees and third parties. Currently, Fras-le's units in Caxias do Sul and Jurid are certified in ISO 45001, and the FNAI unit follows the guidelines of OSHA. The units of Nakata, Fremax and ASK are undergoing the certification process.

Reinforcing our care practices, the Company publicizes and reinforces the use of communication channels through which employees can anonymously report risk conditions or suggestions for improvements in the safety of their work environments.

Furthermore, Fras-le Caxias do Sul has the Giro de SSMA program where leaders, coordinators, managers and directors conduct safety inspections and interview employees regarding workplace safety. Also in the unit, we have the "Incident Hunters" program, where the safety area receives reports about risks and hazards in

OHS, analyzes and prepares an action plan to mitigate these risks.

The investigation is carried out through specific methodology with the participation of a multidisciplinary team that includes management, workers' representatives, labor safety, and those involved and affected by the risk, so that together they can find the incident's root causes. During the analysis, the corrective actions necessary to eliminate the risk of recurrence are determined, in addition to analyzing the scope of the action for other areas of the company.

Everyone is guaranteed the right to refuse to perform any activity that poses a serious risk to health and safety, and our HSE area encourages everyone to report dangerous situations immediately and free of reprisals. In order to avoid retaliation, Randoncorp has an Ethics Channel, through which the employee can report anonymously (learn more on page 27).

Still thinking about improvements in safety, quality and productivity in their work environments, the CCQ program, through the circulators, proposes and presents their projects, competing for places to present them in theaters to a large audience of 600 people invited and enrolled. The winning project is awarded a trip for the group and companions.





We maintain a process for employee consultation and participation in the development, planning, implementation, performance evaluation and improvement actions of the OHS Management System through training, safety dialogues, CIPA meetings, HSE inspections by management, prevention campaigns and general communications. In the Internal Commission for Accident Prevention (CIPA), whose responsibility is to prevent work accidents and occupational diseases, everyone has the autonomy to represent the employees and influence decisions as necessary.

We carry out specific training focused on health and safety, with monthly HSE performance follow-up meetings for the units. For the supplier chain, this control is done through the Supplier Portal. The supplier is unable to access the system if the certificate expires until a new certificate is issued.

We have health centers strategically located, which allow the geographical coverage of our employees, aiming to simplify their access to health care and support. SSI Health, responsible for the integrated health management, also has an administrative headquarters and a service center for beneficiaries, directing the Accredited Network according to medical specialties that complement the service to users. Beneficiaries have guaranteed access to all health-related specialties, through a network with over 723 service providers, meeting all the stringent requirements established by the National Supplementary Health Agency (ANS).

We systematically identify and assess the hazards and risks of activities through a study, carried out by professionals in the Occupational Safety area in conjunction with a multidisciplinary team from the Company, in order to define effective operational controls that allow us to mitigate the risks related to the processes.

When an accident occurs, the area coordinator must conduct the analysis and investigation of the incident with the multidisciplinary team (leader, TST, workers' representatives – CIPA – maintenance, and other professionals deemed necessary).

During the analysis, the Accident and Incident Analysis Form and the quality tools for root cause analysis are filled out. The evaluation of the

effectiveness of the actions is carried out through the release of evidence in a system.

The continuous improvement process of the OHS Management System occurs through feedback of the hazard/risk assessment, either in change management processes, after incidents and accidents, or in improvements made in the work routine.

We keep up to date to ensure that our efforts reflect in safer products and processes throughout their life cycle. Since 2002, we have eliminated the main health risk associated with our product by no longer producing brake components with asbestos.

In 2022, a serious injury rate of 0.9, with an LTIR (lost day accident rate) of 1.8 and LTIFR (lost time accident frequency rate) of 8.43. As for occupational diseases, we recorded a rate of 0.28 and no fatalities in the year. Check out the full performance in Occupational Health and Safety in the Indicators Attachment on page 80.

In our public commitment to reduce serious accidents, aligned with corporate strategies, there was the mapping of 12 critical risks to which can cause serious injuries. These risks are:

- | | |
|--|--|
| » Industrial Vehicles | » Working at height |
| » Fire and Explosion | » Hazardous Energy |
| » Flammables and combustibles in classified areas | » Critical Tests |
| » Substation | » Storage of material at height |
| » Industrial Machinery | » Confined space |
| » Suspended Load | » Liquid Metal |

These risks are classified as serious, moderate or controlled risk class. This categorization is carried out by the work safety technical area and promotes the channeling of resources and efforts in mitigating risks with high potential.

CUSTOMERS

GRI 2-29 | 3-3 | Prosperity for all

At Frasle Mobility, we know that a close and transparent relationship with customers is critical to fulfill our purpose, in line with the Satisfied Customer principle. Our constant search for quality, safety and efficiency comes precisely to meet the demands of this public, who trust our business, to bring innovative solutions and products of excellence.

To this end, our premise is to strengthen our relationship with customers, so that they are involved in the many activities that are related to our business, growth, and reputation, such as research & development projects, training, events, and satisfaction surveys.

We have four basic pillars for this relationship to develop continuously: listening, training, customer service, and satisfaction.



LISTENING

In order to be closer to customers and collect information about their demands, we participate in the main fairs in the sector, carry out technical and commercial visits, and collaborate in events, where we share information and news about our products.



TRAINING

We conduct on-site training for automakers, distributors, transportation companies, repair shops, dealerships and their internal publics to provide guidance on the proper use of our products. For asynchronous training, our customers may access our YouTube page, where we make available technical videos with guidance on the products.



CUSTOMER SERVICE

We provide customer service channels, through the telephone number 0800 7 512 169, social networks (WhatsApp, Facebook, Instagram, and LinkedIn), and the Contact Us channel, available on our institutional website.

* 95%, with a margin of error of 13%.



SATISFACTION

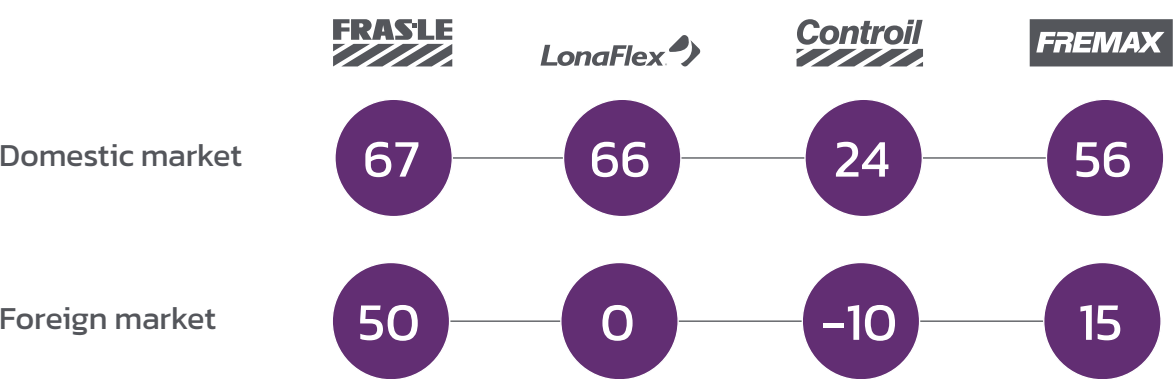
Every two years, we conduct a satisfaction survey with our clients. In 2021/2022, our research evaluated customer satisfaction for the brands Fras-le, Lonaflex, Controil and Fremax, both in the domestic market (Brazil) and in the foreign market (export).

The survey assessed customer satisfaction regarding products, commercial service, brand perception, quality, and distribution. Each item could be evaluated on four levels: very unsatisfied, unsatisfied, satisfied, and very satisfied. Since the previous survey, the Net Promoter Score (NPS) was adopted for measurement.

In 2021/2022, 88 companies from the domestic market participated in the survey, with 104 valid answers, registering a reliability index of 95%, with a margin of error of 9%. In the foreign market, we had the participation of 53 companies, with 48 valid answers, and we registered a reliability index of 50%. This result places us in the quality zone according to the NPS methodology. .

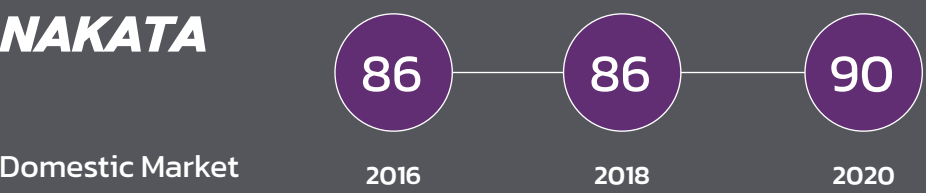
SATISFACTION INDEX 2021-2022*

% SATISFIED AND VERY SATISFIED2020/2021: NPS SCORE



* Fras-le's survey changed its methodology in 2021, adopting the Net Promoter Score (NPS), which encompasses several points of contact between the brand and the customer, such as: customer service, negotiation, prices, delivery time, success with the service, etc. In the NPS methodology it is possible to identify the percentage of promoting and detracting customers for each brand:
> Excellence Zone (NPS between 75% and 100%): most customers act as promoters of the brand;
> Quality Zone (NPS between 50% and 74%): it presents a higher amount of promoting clients in relation to detractors, resulting in a positive image;
> Improvement Zone (NPS between 0% and 49%): presents similar amounts of promoters, neutrals and detractors, indicating opportunity for improvement in customer satisfaction
> Critical Zone (NPS between -100% and -1%): presents a higher amount of detractors, indicating the need for significant improvements in customer relations

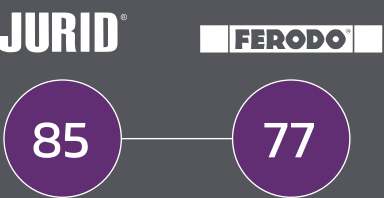
NAKATA



Note 1: Public consulted in 2020: 305 respondents, representing 75.2% of distributors.
Note 2: Nakata was acquired by Fras-le in 2020. The company conducts its customer satisfaction survey independently. The public consulted consists only of auto parts distributors in the domestic market (Brazil). The methodology used consists of qualitative interviews and the application of a questionnaire to collect quantitative data.

2021

Domestic Market



Note: The customer satisfaction surveys for the Jurid and Ferodo brands were conducted for the first time in 2021. 250 distribution companies in Brazil were consulted, with a reliability index of 95% and a margin of error of 25%.

AUTO EXPERTS

Auto Experts is our digital catalog, available in three languages, which includes products from Fras-le, Lonaflex, Controil, Nakata and Fremax. The platform simplifies and speeds up the search and identification of products by our distributors, retailers, mechanics and final consumers. In all, the platform has 11,600 product references catalogued, including other RandonCorp brands such as Castertech, JOST Brasil, Master and Suspensys.

The tool brings to the user several resources, such as searching by license plate number, type of vehicle, year, version, product line or car maker, presenting all the options of automotive parts for motion control available, for light and commercial vehicles, in each of the brands.

In 2022, we launched the “Where to Find” function. In this function, the user can enter keywords such as make, model, and assembler of the vehicle and enter their geographic location, being directed to a list of nearby establishments that have the appropriate parts for their needs. In addition to optimizing the search for the ideal part, this functionality also offers a direct connection between the customer and the seller or distributor of the product, through a link to electronic sales channels, such as WhatsApp and virtual stores.

Nationwide, there are over 1.2 thousand partners connected to the platform, identified by the geolocation tool. Browsing is friendly and responsive to users, regardless of access via computer or mobile devices.

The catalog can be accessed at [here](#).



2 Million+
accesses



389+ thousand
users



10
brands



5,3 Million
minutes connected



11,7+ thousand
SKUS (Brazil alone)



4
countries

The screenshot shows the Auto Experts website interface. At the top, there's a navigation bar with the Auto Experts logo, a region dropdown set to 'Brasil', and a language dropdown set to 'English'. Below this is a large banner with the text 'Find the right parts for your vehicle'. Under the banner is a search bar with the placeholder text 'Search by code, vehicle assembler or cross-reference'. Below the search bar are six dropdown menus for filtering: Segment (Todos), Manufacturer (Todas), Vehicle (Todos), Year (Todos), Version (Todas), and Product line (Todas). To the right of these filters are 'Search' and 'Clear' buttons. At the bottom of the interface, there's a row of brand logos: FRASLE, LonaFlex, Controil, FREMAX, NAKATA, CASTERTech, JOST, MASTER, and Suspensys. Below the logos is a row of icons and text: a checkmark icon for 'PRODUCT LINES' (Quality and safety guarantee for your vehicle), a location pin icon for 'WHERE TO FIND' (Find your nearest point of sale), an exclamation mark icon for 'RELEASES' (Check out the new items added to the portfolio), and an @ icon for 'CONTACT US' (Talk to our team).

SUPPLIERS

GRI 2-6 | 2-29 | 3-3 | Prosperity for all

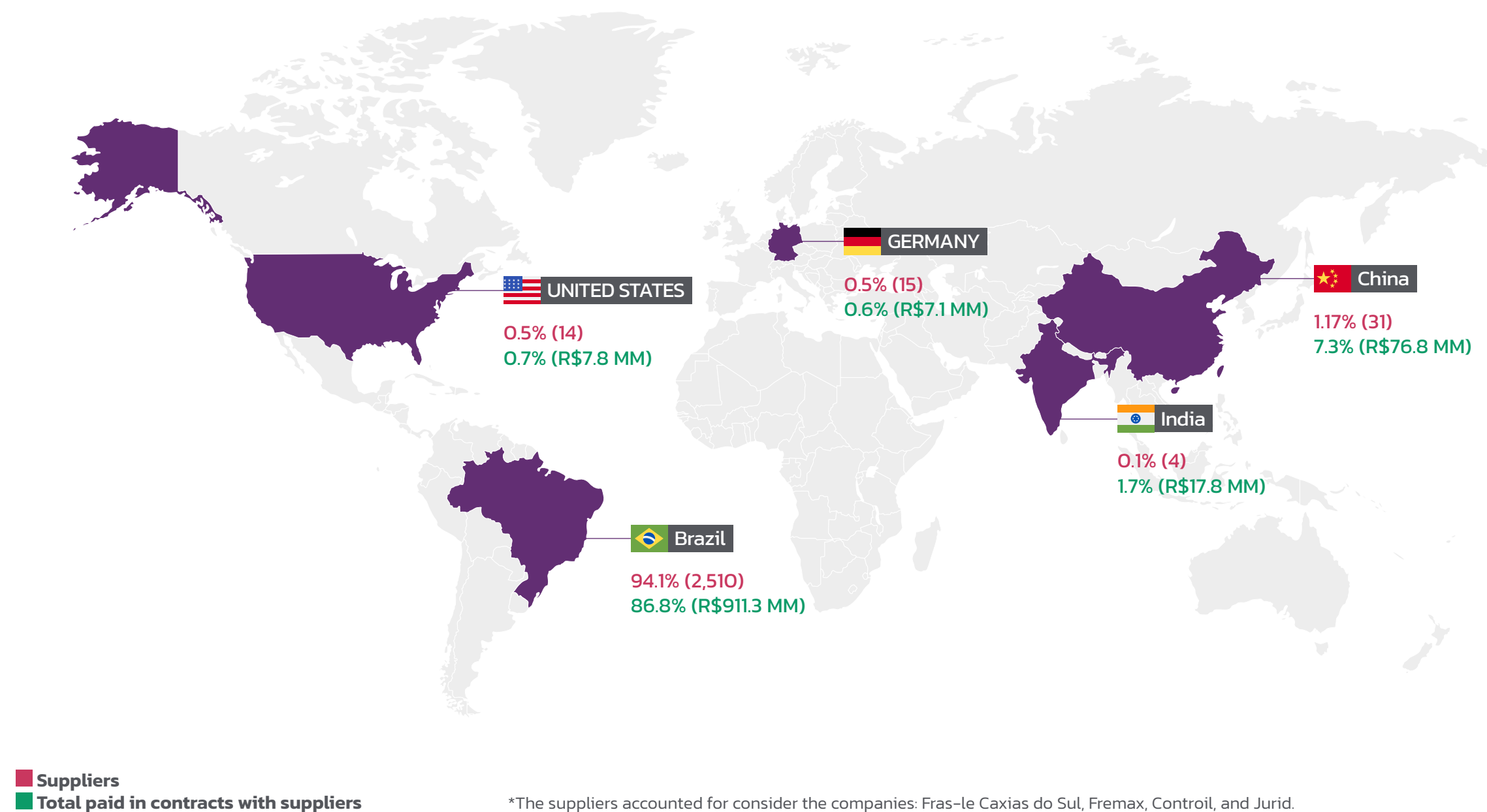
PROFILE

We consider the relationship with an ethical and responsible supply chain to be a cornerstone to expand the generation of value for our business. Throughout 2022, we had relationships with 2.6 thousand suppliers, predominantly from the metalworking and chemical industry sectors, present in several regions of the globe.

2,665
national and
international suppliers

R\$1.05 billion
spent on contracts
with suppliers

FIVE COUNTRIES WITH THE HIGHEST SPENDING ON SUPPLIERS



POLICIES

GRI 205-2

In order to establish high value relationships with our suppliers, we are continuously sharing the principles and values that govern our ethical, fair and responsible behavior, seeking to promote best management and sustainability practices adopted by the market.

As well as our employees, our supply chain is guided by the Randon Companies Integrity Program – which includes the Code of Ethical Conduct, the Ethics Channel, the Anti-Corruption Policy, and the Related-Party Transaction Policy – and by specific policies such as the Purchasing Policy and the Supplier Requirements Manual.

The Supplier Requirements Manual applies to all business relationships established at all Group units, and explains our system for selecting, evaluating and monitoring direct suppliers. It covers quality, logistics, after-sales, commercial, environmental, and occupational health and safety issues, as well as social responsibility.



SELECTION AND MONITORING

GRI 308-1 | 308-2 | 414-1 | 414-2 | TR-AP-440a.1

When choosing a new supplier, our corporate procurement area takes into consideration a list of factors and criteria, covering economic-financial, commercial, quality and safety aspects of the products and services offered, as well as commitment to ethical and socially responsible behavior.

Out of 340 direct item suppliers active in our chain in the year 2022, 17 are classified as critical in function of the item's characterization in relation to its application, which represents 5% of our serial item supplier chain. During advanced product quality planning, design features can be defined as safety features, i.e. those whose failure may impact the compliance of legislation or the functioning of the part. This process raises the level of requirements placed on the supplier to deliver this item.

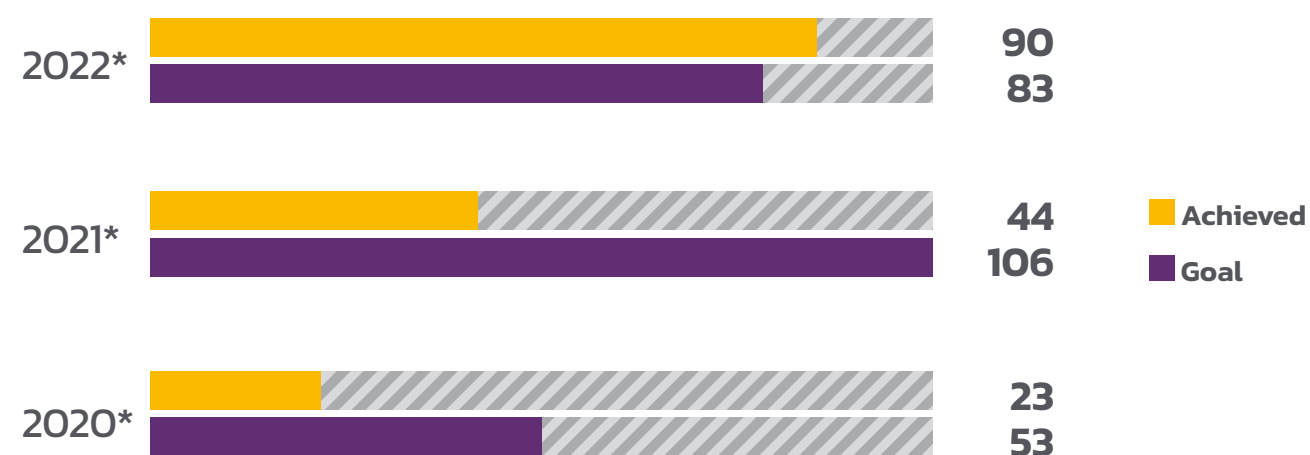
According to our Supplier Requirements Manual, all direct suppliers of materials and services applied in our products must undergo an even more rigorous selection and evaluation process, focusing on quality, logistics, after-sales, commercial, environmental, occupational health and safety, and social responsibility issues.

This evaluation takes place through approval audits, which assess their integrated management system, including the aforementioned requirements. To proceed with the business relationship, suppliers must achieve a minimum 80% adherence to the practices assessed.

Audits are also carried out to monitor the companies already approved, and the schedule is defined according to the criticality of the items and the performance evaluated in previous audits.

The process is conducted by a specialized team based in Brazil, India and China. In 2022, 90 suppliers had their processes audited, 7 of which were new suppliers joining our base. As a result, no occurrences were evidenced socioambientais.

AUDITS CARRIED OUT ON DIRECT SUPPLIERS



*In 2020 and 2021, we recorded a significant reduction in the number of audits carried out due to the restrictions caused by the covid-19 pandemic. Companies considered: Fras-le Caxias, Controil, Fremax and Jurid do Brasil.

AUDITABLE REQUIREMENTS FOR SUPPLIERS



SOCIAL RESPONSIBILITY

- » No incidents of child labor and forced or compulsory labor;
- » Corporate Health and Safety Policy (ensuring a safe and healthy work environment, as well as measures to prevent accidents and harm to the employees' health);
- » Freedom of association to unions and the right to collective bargaining;
- » Do not allow discrimination practices;
- » No use of disciplinary practices (corporal or mental punishment or physical coercion and verbal abuse);
- » Working hours defined in accordance with current legislation;
- » Fair compensation;
- » Not to be included in the "dirty list" of slave labor that includes the names of employers flagged by federal government inspections;
- » Corporate anti-corruption, ethics and organizational governance policy.



ENVIRONMENT

- » Corporate environmental management policy;
- » Hold an environmental license;
- » Environmental Management System and permanent updates according to the requirements of ISO 14001;
- » Waste management;
- » Noise/vibration management;
- » Monitoring, reduction and optimization of natural resource consumption;
- » Management of environmental liabilities;
- » Environmental risk management;
- » Constant monitoring, registration, and continuous improvement of the environmental.



OCCUPATIONAL HEALTH AND SAFETY (OHS)

- » OHS Management System and permanent updates according to the requirements of the ISO 45001 standard;
- » Corporate OHS Policy committed to ensuring safe and healthy working conditions for the prevention of work-related health hazards, appropriate to the purpose, size and context of the company and the specific nature of its risks and opportunities;
- » Top Management shall ensure that this policy reaches all levels of the company;
- » The Organization shall establish, implement and maintain processes for monitoring OHS management.

SUPPLIER PORTAL

Platform where we maintain direct contact with all suppliers who are interested in negotiating with the Company, as well as with those who are already partners. Through it, it is possible to send the documents required for selection, as well as monitor the performance of companies that are already approved.

At the Supplier Portal, our partners can consult our policies, manuals, and Letter of Goals at any time, making up an important knowledge base and data management tools about our chain.

PERFORMANCE EVALUATION

On a monthly basis, we evaluate the performance of our suppliers for the current month and the most recent quarter, to ascertain their performance during the entire supply period, enabling the identification of trends, the classification of suppliers and the continuous improvement of their performance.

The result of this evaluation is compiled in management reports, which list the 14 indicators that feed the IDGF (Global Supplier Performance Index), an index that ranks the supplier in four hierarchical classes, according to their performance:

- » **A:** suppliers with better IDGF benefit from their performance, giving priority to new business with the Company;
- » **B:** suppliers that can participate in new purchasing processes, but are not a priority;
- » **C:** suppliers with low performance, who must establish actions to correct the problems identified and level up;
- » **D:** suppliers that failed to demonstrate improvement in their processes throughout the supply period and therefore have their relationship suspended.

For suppliers with significant non-conformities identified in the evaluation, action plans are established to improve their performance. If the supplier finds it difficult to comply with the stipulated action plan, the Supplier Development area conducts quality and performance monitoring meetings (IQ meetings) with the supplier's team to support the solution of problems.

If the non-compliance is still not resolved, as a last resort, meetings are held Super IQ, which involve our board of directors and the supplier's board, where the conditions for continuity of supply are established. Those that do not meet the stipulated deadlines and are classified as low performance suppliers (not meeting the minimum requirements) have their contracts suspended.

DUE DILIGENCE

GRI 408-1 / 409-1

New suppliers are submitted to a third-party integrity analysis process, with the purpose of identifying facts or signs of non-compliance in topics such as ethics, anti-corruption, environment, labor rights, financial, tax and criminal aspects, privacy and reputation.

The management and operation of the due diligence portal is carried out by an independent and specialized company. The Compliance department is responsible for conducting the due diligence and notifying the Procurement area about the level of risk identified in each supplier.

In 2022, no occurrences of child labor and forced or compulsory labor were recorded in the suppliers evaluated in our audits.





INVESTORS

GRI 2-29 | 3-3 | Prosperity for all

Our Investor Relations area is the bridge between Frasle Mobility, its shareholders and other capital market agents, providing information about our business, management and performance.

Every year, we hold our Investor Day, called **Fras-le Universe**. In 2022, the event took place at Nakata's distribution center in Extrema, Minas Gerais, and was attended by several executives. We had the

opportunity to present our results, growth strategies, innovation trends and future perspectives. **To watch the presentation in full, access [here](#).**

In 2022, the Fras-le Universe was elected the **best meeting of the year in APIMEC Brazil**, considering all meetings held, receiving the **Quality Award 2022**. The choice was made by a qualified jury guided by the tabulation of the assessments of investment professionals.

Also in 2022, together with Randoncorp, we once again promoted the **Our ESG Ambition** event. At the occasion, we reinforced to investors our sustainability strategy, the strategic pillars and the progress of commitments and goals that were set in 2021 (learn more on page 06).

To watch the presentation in full, click [here](#).

More information about our relationship with investors can be found on our **[IR website](#)**, **[LinkedIn](#)**, **[Twitter](#)**, and by **[mailing list](#)**. We follow all the requirements established by the legislation in force, publishing our results quarterly and disclosing the revenues monthly between January and November of each year.

In addition to these channels, investors and their representatives can contact us by e-mail dedicated to the IR area (ri@fras-le.com), by phone or in face-to-face and online meetings.

FOLLOW-ON

In April 2022, we carried out a primary offering of shares (follow-on), in order to raise funds to be directed to the continuity of the company's expansion strategy and investments in innovation.

The event was held at the B3's headquarters, and was attended by the Director of Client Relations of B3, Rogério Santana, the Chairman of Randon Companies and Board Member of Frasle, Daniel Randon, the CEO of Frasle, Anderson Pontalti, and the Director of M&A and Investor Relations of Frasle, Hemerson de Souza, in addition to executives, employees and guests.

The primary public distribution was of 52,450,000 new shares at a price per share of R\$12.00, totaling the amount of R\$17,629.4 million gross, and R\$617.5 million net. The operation was structured by Itaú BBA, BTG Pactual, Bradesco BBI and Safra.

As a result of the offer, we ended the year with R\$2 million of net debt, equivalent to a multiple of 0x EBITDA.



COMMUNITIES

GRI 2-29 | 3-3 | Prosperity for all | 413-1

At Frasle Mobility, we recognize the potential we have to positively impact the communities where we are present, generating development and improving the quality of life of their inhabitants. Therefore, together with Randoncorp, we develop our social actions through the Elisabetha Randon Institute (IER), a Civil Society Organization in the Public Interest (OSCIP) that seeks to support programs, actions and projects that foster education, culture and social assistance.

In 2022, Frasle Mobility invested R\$836 thousand in the Institute which, together with the other enterprises of the company, totaled R\$3 million for its programs, benefiting more than 68 thousand people.

Every year, we publicly disclose the results of the evaluations of the social impacts of IER programs through its Activity Report, available at: <https://ier.randon.com.br/pt>

20 YEARS OF THE FLORESCER PROGRAM

Created in 2002, the Florescer is a Coexistence and Bond Strengthening Service (SCFV) whose mission is to prepare children and young people in socially vulnerable situations to exercise citizenship, promoting a better quality of life by offering educational, cultural, and sports activities, held after school.

To celebrate the 20 years of the Program, we have produced a video telling the story of the people impacted by the initiative, available on the [link](#).



In 2022, we expanded its activities by opening a new core of the program, the Florescer Joinville, in the city of Joinville (SC), in partnership with Randoncorp and Fremax, a unit controlled by Frasle Mobility. The initiative, implemented at Escola Municipal Evaldo Koehler, assists 16 children from 6 to 8 years of age. Participants are selected according to the same criteria of the program applied in Caxias do Sul (RS).

We also have two Florescer Homes located next to the industrial parks of Randoncorp and Frasle Mobility in Caxias do Sul, in addition to consolidated social franchises in cities of Rio Grande do Sul and Paraná.

After completing the Florescer Program, the youngsters have the opportunity to continue in our social programs, and can join the Florescer Program for Professional Initiation, a partnership between IER and the National Service for Industrial Learning (SENAI). In this initiative, 15-year-old teenagers participate in a professionalizing technical course in Industrial Processes for Logistics, contributing to their social and economic development.

To monitor performance, all our units carry out the social impact assessment of the Florescer and Florescer Professional Initiation Programs, collecting data on schooling, access to higher education and entry into the job market, as well as their perceptions of the current year.

2022 RESULTS



Florescer

Since its creation, the program has provided over 17 thousand consultations, with 1,188 of them taking place in 2022.



Florescer Professional Initiation (PI)

Since its creation in 2004, 1,064 young people have been trained for employability.

Numbers of trained people in the Florescer PI



ACTIVITIES OFFERED BY THE FLORESCER PROGRAM:

- » awareness for life;
- » support for schooling;
- » basics of technology and information;
- » basic notions of the English language;
- » robotics;
- » sports and culture;
- » instrumental music and choral singing, through a partnership with the Mais Música project.



VIDA SEMPRE ("LIFE ALWAYS") PROGRAM

As a Company that operates in the transportation sector, we recognize the need to work incessantly to bring safety to our customers, encouraging defensive driving and safe behavior in traffic, in order to contribute to reducing the number of accidents.

To this end, in 2010 we created the Vida Sempre Program, designed to educate drivers and pedestrians about safer and more appropriate behavior in traffic, by means of lectures, theatrical presentations, hints in the media and printed material. The program impacts over 60 thousand people a year.

In 2022, the Vida Sempre Theater performed for free 186 times, in 16 cities in Rio Grande do Sul, Santa Catarina and Paraná.

BE A VOLUNTEER

Launched in 2005 in partnership with the NGO Parceiros Voluntários, the program was aimed at stimulating the workforce of Randoncorp and Frasle Mobility to develop volunteer actions with social entities and public schools that are partners of the Florescer Program.

By making their free time available, volunteers discover new skills and personal competencies, in addition to the feeling that, with small actions, it is possible to do your part for a better world.

In 2022, the volunteer actions implemented impacted over a thousand people living in the Euzébio Beltrão de Queiroz neighborhood, in Caxias do Sul (RS).

RANDON MEMORIAL

Created to preserve and disseminate the history of Randoncorp, the Randon Memorial is a place that gathers historical documents related to the companies of the Group, thus contributing to preserve the memory of cargo transport in Brazil and the economic development of Caxias do Sul (RS) and region.

The physical space of the Memorial of Cargo Transport in Brazil is under construction and will soon include three areas that replicate historic buildings used by Randoncorp. These areas will house research rooms, video library, auditorium with removable chairs, exhibits, shows and cultural workshops, in addition to a collection of over 57 thousand multimedia documents..





CHAPTER 7

SUSTAINABLE OPERATION

ENVIRONMENTAL MANAGEMENT	70
FIGHTING CLIMATE CHANGE	71
CIRCULARITY	72
WATER AND EFFLUENTS	74

3

GOOD HEALTH AND WELL-BEING

6

CLEAN WATER AND SANITATION

7

AFFORDABLE AND CLEAN ENERGY

8

DECENT WORK AND ECONOMIC GROWTH

11

SUSTAINABLE CITIES AND COMMUNITIES

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

13

CLIMATE ACTION

14

LIFE BELOW WATER

Matheus Zumbach Duarte
Maintenance Analyst at Fremax



ENVIRONMENTAL MANAGEMENT

GRI 3-3 | Commitment to the Environment

At Frasle Mobility, we relentlessly follow the basic principle that good economic-financial performance must be accompanied by clear attitudes in favor of eco-efficiency, in order to positively impact the environment and humanity as a whole.

Our Environmental Management is guided by Randoncorp's environmental guidelines, recorded in the Health, Safety and Environment Policy (SHE) and in the Environmental Manual. Since 1999, we have had an Environmental Management System (SGA) aimed at monitoring, minimizing and preventing our environmental impacts in aspects such as waste generation, energy and water consumption. In 2022, we invested R\$6.9 million in initiatives related to environmental conservation.

In this sense, the operations of Fras-le (parent company), Fras-le North America and Fremax are certified by ISO 14001, which evaluates their environmental management systems in relation to their entire value chain, including risks and opportunities in the product life cycle.

In order to establish the main actions and goals to be developed to mitigate the environmental impact of the Company, Randoncorp launched in 2021 the Green Route Program, which is structured into three pillars and three challenges:

R\$6.9 million
invested in environmental
management initiatives

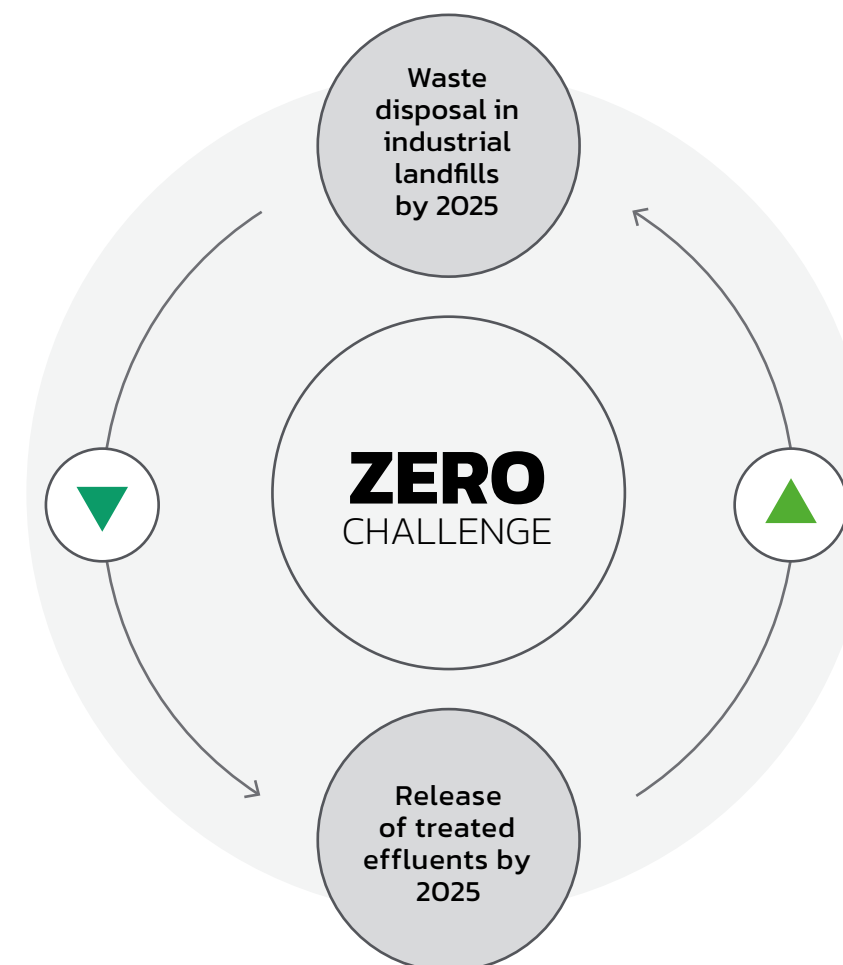
OUR GOALS

REDUCTION

Greenhouse gases
40% by 2030

Energy consumption

Water consumption



INCREASE

Reverse logistics

Eco Friendly products
and processes

Circular Economy

Conversion Rate

Alternative energy
sources

GREEN ROUTE PROGRAM PILLARS



SUSTAINABLE ENVIRONMENTAL DEVELOPMENT

More responsible
economic growth and
consumption.



ENVIRONMENTAL TECHNOLOGIES AND INNOVATIONS

Results in operational efficiency, with
better use of inputs and raw materials
and reduced waste.



ENVIRONMENTAL RESPONSIBILITY

Prevention culture and
support to the communities
where the company operates

FIGHTING CLIMATE CHANGE

GRI 3-3 | Commitment to the Environment | 302-1 | 302-3 | 302-4 | 305-1 | 305-2 | 305-3 | 305-4 | 305-5

With the worsening of extreme weather phenomena, such as droughts, heat waves and storms, as well as the progress of global agendas on sustainable development, the climate change theme has gained increasing importance, both among market agents and in the political arena.

Facing the global challenge of reducing Greenhouse Gas (GHG) emissions, Frasle Mobility strives to reduce its contribution to climate change through concerted actions that involve the use of clean fuels and energy, adoption of low-carbon technologies, and improvement of energy efficiency.

Along with Randoncorp, we have made a public commitment to reduce our total greenhouse gas emissions by 40% by 2030, taking 2020 as reference year.

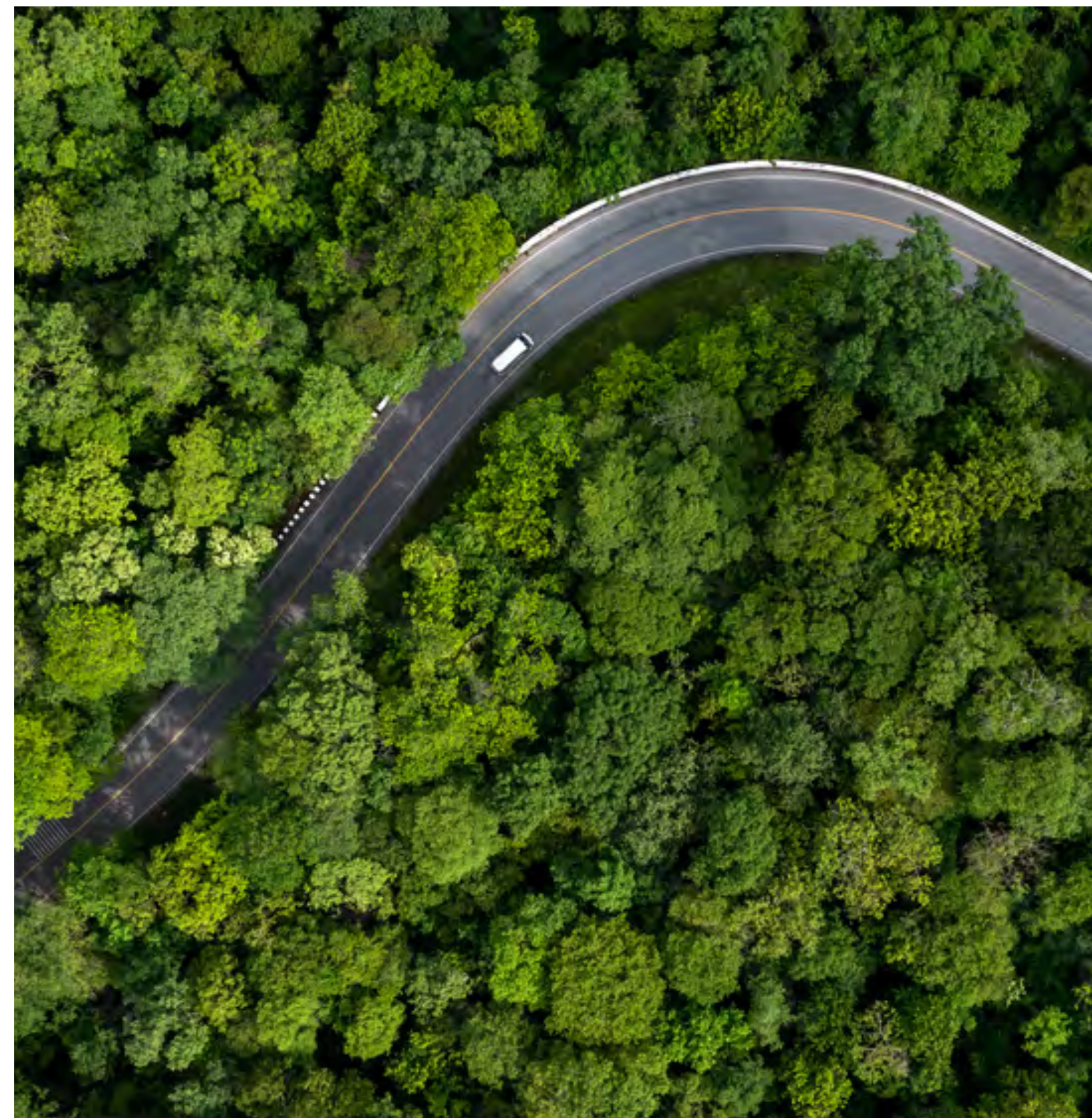
In 2022, we record a total of 28 thousand tCO₂e in our emissions. Scope 1 emissions recorded a total of 19 thousand tCO₂e, a reduction of 20,3% compared to the previous year. Scope 2 emissions totaled 9,7 thousand tCO₂e, compared to 13.3 thousand tCO₂e in 2021.

Aligned with this commitment, Randoncorp has announced an investment of R\$100 million in renewable energy projects to supply its units in Brazil and worldwide until 2030.

The first delivery of this investment took place in December with the construction of a photovoltaic plant with 2,408 solar panels at Randon Technological Center (CTR), in Farroupilha (RS), with an investment of R\$7,2 million. The plant should meet 100% of the energy demand of the CTR in the next 25 years, with 1,991 MWh/a capacity.

Simultaneously, we built a photovoltaic plant project at Frasle Pinghu, in partnership with the local government. The panels supply about 20% of all the energy consumed at the unit.

Our energy consumption indicators are continuously monitored through our Environmental Management System (EMS). In 2022 we consumed 763.4 thousand GJ of energy, a drop of 8.2% in consumption compared to the previous year. The energy intensity was 0.07 GJ/hours worked, compared to 0.1 GJ/hours worked in 2021, which shows that we started to emit less GHG in relation to the Company's production, making us more efficient.



CIRCULARITY

GRI 3-3 | Commitment to the Environment

Our factories consume a large amount of materials and, at the same time, generate significant volumes of waste from production leftovers, product packaging and end-of-life disposal. To reduce our production process impact, we adopted the circular economy concept, which is based on reducing the use and reuse of raw materials, increasing product life, and recycling and reusing waste.

Within Randoncorp’s Green Route Zero Challenge, we have established the public commitment to zero waste disposal in industrial landfills by 2025 (base year-2020).

CONVERSION RATE (Fras-le Caxias do Sul)



EFFICIENCY IN MATERIAL USE

Our main indicator in measuring the efficiency of our operations in relation to the use of materials is the Conversion Rate. This indicator represents the amount of raw material acquired by the Company that is converted into product. In 2022, our conversion rate was 90.2%, compared to 90% in 2021.

WASTE REUSE AND RECYCLING

GRI 306-1 | 306-2 | 306-3 | 306-4 | 306-5

We have a Waste Management Program with the objective of eliminating or reducing waste from our operations and production process, so as to correctly dispose of waste.

The waste generated undergoes appropriate treatment, in accordance with the norms and standards required by official environmental agencies, the Company’s Environmental Policy and the Waste Management Program. We have not disposed of waste in industrial landfills for more than 15 years, and, in 2022, over 12 thousand tons of waste were correctly disposed of. Out of this, more than 57% was destined for recycling.

Besides recycling, one of the main destinations for industrial process waste is co-processing, a treatment that consists in transforming waste into fuel for cement kilns, thus eliminating an environmental liability. As for the chain’s waste, some packaging inputs (drums, jerry cans, IBC, tubes) return to the suppliers, and the others are destined together with other waste from each unit.

We also compost our solid waste. In 2022, we transformed over 128 tons of waste into organic compost at Fras-le Caxias do Sul. As a result, we have reduced the environmental impact outside the company, eliminating the need for transportation and final disposal. In addition, we aim at incorporating the waste generated in the exhaustion of the manufacturing process of friction materials. Over 17,800 tons were incorporated as raw material, representing 83% of the generated waste.

PACKAGING RECYCLING

With a view to offsetting the environmental impact caused by the disposal of our product packaging, we seek to support associations of recyclers and forward for recycling a quantity of packaging that we use in the year. In Brazil, we follow the recycling target of 22% established by the specific legislation in force for packaging Reverse Logistics. To this end, we maintain a partnership with the company Eureciclo, which operates in tracking the recycling chain and creating value for all agents involved in the process.

As a result, over 2022, 969 tons of waste from packaging generated with products of the brands Fras-le, Fremax, Controil, Jurid and Nakata were sent for recycling.

REVERSE LOGISTICS

REVERSE LOGISTICS IS A PUBLIC COMMITMENT THAT EARNED EVEN MORE PROMINENCE AFTER THE PUBLICATION OF THE GREEN ROUTE PROGRAM, AND TAKES PLACE IN THE POST-USE PHASE OF FRICTION PRODUCTS, WHEN DISCARDED BY CONSUMERS.

Therefore, we maintain, both at Frasle Mobility and Fremax, two reverse logistics programs based on the collection, recycling and reutilization of these materials.

The Pro-Environment Program, exclusive of Fras-le Caxias do Sul, serves fleet customers registered in the states of Rio Grande do Sul, Santa Catarina, Paraná, São Paulo, Rio de Janeiro and Minas Gerais. The used brake linings are collected and sent to co-processing plants where they will be used as a source of energy in cement manufacturing kilns.

At Fremax, the Safe Disposal Program performs reverse logistics for brake discs that are collected and sent to the foundry in order to be reincorporated into the company's production process, generating new products. The program serves three states: Rio Grande do Sul, Santa Catarina, and Paraná. The recovery of discs has been reduced, but the investment in the project has increased substantially, especially because of the high price of scrap.



WATER AND EFFLUENTS

GRI 303-1 | 303-2 | 303-3 | 303-4 | 303-5

Frasle Mobility is committed to the sustainable and conscious use of water, focusing on the reduction of consumption, treatment and reuse of effluents generated in our operation.

The water used in our business is supplied by two main sources: by the local utility company, used in our administrative activities, and by artesian wells, which supply our manufacturing plants, respecting the limits necessary to protect the groundwater. Within our Effluent Treatment Station, we treat all the effluents generated in our activities.

In 2022, the Company's water consumption registered 166.49 ML. The higher water consumption over this year is explained by the increase in our operations, and thus the increase in the number of employees, thus raising drinking water consumption.

We also closed the year with over 63.9 ML of treated effluents, most of which were sanitary effluents, with the main pollutants being of organic origin (phosphorus and nitrogen). 39% of the treated effluents are reused in activities that do not require the use

of drinking water, which allows us to minimize the environmental impact on water resources.

EFFLUENT MANAGEMENT

Pursuing the best practices in our effluent management, we maintain four Effluent Treatment Stations (ETE) in our Brazilian units:

- » **Caxias do Sul (RS):** ETE that treats effluents from Fras-le's headquarters;
- » **Joinville (SC):** ETE that treats Fremax's effluents;
- » **Extrema (MG):** ETE that treats Nakata's effluents;
- » **Sorocaba (SP):** ETE that treats the effluents of Jurid do Brasil.

In Brazil, all of our ETEs meet the requirements of CONAMA Resolutions 430, CONSEMA 01/1998, CONSEMA 355/2017. For our industrial operations abroad, we comply with all specific legislation in each country.



Effluent Treatment Stations "Fras-le Caxias do Sul, Rio Grande do Sul



CHAPTER 8

ATTACHMENTS

INDICATORS ATTACHMENTS	76
GRI AND SASB CONTENT INDEX	86
SDG MAP	92
CAPITAL MAP	93
ASSURANCE LETTER	94
CREDITS	96

2
ZERO
HUNGER


4
QUALITY
EDUCATION


6
CLEAN WATER
AND SANITATION


8
DECENT WORK AND
ECONOMIC GROWTH


Leonardo da Silva Bezerra – Operational Process Leader
Sabrina Moraes de Souza Cardoso – Forklift Operator

INDICATORS ATTACHMENT

GRI 2-28

PARTICIPATION IN ASSOCIATIONS

- » Brazilian Agency for Industrial Development (ABDI)
- » Brazilian Association of Technical Standards (ABNT)
- » Association of Capital Market Analysts and Professionals (Apimec)
- » National Association of Auto Parts Distributors (Andap)
- » Chamber of Industry, Commerce and Services of Caxias do South (CIC Caxias)
- » Center of Business Excellence (Cenex)
- » National Confederation of Industry (CNI)
- » Federation of Industries of Rio Grande do Sul (Fiergs)
- » Heavy Duty Manufacturers Association (HDMA)
- » Institute of Automotive Quality (IQA)
- » Instituto Ethos SAE Brasil Union of Metallurgical Industries (Simecs)
- » National Union of Automotive Components Industry (Sindipeças)
- » The Global Compact

EMPLOYEES

GRI 2-7

TOTAL EMPLOYEES					
Regional distribution		2022		2021	
		Total	%	Total	%
North America		78	1.4%	67	1.3%
Asia		591	10.8%	666	12,9%
Europe		14	0.3%	15	0,3%
South America		291	5.3%	312	6,0%
Brazil	Southeast	753	13.8%	631	12.2%
	South	3,729	68.3%	3,482	67.3%
	Total	4,482	82.1%	4,114	79.5%
Total		5,046	100.0%	5,173	100.0%

TOTAL EMPLOYEES				
By gender	2022		2021	
	Total	%	Total	%
Men	4,368	80.06%	4,277	81.7%
Women	1,088	19.94%	896	17.3%
Total	5,046	100.0%	5,173	100.0%

TOTAL EMPLOYEES, INDEFINITE TERM (PERMANENT)			
Regional distribution		2022	
		Total	%
North America		60	1.1%
Asia		245	4.5%
Europe		12	0.2%
South America		287	5.3%
Brazil	Southeast	713	13.1%
	South	3,729	68.3%
	Total	4,442	81.4%
Total		5,046	100.0%

TOTAL EMPLOYEES, BY FIXED TERM (TEMPORARY)			
Regional distribution		2022	
		Total	%
North America		18	0.3%
Asia		346	6.3%
Europe		2	0.04%
South America		4	0.1%
Brazil	Southeast	40	0.7%
	South	0	0%
	Total	40	0.7%
Total		410	7.5%

TOTAL EMPLOYEES, INDEFINITE TERM (PERMANENT)			
By gender		2022	
		Total	%
Men		3,976	72.87%
Women		1,070	19.61%
Total		5,046	100.0%

TOTAL EMPLOYEES, BY FIXED TERM (TEMPORARY)			
By gender		2022	
		Total	%
Men		392	7.18%
Women		18	0.33%
Total		410	7.5%

GRI 205-2

EMPLOYEES TRAINED AND COMMUNICATED ON ANTI-CORRUPTION POLICIES AND PROCEDURES							
	2022				2021		
	Communicated	%	Trained	%	Communicated	%	Trained
Members of the governance body	71	100%	0	0	8	100%	8
Own employees	4,628	91%	880	17%	4,109	79%	413

GRI 401-1

HIRING AND TURNOVER

By gender	2022				2021			
	Hiring	Hiring Rate	Dismissals	Turnover rate	Hiring	Hiring Rate	Dismissals	Turnover rate
Men	1,209	27.67%	1,055	26.53%	1,207	28.20%	771	18.00%
Women	466	42.83%	285	26.64%	406	45.30%	229	25.60%
By age group								
Less than 30 years	958	66.11%	679	46.86%	944	71.90%	542	41.30%
Between 30 and 50 years	660	23.05%	570	19.91%	641	23.10%	396	14.30%
Over 50 years old	57	9.48%	91	15.14%	28	5.00%	62	11.20%
Regional distribution								
Brazil	1,525	34.33%	1,193	26.86%	1,528	37%	939	23%
Southeast	281	39.41%	197	27.63%	6	1%	127	20%
South	1,244	33.36%	996	26.71%	1,522	44%	812	23%
North America	44	73.33%	53	88.33%	14	21%	14	21%
South America	49	17.07%	58	20.21%	36	12%	13	4%
Europe	4	33.33%	6	50.00%	4	27%	6	40%
Asia	53	21.63%	30	12.24%	31	5%	28	4%
General – Frasle Mobility								
TOTAL	1,675	30.70%	1,340	24.56%	1,613	31.20%	1,000	19.90%

GRI 405-1

DIVERSITY OF EMPLOYEES, BY JOB CATEGORY AND BY GENDER (%)						
Job category	2022		2021		2020	
	Men	Women	Men	Women	Men	Women
Apprentice	75%	25%	56%	44%	61%	39%
Internship	43%	57%	58%	42%	50%	50%
Production/operation	80%	20%	82%	18%	83%	17%
Administrative	52%	48%	56%	44%	58%	42%
Coordination	90%	10%	84%	16%	86%	14%
Management	88%	12%	100%	0%	88%	12%
Board of Directors	100%	0%	100%	0%	100%	0%

DIVERSITY OF EMPLOYEES, BY JOB CATEGORY AND BY AGE GROUP (%)									
Job category	2022			2021			2020		
	Less than 30 years	Between 30 and 50 years	Over 50 years old	Less than 30 years	Between 30 and 50 years	Over 50 years old	Less than 30 years	Between 30 and 50 years	Over 50 years old
Apprentice	100%	0%	0%	100%	0%	0%	100%	0%	0%
Internship	75%	25%	0%	88%	12%	0%	95%	5%	0%
Production/operation	32%	55%	13%	30%	57%	13%	25%	62%	13%
Administrative	23%	64%	13%	28%	59%	13%	26%	58%	16%
Coordination	3%	83%	14%	3%	81%	16%	0%	83%	17%
Management	0%	82%	18%	0%	88%	12%	0	88%	12%
Board of Directors	0%	100%	0%	0%	100%	0%	0%	100%	0%

GRI 405-1

Diversity of governance bodies	Men	Women
Board of Directors	4	1
Executive Board	3	0

GRI 405-1

Diversity of governance bodies	Less than 30 years	Between 30 and 50 years	Over 50 years old
Board of Directors	0	1	3
Executive Board	0	2	1

GRI 401-3

By gender	Men	Women
Total number of employees entitled to take maternity/paternity leave	56	28
Total number of employees who took paternity/paternity leave	56	28
Total number of employees who returned to work after the end of maternity/paternity leave	55	8
Total number of employees who returned to work after the end of their maternity/paternity leave and were still employed twelve months after their return to work	42	8
Return rate	98.2%	28.6%
Retention rate	76.4%	100%

GRI 403-8

EMPLOYEES COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

By gender	2022				2021				2020			
	Hires	%	Third Party¹	%	Hires	%	Third Party¹	%	Hires	%	Third Party¹	%
Individuals covered by an occupational health and safety management system, based on legal requirements and/or recognized standards/guidelines	4,361	82%	389	100%	4,914	95%	261	100%	3,469	82%	237	100%
Individuals covered by an internally audited occupational health and safety management system, based on legal requirements and/or recognized standards/guidelines	3,289	62%	373	96%	3,341	65%	200	77%	3,228	77%	200	84%
Individuals covered by an occupational health and safety management system audited or certified by an external party, based on legal requirements and/or recognized standards/guidelines	2,703	51%	373	96%	2,877	56%	200	77%	2,219	53%	177	75%

GRI 403-9 / 403-10

WORK-RELATED INJURIES

	2022		2021		2020	
	Employees	Third Party¹	Employees	Third Party¹	Employees	Third Party¹
No. of hours worked	10,629,281²	765,818	11,449.129	602,941	6,064,031	415,360
Number of deaths resulting from work-related injuries	0	0	0	0	1	0
Fatality rate resulting from work-related injuries	0	0	0	0	0.2	0
Number of serious work-related injuries (excludes deaths)	1	0	1	0	1	0
Severe work-related injury rate (excludes deaths)	0.09	0	0.09	0	0.2	0
Number of recorded work-related injuries (includes deaths)	115	3	79	1	64	2
Rate of recorded work-related injuries (includes deaths)	10.82	3.92	6.9	1.7	10.6	4.1
No. of mandatory reporting occupational diseases	3	0	2	0	4	0
Compulsory reporting occupational disease rate	0,28	0	0,2	0	0,7	0

¹ Third-party workers, but whose work and/or workplace is controlled by the Company.

² Hours worked do not include the company FAPAN, which did not provide the information.

Note 1: The calculation of the indexes was based on 1,000,000 hours worked.

Note 2: The main types of accidents and injuries related to the Company's operation for employees and third parties are cuts and minor accidents, and for each occurrence an investigation is carried out in order to find root causes to eliminate the respective hazard.

SUPPLIERS

GRI 204-1

Expenses with suppliers				
	2022		2021	
Region	Total paid to suppliers	%	Total paid to suppliers	%
North	R\$53,364.19	0.01%	R\$90,381	0.01%
Northeast	R\$23,908,982.14	2.28%	R\$15,911,081	1.34%
Midwest	R\$1,123,706.8	0.11%	R\$742,509	0.06%
Southeast	R\$410,251,718.13	39.07%	R\$386,462,573	32.64%
South	R\$467,231,880.39	44.50%	R\$466,428,679	39.39%
TOTAL	R\$902,569,650.99	85.97%	R\$869,635,223	73.45%
Foreign	R\$147,382,850.3	14.03%	R\$157,196.156	13.28%

COMMUNITIES

GRI 203-1

Infrastructure impact on communities	
2022	We invested R\$653 thousand in the project (PISED) of the state public security area to purchase armored vehicles for the 12th Military Police Battalion of Caxias do Sul.
2021	To reduce traffic stress for truck drivers, we invested R\$152,000, via the Federal Sports Incentive Law, to install six gyms to practice sports at gas stations, as part of the Vida Sempre (Life Always) Program.
2020	We invested R\$500 thousand in the State Fund for Support to Productive Inclusion (FEAIP), via the Solidarity Law (ICMS), to build a space to shelter 40 homeless people in Caxias do Sul.

SUSTAINABLE OPERATION

GRI 301-1

Five main materials used, broken down by type and weight		
Material Type	2022	2021
Renewable	Weight (ton)	Weight (ton)
Fiberglass	4,943	5,073
Total renewable material used	4,943	5,073
Non-renewable		
Steel	12,555	21.407,069
GUSA Iron	11,666	-
Resin	11,202	10,575
Barite	8,395	8,032
Exhaust powder	-	16,385
Total non-renewable material used	43,818	56.399,069

Note: Data reported by Controil, Fanacif, Farloc, Fremax, Jurid, Fras-le Caxias and Fasia.

GRI 306-3 / 306-4 / 306-5 / TR-AP-150a.1

Total weight of waste generated (ton.)			
	2022	2021	2020
Hazardous waste	1,959.03	1,686	455.6
Non-hazardous waste	19.317.83	20,865	7,945.0
Total	21,276,85	22,551	8,400.6

GRI 301-2

Materials consumed in the operation from recycling		
Material	Weight (ton)	%
Steel	2,847.81	100%
Rubber	4,757.74	100%
Exhaust powder	18,482,36	100%
Foundry Exhaust Powder	8,539.88	100%

Note: Steel consumed at FREMAX with external origin. Rubber consumed at Fras-le Caxias with external origin. Exhaust dust consumed at Fras-le Caxias and FASIA from internal sources. Foundry exhaustion powder consumed at Fras-le Caxias from an external source.

GRI 301-3

Recovered Products (Reverse Logistics), in ton			
	Recovered Quantity	Quantity of Products Sold	% Recovered
Frasle Brake Linings	1,003	19,693,434	5%
Fremax - Brake Discs	883.7	17,759.5	5%
Total quantity of packages (ton)			
Recovered Packaging - Paper	576	2,574	22%
Recovered Packaging - Plastic	393	1,784	22%
Total	969	4,358	100%

GRI 302-1 | 302-3 | SASB RT-IG 130a.1

ENERGY CONSUMPTION BY SOURCE (GJ)						
Non-renewable sources fuel	2022		2021		2020	
	Total	%	Total	%	Total	%
Natural gas	277,709	36%	252,404.6	30%	224,133.5	30%
LPG	7,818	1%	132,015.2	16%	2,152.2	16%
Diesel oil	82,728	11%	58.110,7	7%	705.8	7%
Gasoline	168	0.02%	8.1	0.001%	308.5	0.001%
Firewood	3,734	0.49%	-	-	-	-
TOTAL	372,157	48%	442,538.6	53%	227,300.0	53%
Renewable sources fuel	2022		2021		2020	
Biodiesel	-	-	28.1	30%	81	0.02%
Renewable electrical energy	136,781	17.92%	-	16%	-	
TOTAL	136,781	17.92%	28.1	7%	81	0.02%
Other sources of consumption	2022		2021		2020	
Non-renewable electrical energy	254,471	-	389.295	30%	159,220.8	41%
TOTAL	254,471	17.92%	389,295	16%	159.220.8	41%
Total energy consumed	763,409	17,92%	831,861.7	7%	386.601.9	100%

Note 1: All Frasle Mobility companies were considered.

GRI 302-3

ENERGY INTENSITY (GJ / HOURS WORKED)			
	2022	2021	2020
Energy Intensity	0.07	0.1	0.005

Note 1: The energy intensity, in 2022, was calculated based on 10,629,281.82 hours worked.

GRI 305-1 | 305-2 | 305-4

GHG EMISSION SOURCE (tCO ₂ e)		
SCOPE 1	2022	2021
Stationary combustion	18,676.15	17,238.1
Mobile combustion	524.84	6,423.4
Fugitive emissions	5.15	37.6
Industrial Processes	-	-
Solid waste	12.55	51.0
Effluents	62.00	454.3
Total Scope 1	19,280.70	24,204.3
Scope 2 emission		
Energy purchased and consumed	9,711.68	13,338.7
Total scope 2	9,711.68	13.338.7
Biogenic emission		
Biogenic CO2	774.52	1,375.8
Total emissions (scope 1 and 2)	28,992.38	37,543.0
Emission intensity (kgCO2/hours worked)	3.96	5.2
Hours Worked	7,319,202.04	7,194,230.85

Note 1: The data consider the following companies: Fras-le, Fras-le North America (FNAI), Fras-le Friction Material (FASIA), Freios Controil, Fremax and Jurid do Brasil.

Note 2: Gases included in the scope: CO₂, CH₄, N₂O, HFC, PFC, SF₆, NF₃.

Note 3: Base-year: 2020.

Note 4: Data were obtained through the GHG Protocol tool.

Note 5: The consolidation approach is operational control.

GRI 303-3 | 303-4

WATER CONSUMPTION (IN MEGALITERS)						
Volume of water withdrawn	2022		2021		2022	
	All the areas	Areas with water stress	All the areas	Areas with water stress	All the areas	Areas with water stress
Surface water (rivers, lakes, oceans)	0,00	0,00	0,00	0,00	0,00	0,00
Groundwater (water table)	110,3	0,00	96,2	0,00	123,3	94,9
Seawater	0,00	0,00	0,00	0,00	0,00	0,00
Produced water (resulting from some process of the company)	0,00	0,00	0,00	0,00	0,00	0,00
Third-party water (municipal water supply or other companies)	95,5	4,15	48,2	5,1	22,1	26,1
Total	205,9	4,1	144,4	5,1	145,4	121,0
Volume of discarded water	2022		2021		2022	
	All the areas	Areas with water stress	All the areas	Areas with water stress	All the areas	Areas with water stress
Surface water (rivers, lakes, oceans)	39,4	0,00	64,0	0,00	27,9	0,00
Groundwater (water table)	0,00	0,00	0,00	0,00	0,00	0,00
Seawater	0,00	0,00	0,00	0,00	0,00	0,00
Produced water (resulting from some process of the company)	0,00	0,00	0,00	0,00	0,00	0,00
Third-party water (municipal water supply or other companies)	0,00	0,00	0,00	0,00	0,00	0,00
TOTAL	39,4	2,2	64,0	0,00	27,9	0,00

Companies considered for water withdrawal: Fras-le Caxias and Fremax. Third parties = Controil, Jurid, Fremax, Farloc, Fras-le Caxias and FASIA.
Companies considered for discarded water: Fremax, Jurid, Fasia and Fras-le Caxias.

Waste destined for disposal by recovery operation (ton.)			
Hazardous waste	2022	2021	2020
Preparation for reuse	21,82	0	0
Recycling	10,63	4,3	2,9
Outras operações de recuperação¹	1.140,04	831,0	61,7
Non-hazardous waste			
Preparation for reuse	0	0	67,0
Recycling	9.052,62	8.770	5.236,7
Composting	95,89	88	60,6
Other recovery operations¹	593,42	2.573	2.009,2
TOTAL	9.741,93	11.431,3	7.373,4

¹ Recovery operations take place outside the Company.

Waste destined for disposal by disposal operation (ton.)			
Hazardous waste	2022	2021	2020
Co-processing	635,42	622,4	390,4
Incineration	1,09	0,1	0
Landfill confinement	150,03	71,0	0
Other disposal operations¹	0	157,7	0
TOTAL	786,54	851,1	390,4
Non-hazardous waste			
Co-processing	5.037,36	1.236,0	428,6
Confinement in an industrial landfill	4.114,86	3.724,3	144,0
Confinement in a sanitary landfill	228,79	169,0	0
External treatment	194,88	585,1	0
External reverse logistics	0	1,1	0
Other disposal operations¹	0	3.718,4	0
TOTAL	9.575,89	9.433,9	572,6

¹ Disposal operations take place outside the Company.

GRI AND SASB CONTENT INDEX

Universal Standards		Reference (pg.) / Direct answer
GENERAL CONTENT		
The organization and its reporting practices		
2-1	Organization Details	Page 13.
2-2	Entities included in the organization’s sustainability reports	Page 13.
2-3	Reporting period, frequency and point of contact	Page 04.
2-4	Information reformulations	We had no significant restatements of information.
2-5	External verification	Page 94.
Activities and employees		
2-6	Activities, value chain and other business relationships	Pages 16 and 61.
2-7	Employees	Page 76.
2-8	Workers who are not employees	We have 476 third-party contractors managed by CSC for cleaning, food services, and security.
Governance		
2-9	Governance structure and composition	Page 24.
2-10	Appointment and selection of the highest governance body	Page 24.
2-11	Chairman of the highest governance body	Page 24.
2-12	Role of the highest governance body in overseeing impact management	Page 24.
2-13	Delegation of responsibility for impact management	The company has a Corporate Sustainability Operating Committee, coordinated by a member of the Executive Committee, in which the Directors linked to the financial, HSE and social responsibility areas participate, with the breakdown into squads by theme, who have the autonomy to implement actions approved by the Sustainability Committee.
2-14	Role played by the highest governance body in sustainability reporting	Page 24. The Board of Directors is responsible for reviewing and approving the information in the Sustainability Report, as well as the material topics.
2-15	Conflicts of interest	Page 27.
2-16	Communicating critical concerns	Page 26.
2-17	Collective knowledge of the highest governance body	Page 24.
2-18	Performance assessment of the highest governance body	Page 24.
2-19	Compensation policies	Page 25.

Universal Standards		Reference (pg.) / Direct answer
2-20	Process for determining compensation	Page 25.
2-21	Proportion of the total annual compensation	Page 25.
Strategy, policies and practices		
2-22	Declaration on the Sustainable Development Strategy	Page 05.
2-23	Commitment policies	Pages 26 and 27.
2-24	Incorporating commitment policies	Page 26.
2-25	Processes to remedy negative impacts	Page 27.
2-26	Mechanisms for seeking guidance and raising concerns	Page 27.
2-27	Compliance with laws and regulations	No fines or non-monetary sanctions were received relating to non-compliance with laws and/or socio-environmental regulations.
2-28	Participation in associations	Page 76.
Stakeholders' Engagement		
2-29	Approach to stakeholder engagement	Employees – Page 46. Customers – Page 58. Suppliers – Page 61. Investors – Page 65. Communities – Page 67.
2-30	Collective bargaining agreements	80.0% of the employees are covered by collective bargaining agreements, and in Brazil the percentage is 97.4%. In the units abroad, where agreements are not applicable, we adopt the criteria of the legislation in force in each country and observe the practices of the local market.
Material Topics		
3-1	Process for determining material topics	Page 06.
3-2	List of material topics	<div>Ethical and Responsible Driving: » Governance that creates value » Ethics Prosperity for all: » Our people » Value relationships Excellence and Safety as a Value: » Information Security and Privacy » Health and Safety at Work » Product Safety and Excellence</div> <div>Sustainable Innovation: » Continuous and disruptive innovation » Sustainable mobility » Collaboration and open innovation Commitment to the environment: » Combating climate change » Circularity » Water and effluents</div>

Specific Standards		Reference (pg.) / Direct answer
MATERIAL TOPIC: ETHICAL AND RESPONSIBLE DRIVING		
3-3	Material topic management	Page 26.
Anti-corruption		
205-1	Operations assessed for corruption-related risks	Page 28.
205-2	Communication and training in anti-corruption policies and procedures	Pages 27, 62 and 77.
205-3	Confirmed cases of corruption and actions taken	Page 28.
Non-Discrimination		
406-1	Discrimination cases and corrective measures taken	Page 55.
Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers where the right to union freedom and collective bargaining may be at risk	In 2022, 90 direct suppliers were audited and no occurrences of activities that limit or restrict the right to freedom of association and collective bargaining were identified.
Child Labor		
408-1	Operations and suppliers with significant risk of child labor cases	Page 64.
Forced or Compulsory Labor		
409-1	Operations and suppliers with significant risk of cases of forced or slave-like labor	Page 64.
MATERIAL TOPIC: PROSPERITY FOR EVERYONE		
3-3	Material topic management	Page 43.
Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	Page 81.
Procurement Practices		
204-1	Proportion of spending on local suppliers	Page 81.
Supplier Environmental Assessment		
308-1	New suppliers selected based on environmental criteria	Page 62.

Universal Standards		Reference (pg.) / Direct answer
308-2	Negative environmental impacts in the supply chain and measures taken	Page 61.
Employment		
401-1	New hires and employee turn-over	Page 78.
401-2	Benefits offered to full-time employees that are not offered to temporary or part-time employees	Page 47.
401-3	Maternity / Paternity Leave	Page 79.
Occupational Health and Safety		
403-1	Health and safety management system	Page 56.
403-2	Hazard identification, risk assessment and incident investigation	Page 56.
403-3	Occupational health services	Page 56.
403-4	Worker participation, consultation and communication with workers regarding health and safety	Page 56.
403-5	Training of workers in health and safety	Page 56.
403-6	Promotion of workers’ health	Page 56.
403-7	Prevention and mitigation of health and safety impacts directly linked to business relationships	Page 56.
403-8	Workers covered by a health and safety management system	Page 80.
403-9	Work accidents	Page 80.
403-10	Professional diseases	Page 80.
Training & Education		
404-1	Average hours of training per year, per employee	Page 48.
404-2	Programs for improving employee competencies and career transition assistance	Page 48 and 54.
404-3	Percentage of employees receiving regular performance and career development reviews	Page 53.
Diversidade e Igualdade de Oportunidades		
405-1	Diversity of governance bodies and employees	Page 79.

Universal Standards		Reference (pg.) / Direct answer
Local Communities		
413-1	Engaged operations, impact assessments and local community development programs	Page 67.
Supplier Social Assessment		
414-1	New suppliers selected based on social criteria	Page 62.
414-2	Negative social impacts on the supply chain and measures taken	Page 62.
MATERIAL TOPIC: EXCELLENCE AND SAFETY AS A VALUE		
3-3	Material topic management	Page 31.
Customer Privacy		
418-1	Proven complaints regarding breach of customer privacy and loss of customer data	No violation of privacy and no loss of customer data.
SASB TR-AP-000.A	Number of parts produced	Page 44.
SASB TR-AP-000.C	Area of manufacturing plants	74.692,3 m²
OWN-FRAS1	Product quality and safety (OEM PPM, low quality costs, productivity, overall scrap, warranty cost)	Page 44.
OWN-FRAS3	Operational efficiency (parts produced, production capacity)	Page 44.
MATERIAL TOPIC: SUSTAINABLE INNOVATION		
3-3	Material topic management	Page 36.
OWN-FRAS2	Research, development and innovation: i) description of RD&I strategy and structure; ii) value invested in RD&I; iii) potential revenue with new projects from the current portfolio; iv) prototypes; v) Innovation Index; vi) tests and trials.	Page 36.
MATERIAL TOPIC: COMMITMENT TO THE ENVIRONMENT		
3-3	Material topic management	Page 70.
Materials		
301-1	Materials used, broken down by weight or volume	Page 82.
301-2	Raw materials or recycled materials used	Page 82.
301-3	Products and their packaging recovered	Page 82.

Universal Standards		Reference (pg.) / Direct answer
Energy		
302-1	Energy consumption within the organization	Pages 71 and 83.
302-3	Energy intensity	Pages 71 and 83.
302-4	Reduction of energy consumption	Page 71.
302-5	Reductions in energy requirements of products and services	Not applicable for Frasle Mobility products.
SASB TR-AP-130a.1	1) Total energy consumed, (2) percentage grid electricity, (3) Percentage renewable	Page 83.
Water and effluents		
303-1	Interactions with water as a shared resource	Page 74.
303-2	Management of impacts related to water disposal	Page 74.
303-3	Water catchment	Pages 74 and 84.
303-4	Water disposal	Pages 74 and 84.
303-5	Water consumption	Page 74.
Emissions		
305-1	Direct emissions (Scope 1) of greenhouse gases (GHG)	Pages 71 and 83.
305-2	Indirect emissions (Scope 2) of greenhouse gases (GHG) from energy acquisition	Pages 71 and 83.
305-4	Intensity of greenhouse gas (GHG) emissions	Pages 71 and 83.
305-5	Reduction of GHG emissions	Page 71.
Waste		
306-1	Waste generation and significant waste-related impacts	Page 72.
306-2	Management of significant waste-related impacts	Page 72.
306-3	Waste generated	Pages 72 and 82.
306-4	Waste not intended for final disposal	Pages 72 and 82.
306-5	Waste intended for final disposal	Pages 72 and 82.
SASB TR-AP-150a.1	(1) Total amount of manufacturing waste, (2) hazardous percentage, (3) recycled percentage.	Page 82.

SDG MAP



Page 45



Page 75



Pages 45 and 69



Pages 45 and 75



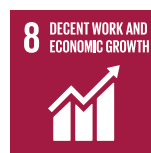
Pages 03 and 45



Pages 69 and 75



Pages 33 and 69



Pages 03, 12, 20, 33, 45, 69 and 75



Pages 03 and 33



Page 45



Pages 33 and 69



Pages 03, 30, 33 and 69



Pages 33 and 69



Page 69



Pages 03 and 20

CAPITAL MAP



Human

Pages 03, 12, 20, 33, 45 and 75



Natural

Pages 12, 33, 69 and 75



Social and Relationship

Pages 12, 20, 30, 33, 45 and 75



Financial

Pages 03, 12, 33 and 69



Manufactured

Pages 12, 33 and 75



Intellectual

Pages 03, 12, 33 and 69

ASSURANCE STATEMENT

GRI 2-5

ELEVATE performed an independent verification of the drafting process of Frasle Mobility's Sustainability Report 2022, developed in accordance with GRI (Global Reporting Initiative) Standards 2021. The process aims to provide stakeholders with an independent opinion on the quality of the information provided in the report.

INDEPENDENCE, COMPETENCE AND RESPONSIBILITIES

We work independently and ensure that no member of ELEVATE has consulting contracts or other commercial ties with Frasle Mobility. ELEVATE is a company specialized in sustainability. The work was conducted by a team of professionals experienced and skilled in external verification processes. The preparation of the Sustainability Report, as well as the definition of its content, is the responsibility of Frasle Mobility. The verification of the report was the work of ELEVATE.

SCOPE AND LIMITATIONS

The scope of our work includes information from the full version of the Sustainability Report 2022, for the period covered by the report from January 1, 2022 to December 31, 2022. The independent verification process was conducted in accordance with AA1000AS v3 (AA1000 Assurance Standard v3), in Type 1 verification condition, providing a moderate level of Assurance. The verification of financial data was not the subject of ELEVATE's work. The financial data was audited by a specialized company as stated in the opinion of the Financial Statements.

METHODOLOGY

The procedures developed during the assurance work included:

- Evaluation of the content of the 2022 Sustainability Report;
- Understanding the process flow of obtaining and generating information for the Sustainability Report;
- Sample selection of items and indicators to verify the information provided;
- Interviews with managers from key areas regarding the relevance of information for sustainability reporting and management and source of information provided on the selected indicators;
- Based on sample testing, confirmation of the information in the Sustainability Report with supporting documentation, management reports, internal controls, and official correspondence;
- Checking compliance with the GRI Standards and requesting adjustments to the report.

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MAIN CONCLUSIONS

Based on the analysis of the evidence and interviews conducted for the verification of selected indicators, we present in summary the following main conclusions:

- During the interviews with managers, ELEVATE verified the evidence for the following selected indicators: GRI 301-3, 302-3, 303-4, 403-1, and 403-5; in addition, for the following items data and controls were provided that support the information presented in the report: Certifications of the units; Impact of Research, Development and Innovation, and Investments in Environmental Management.
- It was found that the information related to these indicators and topics was collected in a consistent manner within the organization, through solid information management systems and with metrics that enable monitoring and comparability of data with previous years. In some cases, ELEVATE made requests for adjustments in the presentation of data, which were met by the reporting areas.

- After the development of its ESG Agenda – within Randoncorp – in 2021, the 2022 reporting period allowed to move forward with the commitments made and to assess the progress of the goals presented per strategic pillar. Progress is presented in a summary table, facilitating better monitoring of key indicators. As the company is constantly growing, for some indicators, such as the percentage of women in leadership, it was necessary to maintain the base of companies initially considered in the baseline measurement.
- The company defined the content on the basis of the list of material topics drawn up in 2021. All topics were addressed within the report with information about the management process and related indicators from the GRI Standards, SASB and with company own indicators. In the topic of circular economy, we also identified opportunities to advance in the reverse logistics of products, with measures that increase the reuse of materials in production.
- With respect to meeting the GRI standards adopted in the Sustainability Report 2022, Frasle Mobility has followed the standards in its essence, using the metrics and formats provided by GRI. We recommend the use of the GRI index to present the elements of content items not answered in full, however in our analysis there is no material information missing that could affect the view of the performance presented in the report.

CONCLUDING REMARKS

Based on the scope of our work and the assurance procedures we have performed, we have concluded that nothing has come to our attention that causes us to believe that the information related to sustainability performance in Frasle Mobility's Sustainability Report 2022 is not fairly presented in all material respects.

The company presents its performance in a clear way, in compliance with the GRI 2021 Standards and providing a balanced view of its sustainability management and the impacts linked to its operation.

São Paulo, April 26, 2023.

ELEVATE – an LRQA Company



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[Annual Management Report](#)



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