



Sustainability Report **2020**



Companies

Together,
innovating
for a
better
future.

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Chapter 1

Introduction

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Related Capitals:



Related SDGs:



About the report

GRI 102-40; 102-53

Welcome to the Randon Companies Sustainability Report.

Here we present detailed information about our initiatives and performance throughout 2020 and how our performance contributed to sustainable development and value creation for our employees, customers, suppliers, investors, communities and other stakeholders.

Best practice



For the 2nd consecutive year, we have adhered to the Global Reporting Initiative (GRI) Standard, the voluntary global best practice for monitoring and reporting ESG (Environmental, Social, and Governance) performance.



For the first time we started to base the construction of this report also on the Integrated Reporting guidelines, created by the International Integrated Reporting Council (IIRC), with the aim of reporting more clearly the interconnection between different financial and non-financial factors and their relevance to long-term business value creation.

Other ways to read this report

In addition to linear reading, you can also browse through this publication in three other ways, from:

GRI Indicators

The GRI index (page 113) features an explanation of each indicator and a button to access it on the page where it is reported.

Throughout the content, you will also notice the acronym GRI-XXX-X at the beginning of the sub-chapters, indicating that that indicator is presented in that section.

Capitals of the Integrated Reporting

The Capital Map (page 118) shows the capitals relevant to business value creation and the chapters that present information about that capital, with buttons to access each one

In chapter openings, you will also notice the XXX Capital marker, indicating that that section talks about a particular capital.



Sustainable Development Goals (SDGs)

At the beginning of each chapter, you will also find the logos of the SDGs, showing that the actions described in that section contribute to the achievement of one or more sustainable goals.

At the end of the report (page 119), we publish a map that shows on which pages are the relevant contents for each impacted SDG.



If you would like to know more about any of the topics presented in this report or have any questions, please contact us!

ri@randon.com.br

Message from the Board of Directors

GRI 102-14

The year of 2020 was challenging, to say the least. We had to adapt quickly and change course several times to keep our people safe and our business sustainable. Randon Companies worked hard to maintain the safety and health of their employees, their families, and the community as a whole, in addition to continuing the operations in a sector that is essential for the country to remain supplied.

Throughout the year, we contributed to strengthening the health system in the communities where we operate, we adapted some of our factories to assist in the production of PPE (Personal Protective Equipment) and lung ventilators, and we also worked together with other organizations to reduce the impacts of the pandemic on our society.

In a scenario of many uncertainties, we had results very close to those we had planned for the year. This was only possible thanks to the commitment and care of all our employees towards their health, the health of each other, and their families. I thank each and every one of you very much.

It was only with this caution that we were able to remain dynamic and advance in several ESG actions and indicators that you can read about in detail in this report, as well as accelerating many innovation and cultural transformation projects throughout the year.

My thanks to the Executive Committee, all the employees, and the members of the Board of Directors and the Supervisory Board for the results achieved. Safety and valuing people are central pillars of the organization and were essential in overcoming the challenges of 2020.



David Abramo Randon
Chairman of the Board of Directors

Message from the CEO

GRI 102-14

We will never forget 2020. The pandemic of the novel coronavirus and the need for social distancing to combat the spread of the virus have transformed people's personal and professional lives, requiring all of us to adapt and be resilient to face a complex and uncertain scenario.

It was no different for Randon Companies; we experienced new challenges and worked with a focus on people. In line with our principle of valuing and respecting people, we adopted several measures to protect the health of our employees, their families, and the entire community.

We reinforced the precautions in health and safety for the more than 12 thousand people who are part of the Company. We also supported our customers, guaranteeing access to the products they most needed, and our truck driver partners who, even in such a sensitive moment, continued to work in cargo transportation and ensured the supply of essential products to the entire Brazilian population.

We have lived three years in one, after a promising start to the year followed by the uncertainties posed by the pandemic, we had a sign of recovery in the second half of the year, and ended 2020 with inflation and raw material shortages.



We donated more than 50 thousand bottles of hand sanitizer to truck drivers, in an initiative that included 14 Brazilian states at a time of shortage of supplies for the prevention of Covid-19

Despite all the challenges, we continued to evolve in our strategic commitments to sustainability. We reviewed environmental initiatives and sought to develop solutions that support the reduction of our products' impact throughout their life cycle, building a future of cleaner mobility. Also, we continued our constant work on the evolution of governance, a maturity that proved to be crucial for strategic decisions in this pandemic year.

We reinforced our social initiatives through Instituto Elisabetha Randon, and expanded our contribution by establishing partnerships with other companies and local institutions in order to join forces to face the pandemic.

In terms of business, we continued our expansion plans with the conclusion of the acquisition of Nakata Automotiva, by the subsidiary Fras-le, which consolidates our growth and expands our portfolio focused on the aftermarket. We also concluded the acquisition, by Castertech, of Fundituba, a foundry company that will expand our production capacity, and of Ferrari, by Master, further strengthening our participation in the auto parts market.

We lived three years in one and our tradition in innovation has enabled us to accelerate the cultural and digital transformation within the Company, making new initiatives feasible, such as the

creation of Randon Tech Solutions Industry – RTS Industry, a unit to support and develop industrial automation that increases gains in efficiency and productivity. In addition, we expanded the CTR (Randon Technology Center) and launched the CTR Innovation Lab, the newest facility that has areas for joint creation and experimentation of strategic projects.

We also launched Randon Ventures, our unit for investment in startups in segments that complement our operations, and Conexo, a business hub in physical and digital environments that fosters open innovation and collaboration.

Our results show that we are on the right track. In 2020, we set records in revenue, EBITDA, and net profit, which show the consistency of the company's actions in search of a leading position in the market.

With all the learning from this year, we are even more resilient and confident of the good work we are doing. For this reason, I invite you who are reading this to learn about our highlights and actions throughout the year to expand the positive impact and continue fulfilling our purpose of "connecting people and riches, generating prosperity".

Enjoy your reading!



Daniel Raul Randon
CEO and President

Our actions facing Covid-19

The year 2020 was marked by the global financial and health crisis caused by the pandemic of the novel coronavirus. Aware of the social and economic role we play in the regions where we operate, we rigorously work on preventive actions to fight the proliferation of Covid-19, always putting the health and safety of all our stakeholders and society in first place.

Even before the pandemic was decreed by the World Health Organization (WHO), we, from Randon Companies, were already impacted by Covid-19, since our subsidiary Fras-le has a manufacturing unit in Pinghu, China. We followed, from the beginning, all the WHO and local government guidelines, and promptly developed preventive actions. The lessons learned from the Asia operation allowed us to better understand the scale of the challenges and thus quickly initiate a well-structured health and safety plan in the remaining operations worldwide.

Find out below the main actions to ensure the protection and safety of our employees and to support our communities and society to face this delicate moment.



The company Controil, a subsidiary of Fras-le, has adapted its production line to assist in the manufacture of face shields donated to health and safety professionals

Healthy and safe employees

The health and welfare of our employees is always the priority of our management. That is the reason why, at the beginning of the pandemic, we intensified our precautionary actions, with the prevention campaign against respiratory infections, and distributed protection kits at Fras-le's plant in Pinghu, China.

The unit had its activities shut down from January 24 to February 10, resuming after the extended holiday, as instructed by the Chinese government. All employees who returned to work underwent medical examinations and were oriented about preventive measures to contain the spread of the virus.

As of February 2020, we recommended the adoption of videoconferencing for meetings to employees scheduled to travel abroad in the period. For the professionals who were returning from international trips, we adopted home quarantine for 14 days, regardless of their health condition, and continued to provide medical follow-up.

As the pandemic was advancing in Brazil, in mid-March we adopted a collective vacation system for our staff to prepare for a safe return to work.

Increased care during on-site work

We resumed face-to-face activities in the plants after the 20-day collective vacation, also exercising the responsibility of maintaining the supply of products and services to meet the essential sectors, such as cargo transportation, which guarantees the supply of food, medicine, and other essential supplies.

We carried out a gradual resumption of on-site industrial activities with, initially, 25% of the staff, allowing a better adaptation to the new protocols.

We also adopted measures such as the suspension and flexibilization of working hours, proposed by the federal government as an incentive to maintain jobs and to preserve employee health, especially among groups vulnerable to Covid-19 (the elderly, people with respiratory diseases, etc.)

Even with the end of the government programs, in December, until this report was published, we kept the people in risk groups away from on-site work, either in a home office system, on vacation or on paid leave.



Vanderlei, Operational Processes Leader at JOST Brasil



Listen to our podcast on the channel Randoncast at Spotify
 (spoti.fi/3ruzXCA)

#5 Covid-19 and health and safety protocols and learn about the best practices adopted by the company at this delicate time.

Home Office

For the office staff, we adopted home office for activities that could be developed remotely. Thanks to the experience we already had with a pilot project, we were able to get most of our employees working from home in just two days.

We published a manual to support our home office employees. The document provides guidelines to make the day to day of remote work even better, easier, faster, and productive. In addition to offering guidance on best practices in meetings, organization, and online communication, it provides tips on health, wellness, and ergonomics, as well as ways to balance the routine of work and family, covering topics such as healthy eating, sleep routine, care of children and pets, etc.

The company also provided technical infrastructure support for remote access and carried out a series of actions focused on integral health, such as Pilates, art therapy, and meditation workshops, lectures on mental health, talks on healthy eating and back-to-school care, among other topics, with the goal of favoring social distancing, preserving health in an immediate way.

Throughout the year, we also started the gradual on-site return of employees who were in home office, allowing access to up to 25% of the total number of people in each team. The percentage is being



Patricia, administrative assistant at Banco Randon, working from home

revised periodically up to the time of publication of this report, considering regional updates related to the pandemic.

The return is not mandatory and each area has the autonomy to define how it should be done, considering the work demands and the need of each employee to return to the company or continue working remotely.

Those who decide to return from home office must follow, just like other on-site workers, all the safety protocols in force, from wearing masks to performing a daily health self-assessment.

The actions implemented, aimed at reducing the possibility of our employees being exposed to the virus and adjusting our activities, were very effective. But in view of the effects of the pandemic on our economic context, in the country and in the world, even in early 2020, the company saw the need to seek alternatives to continue preserving its staff.

To this end, we created the voluntary dismissal program, which offered more favorable conditions than usual to employees who were interested in leaving the company at that time.

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Listen to our podcast on the channel Randoncast at Spotify (spoti.fi/3klTHpf)

#6 The future of work is now and understand how the pandemic has changed the way people work, in a laid-back conversation with our People and Culture team.

Learn about the main preventive measures and campaigns carried out throughout 2020:



Distancing

- Early on, home isolation was implemented for professionals returning from international trips - or from Brazilian cities where there was community transmission - and medical follow-up was made available as needed;
- Cancellation of international trips;
- Replacing face-to-face meetings, such as meetings and training sessions, with videoconferencing;
- Cancellation or postponement of internal and external events held by the companies;
- Restricted access for on-site visits at the companies;
- Installation of visual aids to indicate the ideal distance in shared spaces, such as restaurants, changing rooms, and transportation;
- As of the publication of this report, the employees from risk groups are still in home office, on vacation or on paid leave.



Protection

- Availability of a prevention kit (hand sanitizer, disposable tissues, and face masks);
- Increase in the supply of hand sanitizer for employees in shared spaces, especially in restaurants, accesses, and changing rooms;
- Reinforcing the cleaning of shared spaces, such as bathrooms, changing rooms, restaurants, and vehicles for transporting employees;
- Anticipation of the vaccination campaign against H1N1 Influenza which, although it does not prevent Covid-19, it helps in the correct diagnosis;
- Screening stations in the business units, with the presence of a team of doctors and nurses, to assist employees and service providers who present symptoms or wish to clarify doubts;
- Performing of tests when the medical professional indicates the need due to the symptoms;
- Home health care for symptomatic people.



Raising Awareness

- Covid-19's Guide to Safe Work with practical recommendations, based on guidelines from the Centers for Disease Control and Prevention and the WHO;
- Periodic dissemination of information and guidance on Covid-19 prevention;
- Dialogue on care and prevention protocols with all employees;
- Online health and safety training;
- Application of stickers for demarcations and distribution of informative materials to raise awareness in the external area of Randon Companies and with establishments around the headquarters, such as snack bars and food trucks;
- Preventive campaign against respiratory infections.

SUPPORT FOR SOCIETY

During this period, we also acted supporting the communities and regions where we operate. We established partnerships to act in initiatives to combat the disease and its impacts, and made donations to contribute to the main needs of the moment:



Support to vulnerable communities

- Donation of fabrics to the Mão Amiga project for the production of about a thousand masks;
- Donation of more than 130 tons of food to families from Caxias do Sul in vulnerable situations affected by Covid-19, in action with 11 other companies;
- Allocation of R\$ 500,000 from ICMS in the State Fund for Support to Productive Inclusion for the care of homeless people in Rio Grande do Sul municipalities;
- Support for ARF's "Our People Do Good" project to raise funds for the purchase of materials and equipment for hospitals in Rio Grande do Sul.



Support to health institutions

- Donation of more than R\$ 3 million for the campaign "Caxias against Covid-19", an initiative by CIC Caxias, MOBI, and the City Hall of Caxias do Sul aimed at buying ventilators, in partnership with Marcopolo and Simecs;
- Donation of one thousand rapid tests for the health network of Caxias do Sul;
- Donation of 200 pressure sensors for the University of Caxias do Sul to manufacture ventilators and one thousand liters of sanitizing solution that were passed on to the health network;
- Supply of personal protection equipment (PPE) for the Caxias do Sul hospital network;
- Donation of 500 units of "Face Shield" protectors for the public health network of Serra Gaucha.



Support for truck drivers

- Donation of 50 thousand bottles of hand sanitizer for truck drivers in an initiative that covered 14 Brazilian states, with the support of several partners;
- Donation of 10 thousand reusable masks to truck drivers from all over Brazil, with the support of startup TruckHelp and EGR (Empresa Gaúcha de Rodovias). The action took place in June, during the week of the Truck Driver's Day.

Production of parts and components by Ferrari and Controil companies support the fight against Covid-19

In a national action coordinated by Embraer, Ferrari, a subsidiary of Master, manufactured components for the production of 300 lung ventilators.

It also produced parts for face shields, adapting the production line of Controil, controlled by Fras-le, which were donated to health and safety professionals (Civil Defense).



Chapter 2

Randon

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Related Capitals:



Related SDGs:



About us

GRI 102-16

We are the Randon Companies and we have been developing solutions in equipment, automotive systems and services for transportation for more than 70 years. A brand with global presence founded on valuing people, generating profit with sustainability, trust, innovation, technology, and ethics.

Tradition and Innovation

We combine our experience and tradition with a long and successful track record in Innovation and R&D that, today, guarantees the technological mastery of most of our manufacturing chain and allows us to develop products that offer safety, quality, performance, and efficiency.

Learn about our history of innovation and the future we are building in the Innovation chapter, page 80.

CONNECTING PEOPLE AND RICHES, GENERATING PROSPERITY.



Our way of being

Happy people take us further. Here we cultivate an environment that promotes improvement for all.



Principles

- Valuing and Respecting People
- Satisfied customer
- Safety and quality
- Image and legacy preservation
- Ethics
- Profit with sustainability
- Innovation and technology
- We are all Randon



What we believe

The future is not a frontier: it is an opportunity to build something new. Here we enable innovation in practice.



Our differentials

Among many others, we stand out for excellence, safety, and reliability.

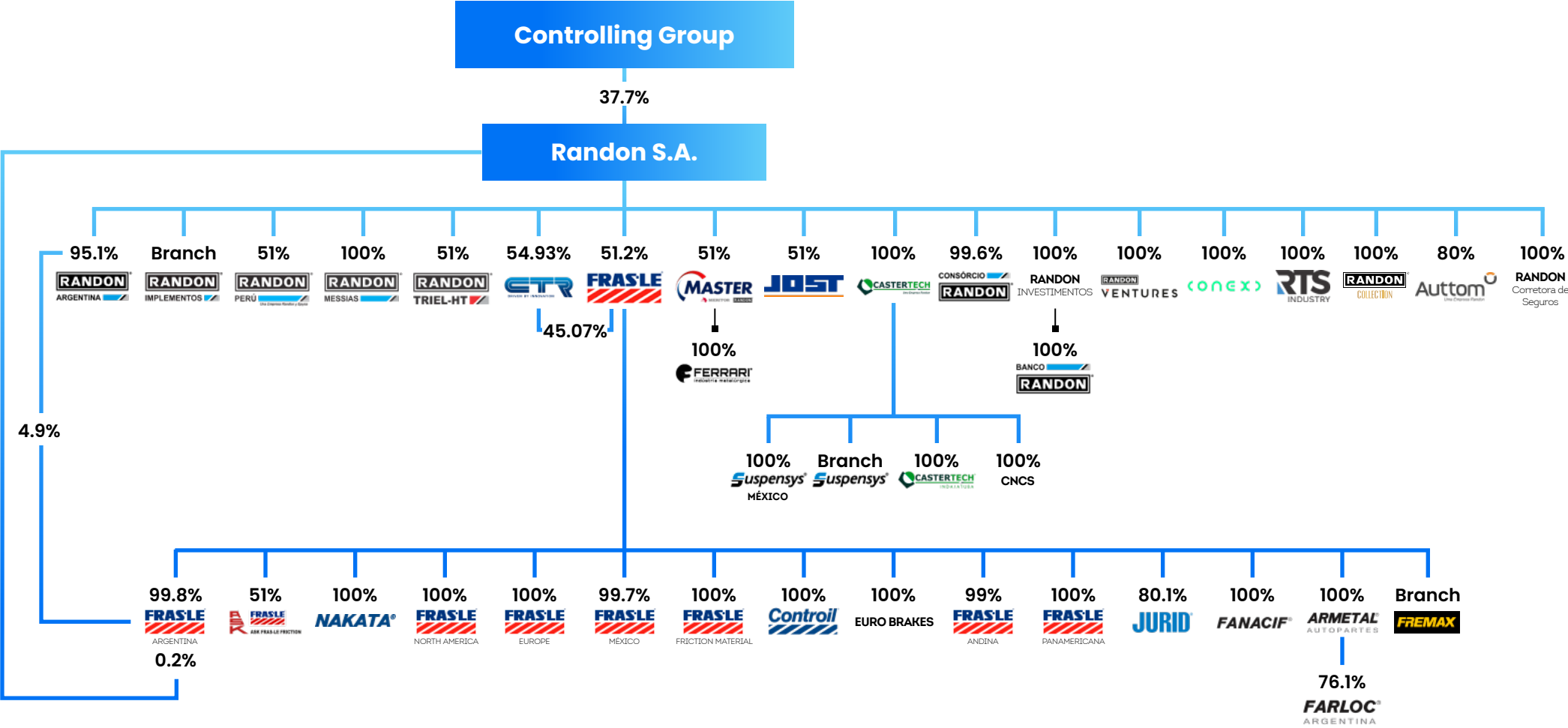


Watch our manifesto and get to know what drives us:

<http://bit.ly/EoQueNosMove>

Our Business

GRI 102-2





LARGEST MANUFACTURER OF TRAILERS AND SEMI-TRAILERS IN LATIN AMERICA AND ONE OF THE 10 LARGEST IN THE WORLD.

It produces trailers, semi-trailers, and railcars in five plants in Brazil (Caxias do Sul-RS, Araraquara-SP, Chapecó-SC, Erechim-RS, Porto Real-RJ and Messias-AL) and two abroad (Peru and Argentina). In addition, it has a distribution center in Linhares-ES, with a national network composed of 75 distribution points.

Randon Implementos is the main Brazilian exporter of trailers, representing about 60% of the exports of Brazil in the segment, with an international network consisting of 95 distribution points.



Learn more:

<https://www.randonimplementos.com.br>

These are also part of Randon Implementos:



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Sale of Randon Veículos assets

In 2020, aiming to concentrate our activities in our core businesses due to the synergies among them, and to optimize the Company's plants and industrial processes, we announced the sale of part of the assets owned by Randon Veículos, whose operations have been discontinued.

Reinforcing our commitment to people, we have reallocated most employees of Randon Veículos to the other business units in which we operate.

We thank all employees, partners and customers who have helped build the history of Randon Veículos.



GLOBAL LEADER IN FRICTION MATERIALS AND BRAKE COMPONENTS AND AFTERMARKET LEADER

Reference in auto parts replacement, with premium quality products, it is the largest manufacturer of friction materials in Latin America.

With a presence in over 120 countries and manufacturing plants in Brazil, the United States, Argentina, Uruguay, India, and China, as well as distribution centers strategically positioned worldwide, it develops, produces, and markets friction and non-friction materials for application in braking systems.

In addition, it has a wide portfolio of components for brake, transmission, engine, and suspension systems, among others.



Learn more:
www.fras-le.com

These are also part of Fras-le:



BRAZILIAN LEADER IN THE MANUFACTURE OF BRAKES FOR LIGHT AND HEAVY COMMERCIAL VEHICLES

A joint venture between Randon and Meritor, it is the largest manufacturer of brake systems for trucks, buses, trailers and semi-trailers in South America and equips more than half of the circulating fleet of vehicles in these segments in the country.

With Mastertech, it also operates in the auto parts painting sector, investing in high technology to reduce environmental impact. It also has aluminum die-casting through Indústria Metalúrgica Ferrari.



Learn more:
www.freiosmaster.com

It is also part of Master::





THE **LARGEST** FIFTH-WHEEL MANUFACTURER IN BRAZIL

Jost Brasil is a specialist in components and coupling systems for commercial vehicles, besides being the main supplier of the largest OEM companies of trucks and trailers, and the largest fifth-wheel manufacturer in Brazil.

It is a joint venture between Randon and the German company Jost-Werke, world leader in fifth-wheel technology. The Jost brand has units on five continents and more than 300 distributors throughout Brazil and other Latin American countries.



Learn more:
www.jost.com.br/en



THE **MOST ADVANCED** WHEEL ENDS ON THE MARKET

It manufactures hub and drum sets and cast supports for axles and suspensions for buses, trucks, trailers, agricultural machines, and tractors. In 2020, with the acquisition of Fundituba Indústria Metalúrgica, it expanded its production capacity of castings.

Specialized in wheel end systems solutions, it supplies both OEMs and the aftermarket.



Learn more:
bit.ly/3rV7eaD



It is also part of Castertech:



INNOVATIVE SOLUTIONS IN AXLES AND SUSPENSIONS

Leader in Latin America, it offers solutions and services in suspension systems, axles, and components for commercial vehicles with innovation, quality, safety, and sustainability.

With plants in Caxias do Sul (RS), Resende (RJ), and Mexico, it supplies its products to the main OEMs and trailer manufacturers in Brazil.



Learn more:
www.suspensys.com



ONE OF THE LARGEST CONSORTIUM ADMINISTRATORS IN BRAZIL

It offers business partners a credit alternative for the sale of their products, and customers a safe and economical way to acquire goods.

With a sales network in the five manufacturers with which it has a partnership, it operates in the segments of trailers, agricultural machinery and equipment, minibuses and trucks, besides being in the market of real estate and vehicle consortiums with its own brand Racon.



Learn more:

www.randonconsorcios.com.br



FINANCING AND INVESTMENTS TO **STRENGTHEN PARTNERSHIPS**

Bank focused on the transport and logistics industry, offers products, solutions and financial services in line with the ecosystem of Randon Companies, promoting the financial development of people and business.



Learn more:

www.bancorandon.com



INVESTMENT, CO-INVESTMENT, AND ACCELERATION OF STARTUPS

A startup investment company that brings us closer to new businesses and innovation ecosystems, stimulating the creation of new solutions for our clients. The activities of Randon Ventures focus on segments that complement the business of Randon Companies (learn more on page 97).



Go to:

<https://randon.ventures/>



OPEN INNOVATION INITIATIVE FOR CO-CREATION AND COLLABORATION

Hub of physical and digital connections that brings Randon Companies closer to different players, offering a platform for exchange and learning that connects different talents, integrates generations, and mixes world views (learn more on page 94).

 **Go to:**
<https://conexo.io/>



INNOVATION AND TRANSFORMATION IN INDUSTRIAL PROCESSES

Randon Tech Solutions Industry (RTS Industry) operates in the innovation of manufacturing processes and in the support and development of automation, promoting industrial transformation. Focused on providing solutions, special machines, and smart manufacturing, RTS Industry produces and markets robot cells, machines, devices, and industrial tooling.

In addition, it is active in providing technical engineering and advisory services in industrial automation and in the commercialization of parts and components for this segment.

It is also part of RTS Industry:



ONE OF THE LATIN AMERICA'S LARGEST TECHNOLOGICAL CENTERS

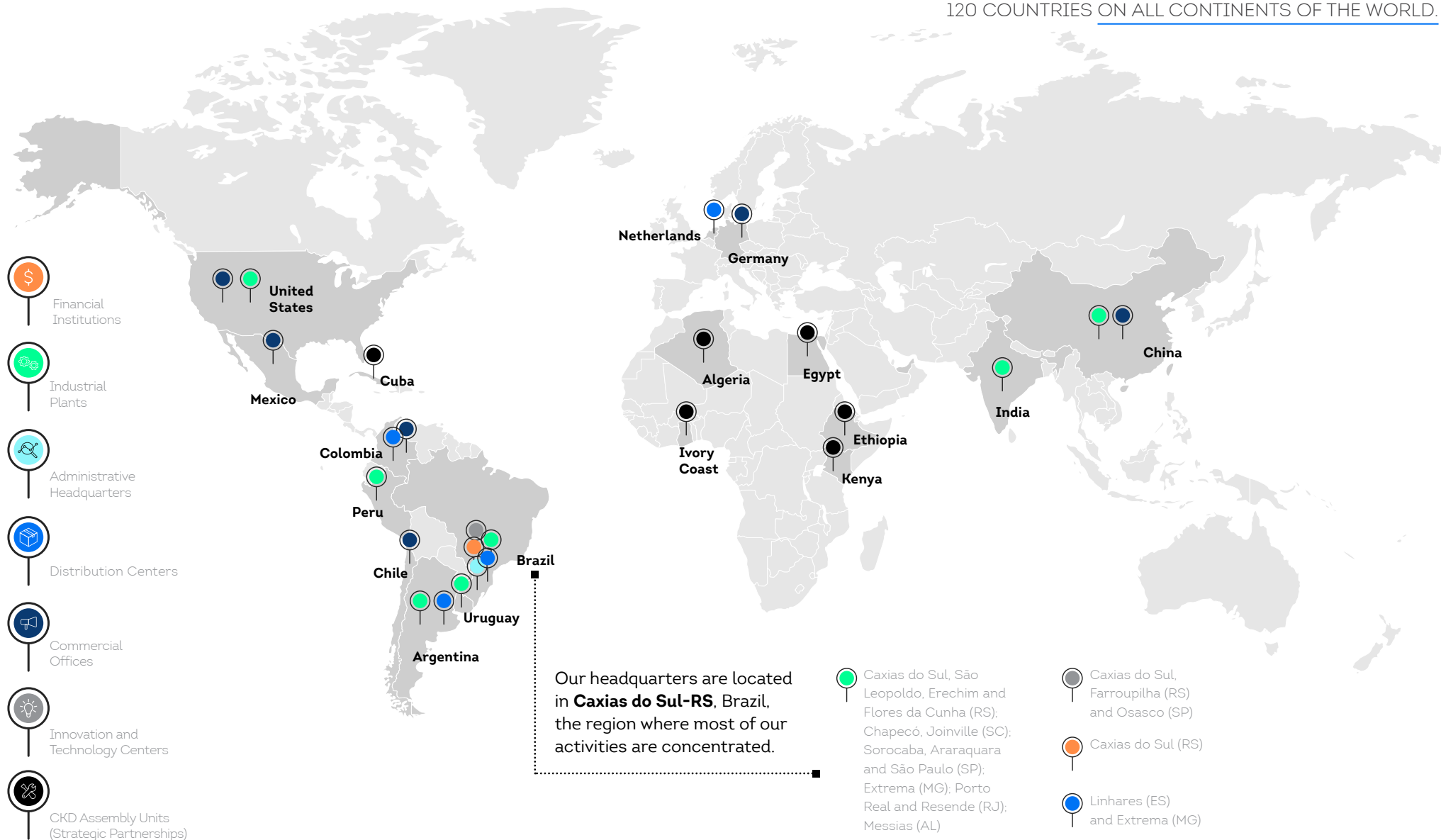
Created in 2010, the Centro Tecnológico Randon is located in Farroupilha (RS), in a 92-hectare area. The CTR has a large structure to meet the needs of various segments in the mobility sector: more than 20 tracks, totaling 15 km, with different types of paving and testing conditions, and a 2,200 m² building, which houses a workshop for the preparation of vehicles and a structural testing lab (learn more on page 84).

 **Go to:**
<https://ctr.randon.com.br/en>

Worldwide Presence

GRI 102-3; 102-4; 102-6; 102-7

WE OPERATE IN 27 INDUSTRIAL UNITS, HAVE FACILITIES IN 18 COUNTRIES, AND SELL OUR PRODUCTS AND SERVICES IN MORE THAN 120 COUNTRIES ON ALL CONTINENTS OF THE WORLD.



2020 HIGHLIGHTS

Innovation + ON PAGE 80



Randon Ventures

We have launched a company dedicated to investing, co-investing, and accelerating startups in segments complementary to our business.



Inauguration of Conexo

Connection hub, both physical and digital, that drives open innovation and collaboration.

RTS Industry

New unit for support and development of industrial automation

Expansion of CTR

- We inaugurated a new area for dynamic tests, expanding the structure for the development of mobility solutions;
- We built a special low-friction track with 1,800 m² that is the largest in Latin America and one of the largest in the world;
- We expanded and upgraded the structural laboratory;
- We launched the CTR Innovation Lab, an open innovation initiative that seeks to develop innovative and disruptive product solutions aligned to mobility megatrends.

Expansion

Acquisition of Nakata Automotiva, by Fras-le, expanding its presence in the aftermarket.

Acquisition of Fundituba Indústria Metalúrgica, by Castertech, increasing the production capacity of castings.

Acquisition of Ferrari Indústria Metalúrgica Ltda. by Master Sistemas Automotivos, expanding the product portfolio with the addition of die-cast aluminum items.



Watch Randon Day, a special event in which our executives tell about our achievements and how we are building the future:

<https://bit.ly/3reIKaQ>

Sustainability

+ ON PAGE 76 AND 99

R\$ 8.6 MI

invested in environmental management initiatives.

65.4%

of waste with sustainable destination.

58.8%

of the treated wastewater is returned for reuse.

83%

Raw material conversion rate of

R\$ 7.7 MI

Investment in social actions.

Financial performance

+ ON PAGE 41



R\$ 5.4 BI

Consolidated net revenue
(+6.5% vs. 2019)



R\$ 1.2 BI

Consolidated EBITDA
(+73.6% vs. 2019)



R\$ 664.7 MI

Net profit
(+168.4% vs. 2019)

Awards and Recognition

Melhores & Maiores 2020

Randon Implementos was awarded **1st place** among national organizations in the auto industry segment.

Marcas de Quem Decide 2020

Randon Companies are among the brands most remembered and preferred by managers of companies and top business executives in the market of the state of Rio Grande do Sul. The results are in the 22nd edition of the Marcas de Quem Decide survey, promoted by Jornal do Comércio, in partnership with Qualidata, which evaluates the brand recognition and preference rates in more than 100 sectors of the economy in Rio Grande do Sul.

- **1st place** in preference and **2nd place** in recognition in the category Innovative Brand from Rio Grande do Sul;
- **Featured among** the five favorites in the Entrepreneur Support category;
- **4th place** in preference and **7th place** in recognition in the category Great Brand of the Year from Rio Grande do Sul

In addition, **Racon Consórcios** stood out, winning 1st place in preference and 2nd place in recognition in the Consortium category.



The Marcas de Quem Decide award ceremony, before the Covid-19 pandemic was announced by the WHO

Valor Inovação Brasil Award (Innovation Value Ranking)

61st place in the ranking that highlights the 150 most innovative companies in Brazil in 23 economic sectors, by Valor Econômico magazine and Strategy&, PwC's strategic consultancy.

Líderes & Vencedores Award

Recognition in an initiative by the Legislative Assembly of the State of Rio Grande do Sul and Federasul.

- **Daniel Randon** received the entrepreneurial leader award in the Entrepreneurial Success category

Campeãs da Inovação

Randon Companies and Fras-le are among the ten most innovative companies in the South of Brazil by the survey Champions of Innovation, published by Amanhã Magazine, which indicates the organizations that best meet the challenges of continuous disruption in their lines of business.

- **4th place** Randon Companies;
- **6th place** Fras-le.

As 500 Maiores do Sul

Highlight in the ranking The 500 Biggest in the South of Brazil, in a survey produced by Grupo Amanhã and PwC that points out the companies with the best performance in Rio Grande do Sul, Santa Catarina, and Paraná.

- **8th place** among companies from Rio Grande do Sul
- **27th place** among companies located in Rio Grande do Sul, Santa Catarina and Paraná

As Empresas + Éticas

Outstanding Company of 2020. Randon Companies are among the most ethical companies in Brazil, according to the Brazilian Institute of Ethics in Business.

Grupo Gestão de RH Award

The HR Management Group Award recognizes the most admired executives for their actions and practices with the market, clients, and employees.

- **Daniel Randon** is among the most admired CEOs in the South of Brazil;
- **Daniel M. Ely**, Chief Transformation Officer, is among the most admired executives by HR professionals in the South of Brazil

100 Open Startups 2020

Randon Companies are part of the ranking of companies that most practice open innovation in the country.

As 100+ Inovadoras em TI Award

Highlight to the performance of the director of the Shared Solutions Center and IT of the company, Carlos Roberto Arins do Nascimento, in the award The 100+ IT Innovators, which recognizes executives responsible for digital transformation initiatives that impacted the business.

Aberje 2020 Award

Winners of the regional stage in the Brand category for the case “Together, innovating for a better future: repositioning of Randon Companies as an innovative brand at the age of 70”.

Latin America Executive Team Award

Featured in the Latin America Executive Team Award from Institutional Investor, an international publisher focused on best practices in the financial market:

- **1st place** for Daniel Randon as Best CEO in the Capital Goods category;
- **1st place** for Paulo Prignolato in the Best CFO of Latin America category
- **1st place** for Randon Companies in the categories Best Investor Relations Program, Best Investor Day and Best ESG Metrics;
- **2nd and 3rd place** for Esteban Angeletti and Davi Bacichette in the Best Investor Relations Professionals category.

Troféu Transparência 2020

Recognized for the second consecutive year among the most transparent companies in Brazil, by the Transparency Trophy, an initiative of the National Association of Finance, Administration and Accounting Executives (Anefac), in partnership with the Foundation Institute for Accounting, Actuarial and Financial Research (Fipecafi).

Exportação RS Award

Randon Companies are highlighted among the exporting companies of the State of Rio Grande do Sul in the 48th edition of the Prêmio Exportação RS (Export Award).

- **Randon Implementos** won in the category Highlight on Global Advancement;
- **Fras-le** awarded with the category “Sectorial Highlight for Vehicles and Components”

Great Place To Work (GPTW)

Jost Brasil, one of Randon Companies, is among the Best Companies to Work For in the National Industry. The company was recognized as an Outstanding Automotive Company in an unprecedented ranking developed by the Great Place to Work (GPTW) organization in partnership with the Brazilian National Confederation of Industry (CNI). Another one of Randon Companies, **Castertech Fundação e Tecnologia**, also appears in the general survey, among medium-sized companies.

The 27th Destaque do Ano em RH Award

The **Qualificar Program** is a highlight in the category Projects – People Management modality in the 27th HR Highlight of the Year Award, which recognizes organizations that put into practice projects or management practices that contribute to the development of People Management in the organization.

How We Create Value

GRI 201-1



Companies

CONNECTING PEOPLE AND RICHES,
GENERATING PROSPERITY.



TRAILERS

Trailers and Semi-trailers
Railcars



AUTO PARTS

Friction and Non-Friction
Axles and suspensions
Coupling Systems
Brake Systems
Wheel Ends



SERVICES

Consortium
Financing
Investments

STAKEHOLDERS

Employees, Suppliers, Investors, Press, Communities, Startups, Customers

CAPITAL

MANUFACTURED

27 industrial facilities
6 distribution centers
5 commercial offices
6 CKD assembly units (strategic partnerships)
2 financial institutions
2 technology centers
4 innovation companies

INTELLECTUAL

R\$ 90 million invested in RD&I
23 new patents registered
40 innovation projects finalized

HUMAN

12,239 employees
4,763 suppliers

NATURAL

2,410,364 GJ of electrical energy consumed
218.5 megaliters of water consumed

SOCIAL AND RELATIONSHIP

4 social programs coordinated by Instituto Elisabetha Randon
14 volunteer hours per employee

FINANCIAL

R\$ 9.0 billion in assets
R\$ 7.7 billion in gross revenue

GENERATED VALUE

DISTRIBUTED VALUE

R\$ 3.0 billion in value distributed to business, government and employees

EMPLOYEES

Employee salaries and benefits
20 hours, on average, of training and development per employee

CUSTOMERS

Customer satisfaction index of 87.5% (trailers division, 2020) and 93% (auto parts division, 2019)

INVESTORS

R\$ 70.8 million distributed in earnings to shareholders

SUPPLIERS

R\$ 3.51 billion spent with suppliers

COMMUNITIES

R\$ 7.7 million in social investment
360 children and 78 adolescents attended

ENVIRONMENT AND SOCIETY

65.4% of the waste generated was recovered/ recycled
83% raw material conversion
58.8% of the treated effluent was reused
R\$ 2.7 million in donations for the fight against Covid-19



Rafael, operator at Randon Implementos. He is deaf and, in the photo, he shows Randon's sign in Brazilian Sign Language

Chapter 3

Strategic Management

26

Related Capitals::



Related SDGs:



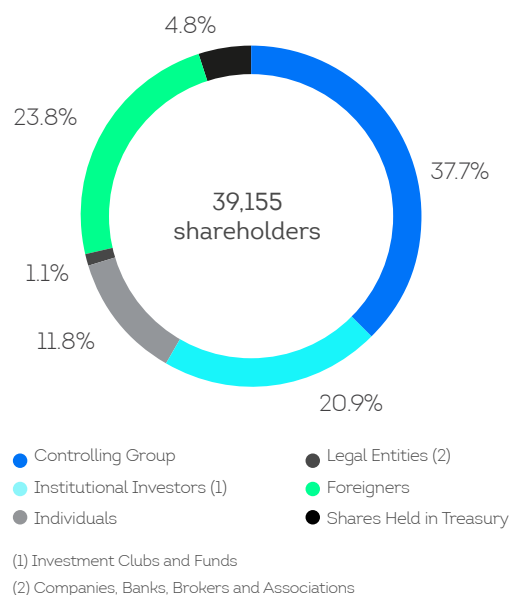
Corporate Governance

GRI 102-18

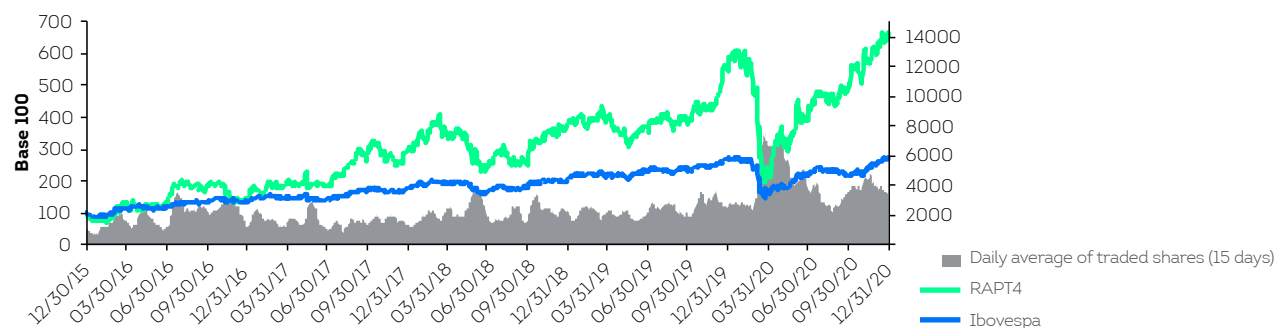
Overview

We are a listed company. Our capital stock consists of 116,515,527 common shares and 229,260,282 preferred shares, with a market value of R\$ 4.8 billion at the end of 2020, traded at B3 under the codes RAPT3 and RAPT4.

Shareholder Profile - Total Shares



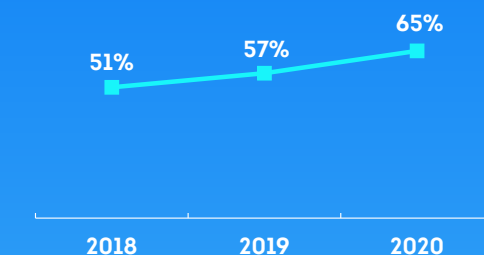
RAPT4 (100=12/30/2015)



Governance Highlights

- Level 1 of B3 Corporate Governance;
- 62.3% free float;
- 80% tag along (RAPT3 and RAPT4)
- Participation Manual for Meetings;
- Governance Portal for Board of Directors and Supervisory Board;
- Risk Management and Compliance Structure;
- Internal audit;
- Independent, third-party whistleblower channel;
- Governance Department;
- New Investor Relations website.
- Policymaking in 2020:
 1. Results Allocation
 2. Contracting of Extra-Audit Services
 3. Sponsorships and Donations
 4. Related Party Transactions

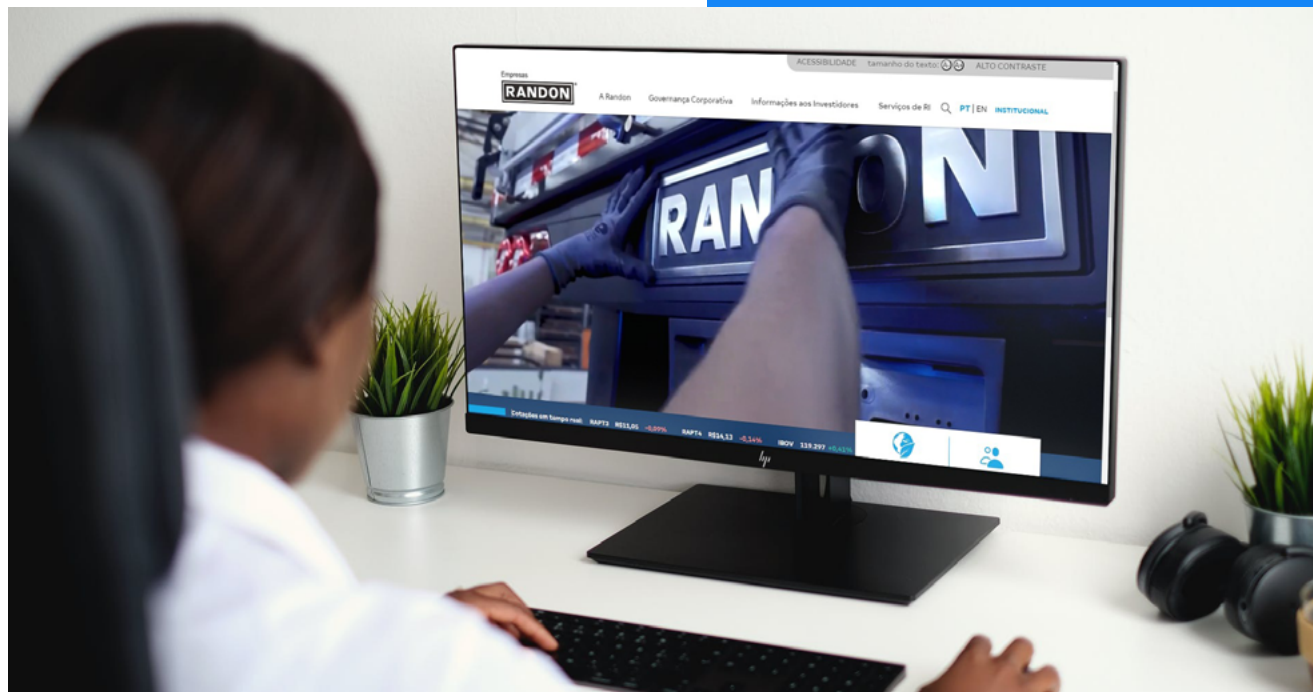
Evolution in Corporate Governance adherence



Source: ICVM 586 – Governance Report

To ensure the continuous generation of long-term sustainable value and the fulfillment of our commitment to transparency and ethics in day-to-day business, we adopt the best corporate governance practices, in line with the recommendations of the Brazilian Institute of Corporate Governance (IBGC) and the Securities and Exchange Commission of Brazil (CVM Instruction N° 586).

As a reflex, our shares are listed in several indices and segments of the B3, which group companies with good governance practices, as presented below:



In 2020, our new Investor Relations website went live

Indexes and listing segments of Randon S.A. shares

Indexes and segments that group companies with good corporate governance practices and shareholder value creation

RAPT

B3 LISTED N1

IBRA B3 | IBRX100 B3 | IGCB3 | IGCT B3

INDXB3 | ITAG B3 | SMLL B3

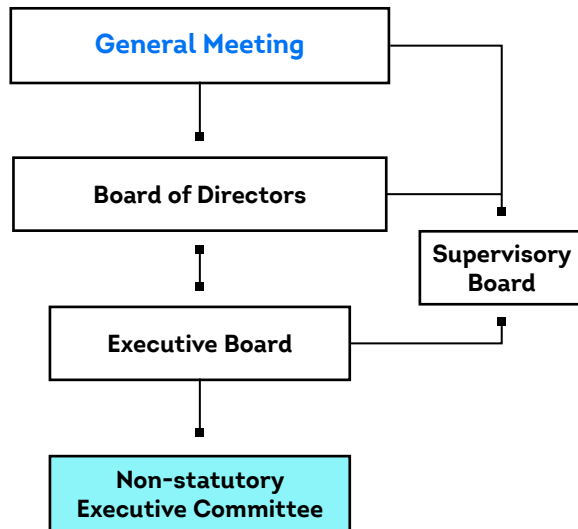


Our Investor Relations site makes available the Corporate Governance Report, which provides details about the practices adopted. **Go to:**
<https://bit.ly/3bzGmHM>

Management

GRI 102-22; 102-23

GOVERNANCE STRUCTURE



Board of Directors

Profile: three to nine members elected by the shareholders at a General Meeting, with a unified two-year term of office and no possibility of automatic renewal.

The Board's attributions are set out in the **Bylaws** and in the **Internal Rules** and can be checked on the Investor Relations website.

Meetings: The Board adopts a schedule of at least six meetings per year, however, in the year 2020, there were 25 deliberations, considering face-to-face meetings (before the pandemic), online meetings, and voting through the Governance Portal.

Composition

Name	Position	Election Date
David Abramo Randon	Chairman	04/30/2019
Alexandre Randon	Vice-Chairman	04/30/2019
Ruy Lopes Filho	Board Member	04/30/2019
Pedro Ferro Neto	Board Member	04/30/2019
William Ling	Board Member	12/13/2019

Supervisory Board

Profile: Autonomous inspection body, with no hierarchy with the administration, installed at the request of the shareholders at an Ordinary General Meeting. It may have from three to five members and an equal number of alternates, elected in a General Assembly, with a term of office until the next Ordinary General Assembly.

Meetings: in 2020, there were ten Supervisory Board meetings and all members recorded 100% attendance.

Composition

Name	Position	Election Date
Ademar Salvador	Primary Board Member elected by the Majority Shareholder	04/13/2020
João Carlos Sfreddo	Primary Board Member elected by the Majority Shareholder	04/13/2020
Renato Sobral Pires Chaves	Primary Board Member elected by the Minority Shareholders	04/13/2020



Learn more about the Supervisory Board in its internal regulations: <https://bit.ly/38ELMUy>

Executive Board

Profile: at least two and at most nine members, five of whom are elected by the Board of Directors, with a unified two-year term of office and the possibility of reelection.

Meetings: the executives meet regularly and, in 2020, eight meetings were held with the participation of all officers.



Executive Committee of Randon Companies

Composition

Name	Position	Election Date
Daniel Raul Randon	Chief Executive Officer	05/08/2019
Alexandre Dorival Gazzi	Vice President Director	05/08/2019
Sergio Lisboa Moreira de Carvalho	Vice President Director	05/08/2019
Paulo Prignolato	Vice President Director	05/08/2019
Alexandre Randon	Director	05/08/2019

Executive Committee

Profile: non-statutory body, composed of the CEO (Chief Executive Officer), the COO (Chief Operating Officer), the CFO (Chief Financial Officer), and the CTO (Chief Transformation Officer).

With no fixed mandate, its composition and attributions can be changed according to the business needs.

Composition

Name	Position
Daniel Raul Randon	CEO
Daniel M. Ely	CTO
Paulo Prignolato	CFO
Sérgio L. Carvalho	COO

Remuneration

GRI 102-35; 102-36

The overall compensation of the managers and the compensation of the fiscal members is approved, annually, at the Ordinary General Meeting. The Board of Directors, in a specific meeting, distributes the individual compensation to the managers, and the compensation is composed of fixed monthly fees.

The remuneration of the executive officers on the other hand, is composed of fixed monthly compensation, a benefits package, and variable remuneration, represented by profit sharing for the executive officers, which considers short-term incentives (paid annually according to the achievement of the company's results) and long-term incentives (paid every three years, taking into account the time they have been with the company and the achievement of economic and financial indicators).

Risk Management

GRI 102-15; 103-1; 103-2; 103-3

Our enterprise risk management methodology is in constant evolution and ensures the continuous improvement of our processes to mitigate possible negative impacts on business.

Guided by our Risk Management Policy, which establishes the guidelines, strategies and responsibilities in risk management at Randon Companies, the Risk Management and Compliance area supervises the corporate risks, assessing the effectiveness of the set goals.

Since 2018, we have continuously monitored the Company's risks to keep the corporate risk map updated, enabling us to identify, assess, treat, monitor and communicate the risks inherent in our activities.

Randon Companies identified 43 corporate risks, which were classified and prioritized for treatment according to the level of impact and probability in four categories presented below:

Strategic Risk



Associated with the organization's strategic decisions to achieve its business objectives and/or the ones arising from the company's lack of ability or capacity to protect itself or adapt to changes in the environment.

Operational Risk



Associated with the possibility of losses (of production, assets, customers, revenues) resulting from failures, deficiencies, or inadequacy of internal processes, people,

and systems, as well as from external events such as natural disasters, fraud, strikes, and terrorist acts.

Financial Risk



Associated to market, credit and liquidity risks:

- **Market and Governmental Risks:** financial losses due to changes in interest rates, exchange rates, stock prices, commodity prices, and legislation;
- **Credit Risks:** possibility of losses due to non-payment of credit granted through financing, bond issues, etc;

Regulatory Risk



Associated with the legal or regulatory sanctions, financial or reputational loss that the company may suffer as a result of the failure to comply with the application of laws, agreements, regulations, code of conduct and/or internal policies.

In 2020, in addition to updating the Risk Management Policy, the Company carried out a new corporate risk assessment based on the criteria of financial impact, image, and probability of materialization.

The classification of corporate risks is carried out in a voting process by the Officers of Randon

Companies and approved by the Executive Committee. Risk treatment involves actions to avoid risks (suspending activities that generate risks), accept them (accepting the impact/probability of the event), mitigate them (creating controls that minimize potential exposure to the risk), or transfer them (reducing the impact of the risks by sharing them with third parties).

Ethics and Compliance

GRI 102-12; 102-16; 102-17; 103-1; 103-2; 103-3; 205-1; 205-2; 205-3

AT RANDON COMPANIES, WE ARE COMMITTED TO ETHICS, INTEGRITY AND CONDUCTING OUR BUSINESS IN A TRANSPARENT AND RESPONSIBLE WAY.

In order to ensure that these commitments are practiced by everyone in the day-to-day business and in our relationships, maintaining an ethical organizational culture, we have the Integrity Program of Randon Companies (Randon ID).

Randon ID guides, disseminates and monitors the principles and values to be observed by all employees and managers in all the companies and subsidiaries of the Group.

Solid commitment

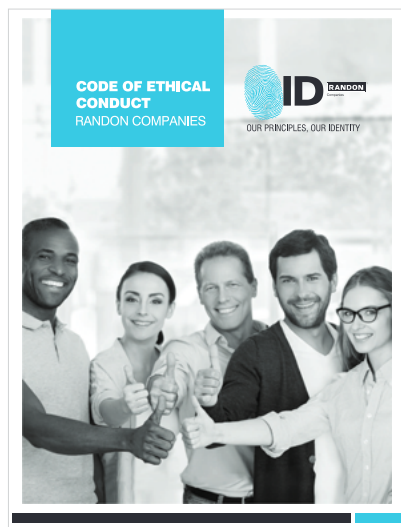
We are signatories to the Business Pact for Integrity and Against Corruption of the Ethos Institute and have made a public commitment in favor of integrity in the business environment.



Guidance

We have a strong structure of policies and codes that are formalized and validated by top management, ensuring the alignment of all processes and conducts determined to maintain a culture of ethics and integrity:

Policies with general guidelines on various topics



Code of Ethics



Risk Management Policy



Get to know the policies at:

<https://bit.ly/3hy5Lo6>

Guiding policies on specific topics

- Asset Security Policy;
- Information Security Policy;
- Personal Data Privacy Policy;
- Controllership Policy;
- Finance Policy;
- Health and Safety and Environmental Policy;
- Consequence Policy;
- Corporate Purchasing Policy;
- Human Resources Policy;
- Compliance Policy;
- Risk Management Policy;
- Investments Management Policy;
- Foreign Exchange Risk Management Policy;
- Sponsorship and Donation Policy;
- Policy for Contracting Extra-Audit Services;
- Policy for the Allocation of Results.

Related parties

To further strengthen our ethical conduct we launched our Related Party Transactions Policy in 2020.

The document aims to ensure that all transactions and decision-making are guided by the principles of transparency and ethics, avoiding possible conflicts of interest.

The guidelines also deal with business conducted with suppliers controlled by our shareholders. These transactions must follow market conditions and comply with all requirements and internal contracting processes, with wide disclosure in the form of a material act or fact, in accordance with the pertinent legislation.

Dissemination

To disseminate the Code of Ethical Conduct, all of our employees receive the document, in physical or digital form, after being hired and sign a term of awareness and commitment.

We also run periodic campaigns to bring people closer to our ethical culture and reinforce our values and principles by connecting actions with development programs.

Through the Integrity Program (Randon ID), we conduct training sessions with

all employees on this issue. We have a training program on the Code of Ethics on the ID Track, available on PRA.VC, our learning portal.

In 2020, we made available a new track called ID in Practice, divided into three blocks – Respect & Our Way of Doing, Respect with Empathy, Respect with Care – featuring courses, videos, and forums to encourage reflection and promote the appreciation of respect within the Company.

Employees (and percentage) who have been communicated and trained in anti-corruption policies and procedures¹

	2020		2019		2018	
Trained	4,195 ²	34.3% ²	4,337	42.6%	9,043	100%
Communicated	12,239	100%	10,181	100%	9,043	100%

¹Total number of employees who are part of the companies that have implemented the integrity program. Companies considered: Banco Randon, Consórcios, Holding – Compras, Holding – Corporativo, Holding – CSC, Holding – TI, Castertech, Control, Frás-le Controladora, Fremax, Jost, Jurid, Master, Suspensys, Randon Araraquara, Randon Caxias, Randon Chapecó, Randon Linhares and Randon Veículos.

²In 2020, we recorded a reduction in the total number of employees trained, compared to 2018, because the training takes place at the time of hiring. In 2018, the code of conduct had undergone a revision and, therefore, 100% of employees were trained because of the policy update.



Monitoring


Denouncements

For cases of suspected violations of our Code of Ethics and/or non-compliance with the legislation of the countries where we operate and with the Corporate Policies, we recommend that the occurrence be registered in the Ethics Channel, available to the internal and external public.

The Channel is a secure tool, managed by a specialized company that guarantees the secrecy and confidentiality of the information.


The reports collected are analyzed in the first instance by the independent company and forwarded to the Compliance area. In 2020, the average time to complete cases was 62 days.

In 2020, we investigated 100% of the reported cases, among the main topics reported are behavioral issues and non-compliance with procedures. In 2020, 293 reports were recorded, of which 86% were anonymous and 14% identified.




Telephone

0800 777 0768




Website

www.canaldeetica.com.br/empresas-randon



Intranet

Ethics and Compliance Portal



Questions and suggestions

E-mail:
compliance@empresasrandon.com.br

Ethics and Compliance Committee

The Ethics and Compliance Committee – consisting of the CEO, the Executive Vice-Presidents, the CTO and the Controller Director – monitors the results of Randon ID Program bimonthly, evaluating:

- The occurrences received by the Ethics Channel and the monitoring of the main incidents;
- Results of the due diligence process for service providers (learn more on page 71);
- Need for revision of the Corporate Policies and Code of Ethical Conduct;
- Advances in campaigns and training aimed at reinforcing Ethics.

Auditing

Our Internal Audit team independently investigates reports of fraud or process errors from the Ethics Channel itself and monitors anti-corruption management, based on an annual work plan approved by the Board of Directors.

We maintain Independent Audits to evaluate the financial statements and prior analysis of internal controls. The analysis of corruption risks was conducted for 100% of the operations of Randon Companies, covering risks of regulatory compliance, environment, ethical conduct, and management of third parties and partners. No risks were identified in the activities of the new operations. Furthermore, in 2020, no cases of corruption were identified.



Learn about our priority risks related to corruption:

REGULATORY COMPLIANCE RISK: insufficiency or loss of institutional capacity to manage the regulatory complex, difficulty in identifying activities such as fraud, money laundering, sanction violations, market abuse, bribery, corruption, and tax evasion.

Level of criticality of the risk: Significant.



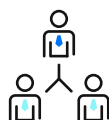
ENVIRONMENTAL RISK: non-compliance with local and international environmental regulations, difficulty in identifying activities such as bribery and corruption.

Level of criticality of the risk: Significant.



ETHICAL CONDUCT RISK: possibility of employees' acts outside the ethical standards established and accepted by the Company.

Level of criticality of the risk: Significant.



THIRD PARTY AND PARTNER MANAGEMENT RISK: failures in the relationship with suppliers/service providers/franchisees, which may cause legal risk resulting from sanctions by regulators and compensation for damages resulting from the violation of current legislation.

Level of criticality of the risk: Significant.

Sustainability

GRI 102-44; 102-47

For us, being sustainable is about creating opportunities, minimizing impacts, and caring for the continuity of resources.

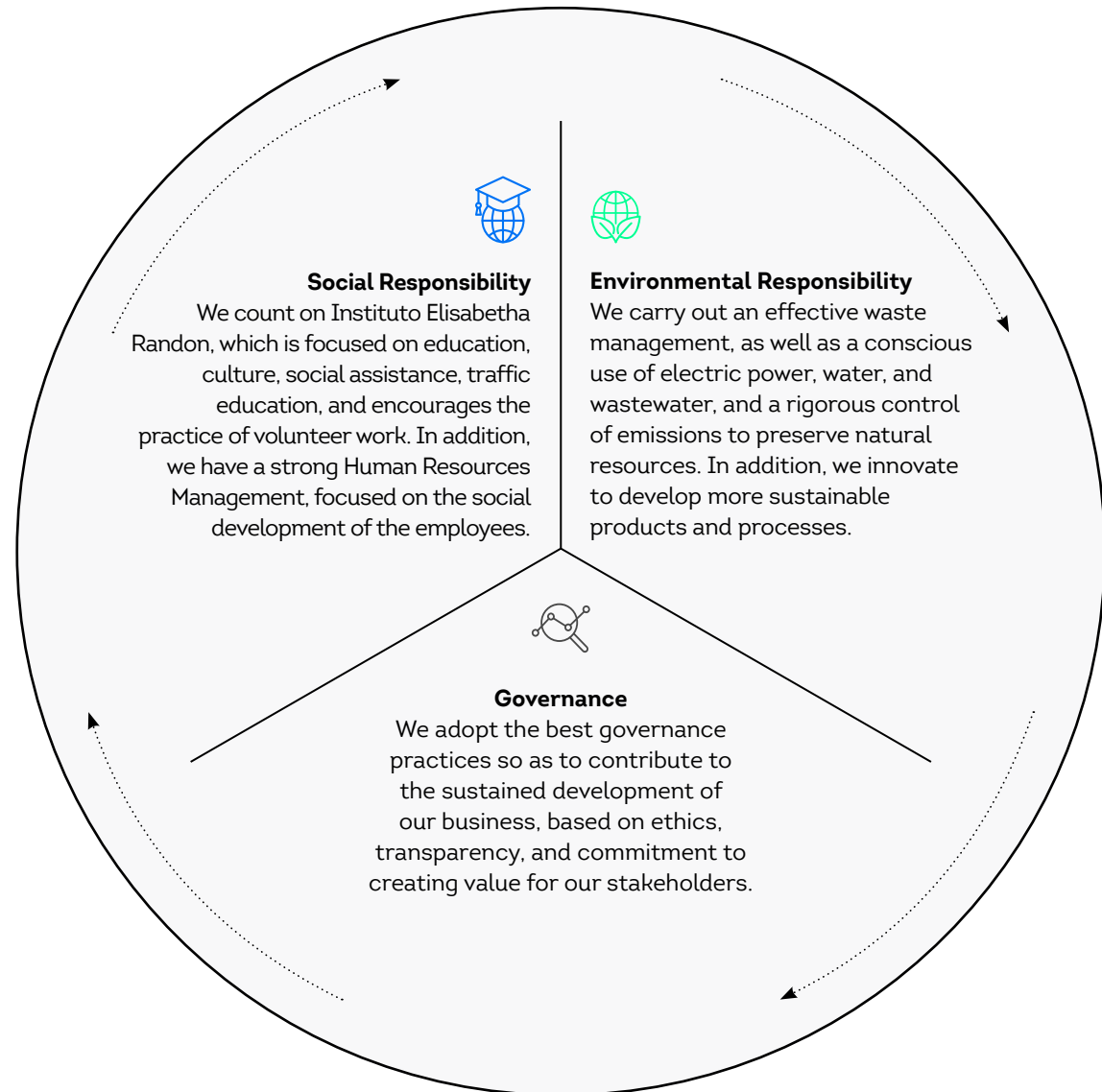
We have a historical commitment to sustainable development, to strengthening our business, to reducing our impact on the planet, and to sharing our advances with society.

Therefore, our performance is driven by principles that prioritize responsible decision making, increasing our generation of value and ensuring the continuity of the business.

Our sustainability strategy is based on three pillars:

Principles

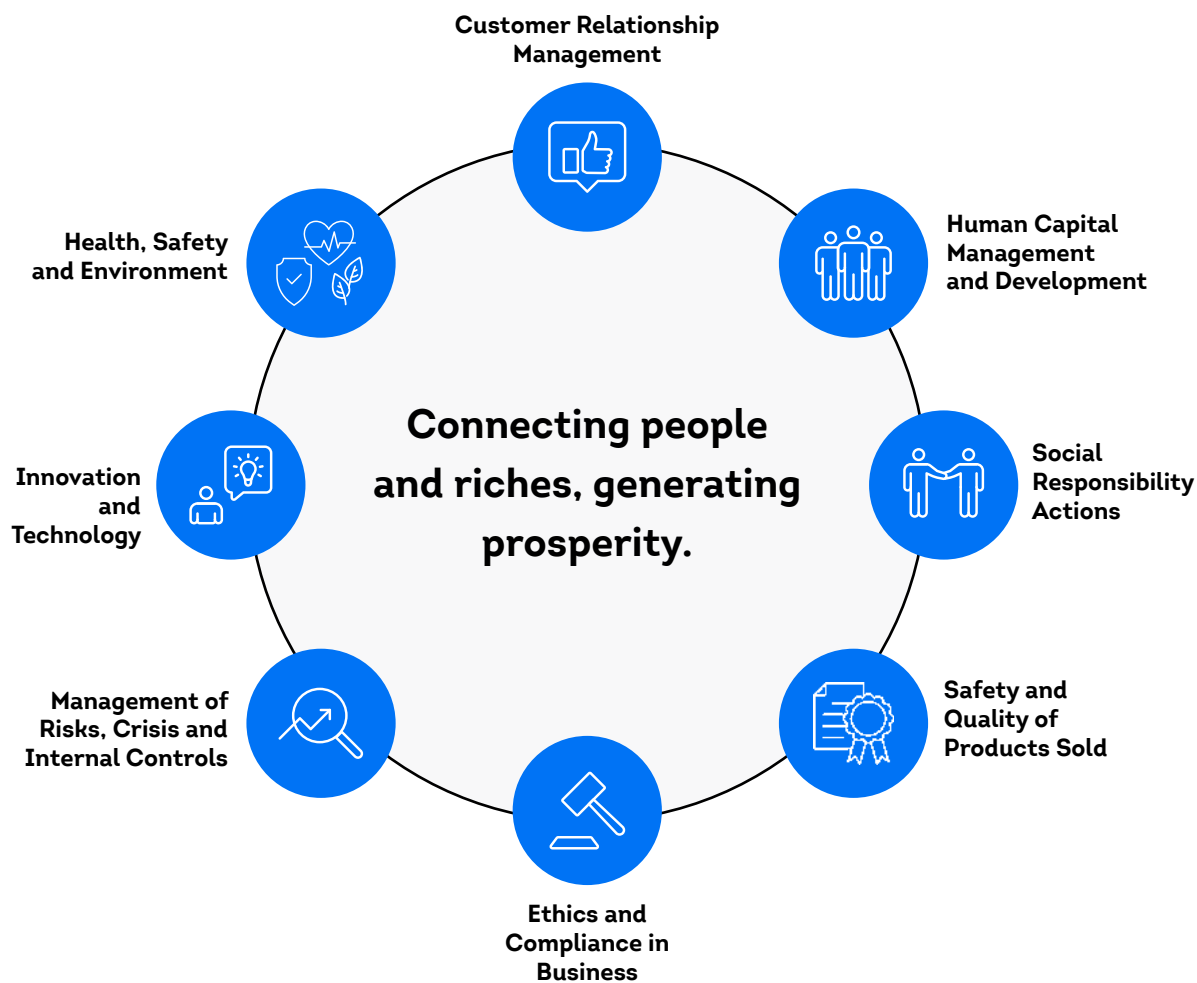
Profit with sustainability. This is one of the eight principles that govern our business and shows our belief that sustainability is not a choice that contradicts financial growth. On the contrary, it is the only possible path.



This strategy is continuously updated, based on the analysis of the aspects of our performance and of the scenario and context in which we operate, in order to identify the most relevant priority fronts for our contribution to sustainable development.

The last study, in 2019, brought relevant themes – presented below – for which we have established parameters and indicators that help measure and amplify the positive transformations we generate. At the end of 2020, we started a new study with the aim of updating the strategy and broadening its connection with the strategic business goals.

MATERIAL TOPICS



Click on the topic you want to know more about, and we will take you to the page in this report where it is presented.

Membership in Associations

GRI 102-13

We actively participate in the discussion and proposition of public policies that support the development of the transportation sector in Brazil. And we are members of associations that contribute to the development of our business. Learn more about our participation below:

- **Federation of Industries of the State of Rio Grande do Sul (Fiergs):** we are associated with the Rio Grande do Sul industry's union representation entity, which works for policies that strengthen the industrial sector.

Learn more: fiergs.org.br/

- **Chamber of Industry, Commerce and Services of Caxias do Sul (CIC Caxias):** we are associated with the civil, non-profit class entity, which brings together legal entities exercising business activities in the northeastern region of the state of Rio Grande do Sul.

Learn more: ciccaxias.org.br/

- **National Trailer Manufacturers Association (Anfir):** we are a founding member of Anfir, an entity that brings together micro, small, medium, and large companies that manufacture equipment for cargo transportation.

Learn more: anfir.org.br/

- **Association of Capital Market Analysts and Professionals (Apimec):** We are associated with the confederation that unites all the Regional Apimecs, concentrating its activities on political-institutional representation before the government and entities that represent the market.

Learn more: apimec.com.br

- **Union of Metallurgical and Electrical Material Industries of Caxias do Sul (Simecs):** We are associated with the union that acts as a driving agent for the competitiveness of the metallurgical, mechanical, and electrical material industries in Caxias do Sul (RS) and region.

Learn more: simecs.com.br/

- **National Union of the Automotive Vehicle Components Industry (Sindipecas):** we are associated with the entity that brings together small, medium and large companies that work in the development and strengthening of the automotive components sector.

Learn more: sindipecas.org.br

- **National Association of Auto Parts Distributors (Andap):** We are associated with the civil class entity that represents the largest auto parts distributors in Brazil.

Learn more: andap.org.br

- **Inova RS:** we are members of the Inova RS board, a program that aims to include Rio Grande do Sul in the global innovation map by building strategic partnerships between organized civil society, academia, the business sector, and government.

Learn more: inova.rs.gov.br/

- **Brazilian Railway Industry Association (Abifer):** we make up the organization that seeks to foster the growth of the railway industry installed in the country.

Learn more: abifer.org.br/

- **Interstate Union of the Railway and Highway Materials and Equipment Industry (Simefre):** we are associated with the class entity that represents the national companies that operate in the manufacturing of railway, road and two-wheeled materials and equipment.

Learn more: simefre.org.br/

- **Brazilian Association of Consortium Administrators (Abac):** we are associated with the class entity, with no economic purposes, which represents the Consortium System throughout the national territory.

Learn more: abac.org.br/

- **Hélice Institute:** we are part of the institute that represents a set of organizations that believe in transforming an innovation ecosystem in a collaborative way.

Learn more: helice.network

- **Transforma RS (Transforming RS):** we are part of the hub that connects companies, government, universities, and society with the purpose of supporting the sustainable development of Rio Grande do Sul.

Learn more: transformars.com.br

- **Brazilian Foundry Association (Abifa):** we are associated with the entity that represents the sector and is committed to the development of foundry companies throughout the country.

Learn more: abifa.org.br

- **Center of Business Excellence (Cenex):** we work together with Cenex in training our leaders through immersions and active learning methodologies.

Learn more: cenex.com.br

- **Brazilian Association of Listed Companies (Abrasca):** we are associated with the non-profit organization that defends the expansion and improvement of the capital market as a source of financing for Brazilian companies.

Learn more: abrasca.org.br

- **Heavy Duty Manufacturers Association:** we make up the North American association that seeks to promote the commercial vehicle component supplier industry.

Learn more: hdma.org

- **American Chamber of Commerce for Brazil (Amcham Brasil):** we are associated with the Brazilian Chamber of Commerce and with the largest of the American Chambers outside the USA, which works in harmony for a better business environment, promoting competitiveness and innovation.

Learn more: amcham.com.br



Fernanda, Financial Analyst at Randon Holding

Chapter 4

Performance

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Related Capitals::



Related SDGs:



Background

GRI 201-1

The year 2020 was marked by the effects of Covid-19, which impacted the economy not only in Brazil, but worldwide. The restrictions imposed by social distancing have had important effects on the activity of various sectors, household income, and investments in the country.

To minimize the impacts, the company took important decisions to preserve the results, such as the revision of the annual budget, with periodical updating of scenarios, a rigorous process for the approval of expenses, fund raising, and prioritization of investments.

During the second half of the year, as economic activities gradually resumed, there was a recovery movement. The demand from agribusiness and the increased use of e-commerce – a reflection of the change in consumer habits during the pandemic – caused the movement of heavy vehicles on the country's roads to grow.

Summary of the Income Statement (in millions of reais)

	2020	2019	Variation
Total Gross Revenue (without eliminations)	7,696.5	7,291.7	5.6%
Consolidated Net Revenue	5,424.9	5,092.4	6.5%
Gross Profit	1,355.6	1,258.9	7.7%
Consolidated EBITDA	1,199.4	690.7	73.6%
Net Profit	664.7	247.6	168.4%

In addition, the favorable exchange rate for exports, the recovery of the spare parts segment, and the success in legal actions regarding the exclusion of ICMS from the calculation basis of PIS and COFINS taxes were fundamental in minimizing the impacts on the Company's results and cash. The positive combination of these factors contributed to the company's record revenues, EBITDA, and net income in the period.

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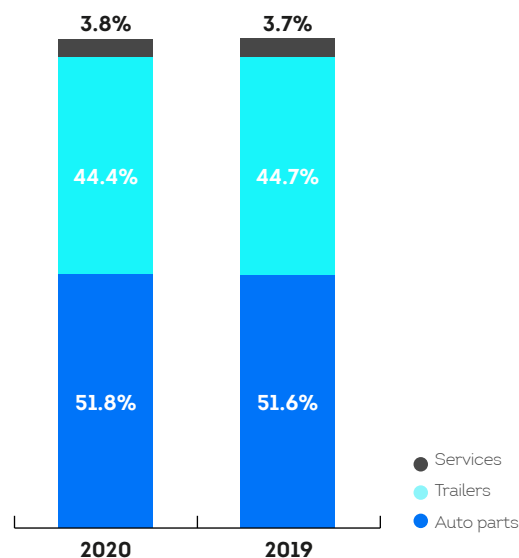
Total gross revenue

Total gross revenue, with taxes and before consolidation, totaled R\$ 7.7 billion in 2020, 5.6% higher than the gross revenue obtained in 2019 (R\$ 7.3 billion).

Consolidated net revenue

Consolidated net revenue reached R\$ 5.4 billion, up 6.5% compared to 2019 (R\$ 5.1 billion). In 2020, the Auto Parts division remained the most representative for the company, with 51.8% of consolidated

Net Revenue Share by Segment and Product



revenues; and with the acquisition of the company Nakata, this division has become even more relevant in the composition of revenues.

Cost of goods sold

Cost of goods sold represented R\$ 4.1 billion (75.0% of consolidated net revenue) compared to R\$ 3.8 billion in 2019 (75.3% of consolidated net revenue), mainly due to the price adjustment of some inputs, such as steel, wheels, resins, rubbers and structural components. However, the efficiency and productivity gains and the increase in volumes sold have been fundamental to mitigate the inflationary impacts and allow advances in this indicator.

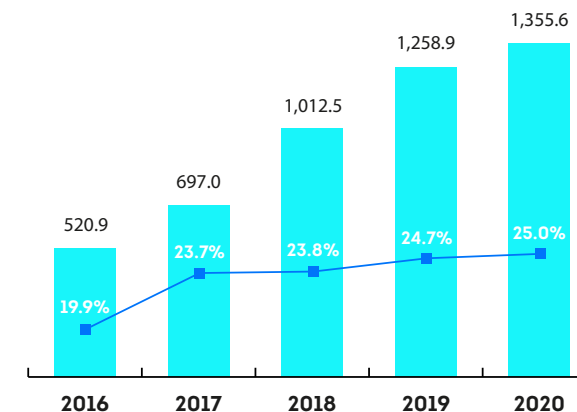
Gross profit

Gross Profit was 7.7% higher than in 2019, totaling R\$ 1.4 billion in the accumulated 2020, being the best performance in the last five years. This total represented 25.0% of consolidated net revenue, virtually stable from the 24.7% it represented in the previous year.

This performance was the result of gains in efficiency and productivity and the increase in volumes sold, which have been fundamental in mitigating inflationary impacts and allow advances in this indicator.

Gross Profit / Gross Margin

Millions of Reais / %



Operating expenses and revenues

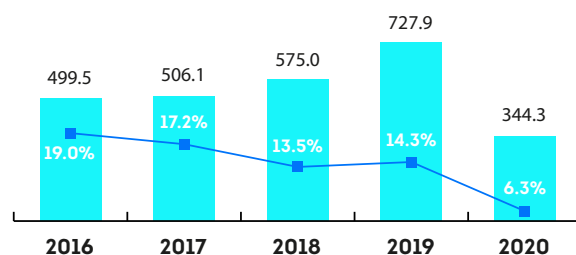
The balance between operating expenses and revenues (commercial, administrative and other) showed a 52.7% improvement compared to 2019, going from an expense of R\$ -727.9 million (14.3% of Net Revenue) in the previous year to R\$ -344.3 million (6.3% of Net Revenue) in 2020.

This improvement results, mainly, from the expressive advance in operating revenues due to favorable decisions in lawsuits to exclude ICMS from the calculation basis of PIS and COFINS, which **added R\$ 502.1 million to revenues**. These also positively influenced the revenue:

- Gains on the sale of assets (R\$ 9.4 million);
- Gains from advantageous purchase (R\$ 2.1 million);
- Reimbursement of claims (R\$ 6.9 million);
- Gains from other miscellaneous tax proceedings (R\$ 18.9 million).
- Voluntary Severance (R\$ 1.2 million);
- Expenses from Discontinued Operations (R\$ 1.7 million);
- Provision from Discontinued Operations (R\$ 10.4 million);
- Provision for Credit Losses (R\$ 1.2 million);
- Expected Recoverability Pension Scheme (R\$ 10.7 million).

Operating expenses

Millions of Reais / % RL



These influenced our operating expenses in the period:

- Loss on the sale of assets (R\$ 9.1 million);
- Impairment in indirect subsidiaries (R\$ 34.5 million);
- Demobilization of assets (R\$ 6.3 million);

Tax Planning

The success of the tax processes mentioned above, such as the exclusion of ICMS from the PIS and COFINS tax base, is the result of the pro-activity of the Tax Planning department together with the Legal, Accounting, and Tax departments. The performance of the department – which is responsible for mitigating tax impacts by taking advantage, in a conscious and responsible way, of the tax benefits allowed by the legislation – has enabled advances in the recovery of tax credits and the reduction of assessments by 80% in relation to the 2019 figure.

EBITDA and EBITDA Margin

Consolidated EBITDA was R\$ 1.2 billion, up 73.6% from R\$ 690.7 million in 2019. This amount represents 22.1% of net revenue, a percentage higher than the previous year, which was 13.6%.

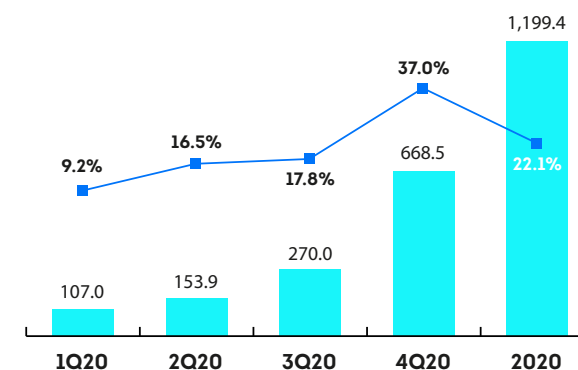
This performance is a consequence of the increase in volumes, which allowed greater absorption of fixed costs, as well as discipline in expenditures and expenses, gains in efficiency and productivity, and non-recurring events (explained in the Operating Expenses and Revenues subchapter).

The Adjusted EBITDA for the period was R\$ 774.2 million, with an Adjusted EBITDA margin of 14.2%.

44

EBITDA / EBITDA Margin

Millions of Reais / %



Financial performance

The net financial result was a positive R\$ 217.1 million. The composition of the 2020 financial result has as highlights:

- Reduction of interest on income from financial investments (-27.6%) linked to the Interbank Deposit Certificate;
- Revenues with monetary correction of interest from lawsuits, which totaled R\$ 292.9 million during 2020;
- Decrease in interest on financing indexed to the Interbank Deposit Certificate (-29.2%);
- A 39.7% drop in other financial expenses, due mainly to the IOF exemption on financial operations.

Net debt

Consolidated net financial debt (gross debt minus cash) was R\$ 1.5 billion, equivalent to 1.26 times EBITDA for the last 12 months, the same multiple for the period in 2019.

It should be noted that part of the debt, R\$ 656.5 million, refers to the Banco Randon operations. The relative growth in operations of Banco Randon over 2020 is due the increase in operations and the addition of funds raised with third parties

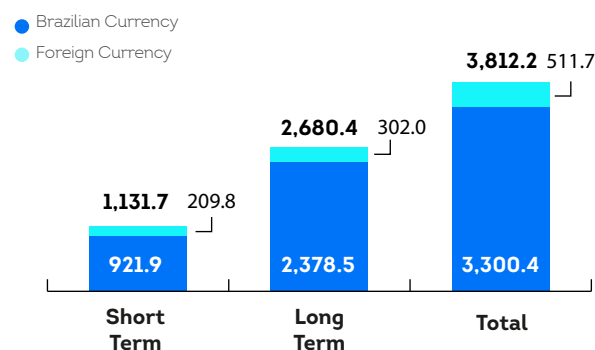
in the calculation of net debt, in the amount of R\$ 214 million.

The increase in net debt in the last year was mainly due to the acquisition of Nakata Automotiva through its subsidiary Fras-le, adding R\$ 511.8 million to the net debt, both for the value of the purchase and for the one it already had.

It is important to highlight that most of the debt is allocated in long term (70.3%) and in national currency (86.6%).

Debt Origin / Short and Long Term

December 2020. Millions of R\$.



Net profit

Net Profit totaled R\$ 664.7 million with a consolidated net margin of 12.3%, up 168.4% and 7.4 percentage points, respectively. Besides the improve-

ment in profitability through the operation, the significant increase was influenced by the success in tax cases (mentioned in Operating Expenses).

Investments

In 2020, investments of R\$ 618.6 million were made, a 160.1% growth compared to the R\$ 237.8 million invested in 2019. This amount was destined to the maintenance of the assets, technology to increase efficiency and productivity gains, and to investments for expansion.

Of this total invested, 47.2% (R\$ 292.2 million) were non-organic, 20.7% (R\$ 128.0 million) in paid-in capital and 32.1% (R\$ 198.3 million) in fixed assets, with emphasis on:

- Amount paid in 2020 for the acquisition of Nakata Automotiva: R\$ 277.9 million;
- Acquisition of Robots: R\$ 25.1 million;
- Expansion of Randon Araraquara: R\$ 12.7 million;
- Paint Booth (Randon Implementos): R\$ 8.3 million;
- Capital increase in Randon Ventures (R\$ 13.5 million), Fras-le (R\$ 51.7 million) and Banco Randon (R\$ 60.5 million).



Shelender, operator at Castertech.

Chapter 5

Valuing and Respecting People

46

Related Capitals:



Related SDGs:



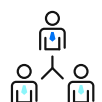
Thriving Team

GRI 102-43, 103-1, 103-2, 103-3

At Randon Companies, people are priority. Therefore, we are committed to building a welcoming environment so that our employees feel valued and respected.

We recognize the effort and dedication of our team and encourage leadership so that each one develops their full potential, offering competitive remuneration and a series of benefits.

Our people management is guided by the Corporate Human Resources Policy, which establishes guidelines to develop and consolidate business management in a solid and strategic way. These guidelines are:



Organizational architecture



Organizational education



Remuneration



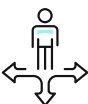
Internal communication



Performance management



Organizational environment and culture



Career Transition



Personnel management



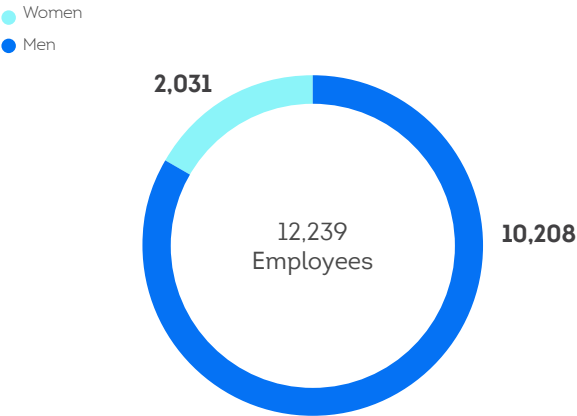
Edinara, collection analyst at Randon Consórcios

Get to know our team and the initiatives undertaken for their career development.

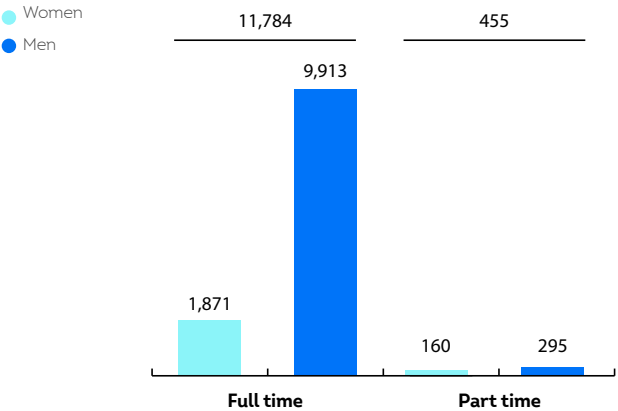
#WeAreRandon

GRI 102-8, 401-1

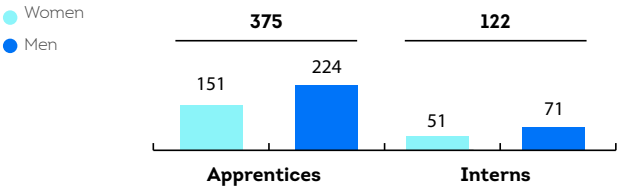
By gender



By gender and job type



Apprentices and interns by gender



	Gender		Age group			Region							
	Female	Male	Less than 30 years old	Between 30 and 50 years old	More than 50 years old	South	Southeast	Northeast	Central America	North America	South America	Europe	Asia
Total hires	638	2,409	1,627	1,356	64	2,707	278	1	0	13	22	3	23
Hiring rate	31.5%	23.6%	45.2%	18.3%	5.1%	26.6%	26.8%	100.0%	0.0%	18.1%	5.0%	20.0%	4.7%
Total terminations	375	2,380	1,018	1,471	266	2,423	207	0	1	20	62	7	35
Turnover rate	18.5%	23.3%	28.3%	19.9%	21.3%	23.8%	19.9%	0.0%	10.0%	27.8%	14.2%	46.7%	7.2%

Culture and Engagement

To further align and engage our employees with the corporate culture, we have started the cultural and digital transformation journey.

Our goal is to promote an inside-out change, keeping an eye on the future as it has always been done, but focused on the protagonism of people in the midst of technological, market, and customer transformations.

We have connected the Human Resources area with a larger strategy, our innovation strategy, and have concentrated our efforts on establishing partnerships that encourage intrapreneurship, innovation, and collaborative work within the company.

Thus, we have enabled our employees to get in touch with new references by working in coworking spaces and innovation hubs, and we promoted the development of digital skills.

Our journey of cultural and digital transformation has been engaging people from different areas to want to implement innovation projects not only in the products area, where we are already innovative, but in all areas and processes of our companies.

We are transcending the limits of the organization and spreading the word to other companies in the same ecosystem and in the South Region of Brazil, so that they can transform themselves along with us. As a result, we have the inauguration of the CTR Innovation Lab, the RTS Industry, Randon Ventures, and Conexo (learn more in the Chapter Innovation, on page 80).



Best Companies to Work For

We seek to continuously improve the satisfaction of our employees. In the most recent GPTW - Best Companies to Work For survey, conducted in early 2020, Castertech registered a trust index of 91%, ranking 17th in the list of GPTW Best Companies to Work For - Rio Grande do Sul 2020.

Jost, one of the 10 most innovative companies in the automotive sector, recorded a trust index of 81%, ranking 19th.



Eliziane works at JOST Brazil, a company highlighted in GPTW

Events

Company time tribute

Every year we hold an event to honor our employees who celebrate 25, 35, and 40 years in the company. In 2020, due to the pandemic, the event was postponed, but so as not to go without a celebration, we visited each worker to give them a gift and pay a simple tribute, within the possibilities that the moment allowed. **In all, 110 people were honored.**

The company time tribute is a way for us to recognize the people who are part of our trajectory, who dream our dreams and help us to make them come true!



Christmas with family: that's what drives us

In December 2020, we held the Randon Companies Christmas livestream to celebrate with our employees and their families.

Broadcasted on YouTube and on Randon Companies' channel, the event included artistic interactions, contests - children and SuperStar -, raffles, and the performance of the singer Léo Pain.



Check out the livestream:
bit.ly/36JldK



Coffee with the CEO

We held another edition of Coffee with the CEO, a meeting that aims to promote integration, engagement, and bringing our employees closer to the values and principles of Randon Companies through a chat to exchange ideas, experiences, and stories with our CEO Daniel Randon. In 2020, 18 employees took part.



Development Journey

GRI 103-1; 103-2; 103-3

Having qualified professionals is fundamental for the execution of our business growth plans. To this end, we rely on well-structured practices for the formation, attraction, retention, and development of talent, as presented below.



Rubia is a component assembler at Castertech and joined the company through the Qualifying Program

Attraction and retention

At Randon Companies, we are committed to finding and retaining the best talents, aware that people's commitment sustains our growth and the fulfillment of our purpose.

Digital recruitment

All opportunities at Randon Companies are disclosed on our **careers page (Gupy)** and in sources of talent attraction in our digital media: **Facebook, LinkedIn, Instagram** and **Work With Us**. In addition to job boards linked to Gupy: Google for Jobs, Glassdoor, Indeed, Rio Vagas, Jooble and Net Vagas.

In line with our digital transformation strategy, since 2018 we have had a completely digital selection process, allowing candidates to register their profile, apply for vacancies, and follow all stages of the selection process online through the careers page.

We also participate in promotions at universities (undergraduate, graduate and MBA classes, and at job fairs), where we advertise our job opportunities and channels. If necessary, we also carry out communication plans in other media to attract candidates (radio, TV, newspaper, etc.).

Integration

After being hired, the candidates are invited to participate in integration actions, which can take place in two ways:

- **Corporate integration:** occurs in a virtual format and focuses on addressing the cultural issues of the organization, such as Our Way of Being and Doing, our competencies, the code of ethics, and collecting the signature of documents online;
- **Local integration:** occurs in person at the company where the selected employee will work, and includes guidance on health and safety, specific information about the unit, etc

New paths program ("Programa Novos Caminhos")

Our career management includes the recognition of the legacy of people in the organization and provides the opportunity for the Career Transition Journey for all professional positions, stimulating the longevity of careers with a vision for facing new challenges. Since its creation 18 years ago, 761 employees have participated.

Training and education

GRI 404-1

As part of our strategy, we released the new organizational competencies, known as Our Way of Doing, which present the paths to be taken by our employees for self-development.

We have an organizational education program guided by our training policies and work procedures, which encompasses cycles of competence building, awareness, and third-party training.

The program meets the needs identified in our auditing processes, which incorporate the requirements of each position profile, the need for adherence to legislation, and the demands resulting from performance evaluations. Some of the training courses offered include:

- **Quality Training:** training courses to meet customer requirements and certifications held in companies through audits. These are: CEP, 8D, FMEA, Six Sigma, CCQ, Interpretation of standards (TS16949; ISO9001; OHSAS 18001; ISO14001), MASP, MSA, Auditor Training for standards (TS16949; ISO9001; OHSAS 18001; ISO14001), VDA, Customer Requirements, GPDS, PPAP, COI 10, ISO IEC, GD&T among others.
- **Occupational Safety Training:** this is mandatory training for employees to perform their functions in compliance with the pertinent legislation, and can be either re-training or training (learn more on page 61).
- **Management Development:** we have formal programs for the development of our leaders' competencies by means of the 70/20/10 methodology, where 70% of the learning occurs in practice, on the job, by means of experiences with projects and in the activities carried out; 20% in sharing with other employees, by means of coaching, mentoring, feedback conversations, and exchanges of experiences; and 10% in formal learning, in courses, tracks, and specializations.
- **Language Program:** language program available in an online platform that offers training in 24 languages with interactive activities, videoconferences, games, application and tutoring. Currently, the languages most studied by employees are English, Spanish, and Portuguese

OUR WAY OF BEING AND DOING

The competencies expected from our employees and leaders represent **Our Way of Doing:**



SELF-KNOWLEDGE AND CONTINUOUS LEARNING

I am constantly committed to my integral self-development (physical, emotional, intellectual), autonomously and sustainably generating impact, in a responsible way.



POSITIVE IMPACT

I generate positive experiences with those I relate to by demonstrating consistency between what I feel, say, and do.



INSPIRING WITH CONFIDENCE

I build trusting relationships by engaging in open dialogue and accepting different perspectives as a way to foster collaboration and innovation.



RESULTS COMING FROM A STRATEGIC VISION

I perceive trends and opportunities and connect the necessary agents to drive and overcome results (short, medium, and long term) aligned with the company's purpose.

PRA.VC

We feature **PRA.VC**, our online learning portal, which stimulates autonomy and leadership in the personal and professional development of employees, promoting innovation and cultural transformation.

Through the tool, we optimize our investments in learning and automate the transactional processes of training and development, which result in building a learning experience that not only accelerates the dissemination of knowledge, but also accelerates our cultural transformation.

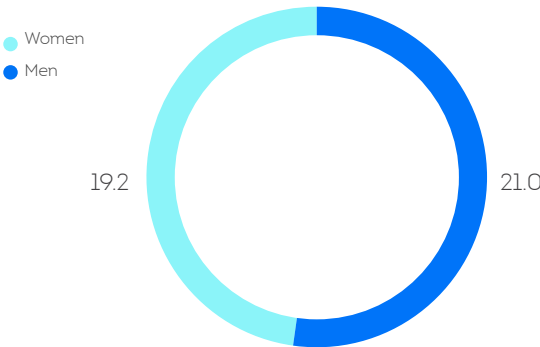
In 2020, we offered 224 courses and 29 learning journeys. Altogether, 18,883 courses and 1,390 journeys were completed by our professionals.

In 2020, we started to control the amount of training hours through the platform that, due to the social distance caused by the pandemic, played a key role in the continuity of our employees' development. In all, the average number of training hours per employee was 20 hours.

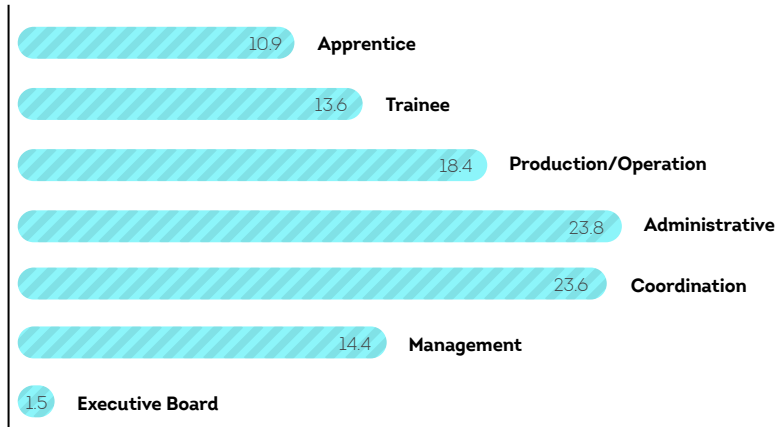


AVERAGE OF
20
HOURS
OF TRAINING
PER EMPLOYEE

Average hours of training, by gender



Average hours of training, by employment category



Performance evaluation

GRI 404-3

All administrative employees undergo a formal assessment, based on organizational competencies, and perform a self-assessment.

After this stage, each employee is invited to participate in a feedback meeting with his or her manager to discuss the competency gaps and the opportunities for improvement, in order to build the Individual Development Plan (IDP).



IN 2020

1,107

 EMPLOYEES

**PARTICIPATED IN THE
PERFORMANCE EVALUATIONS.**

We are structuring a behavioral assessment for all employees of all Randon Companies, which is expected to be released in 2021.

To learn about our leadership performance evaluation process, go to the Leadership Development sub-chapter on page 55.



Training of young talents

Qualificar Program

The Qualificar Program is our program for young apprentices. It is developed in partnership with SENAI (National Service of Industrial Learning) at Centro de Educação Profissional Randon/SENAI, at the premises of the Company in Caxias do Sul-RS, and aims to prepare young people from 16 to 18 years of age for their first professional experience in the labor market



Mikael, apprentice at the Qualifying Program

The students are supported by qualified teachers and an infrastructure of more than 1,500 m² with classrooms, library, computer room, and a large workshop. We offer courses that are aligned to our business, such as: training in auto parts manufacturing process operator; training in assembly of automotive components and trailers; and training in industrial machinery maintenance.

In 2020, the Program expanded the presence of robotization and industrial automation in the courses offered, with the purchase of a collaborative robot and the adoption, by Randon Tech Solutions Industry (RTS Industry), of a handling robot, programmed for handling parts. The RTS Industry team (learn more on page 86) has evaluated the curriculum and suggested topics that will broaden the students' knowledge on the subject.

In addition, it debuted its own PRA.VC track and was awarded the HR Highlight of the Year Award by the Serrana Association of Human Resources (learn more in 24).

In 2020, the Qualificar Program completed 15 years. Since its creation, 1,904 young participants have gone through the program and 884 have completed it. In 2020, 148 young people took the course, with 65 of them nearing completion.

Leadership development

Performance evaluation

GRI 404-3

Our performance management is structured according to the different functional levels. For directors, we conduct 360° evaluations, which include the peers of the evaluated person in the composition of their evaluation. For the manager and coordination levels, we perform a 270° evaluation, with self-evaluation, manager evaluation, and subordinates' evaluation. The behavioral assessment is based on the organizational competencies contemplated in Our Way of Doing.

Our managers are evaluated by adopting goals with performance priorities, monitored and measured at the end of the performance cycle. Our assessment seeks to direct the results, the priorities, and the behaviors that will produce positive impacts to the business and to our employees. Therefore, the process seeks to clarify what is expected from each manager in his or her position, aligned to the organizational vision and strategic planning, and to encourage the practice of open and transparent dialogue with their teams through assertive exchanges and feedback.

Continuous development

To strengthen the **Our Way of Doing** competencies among leaders, we count on programs and actions that support our leaders in their own development and that of their teams, by means of coaching processes, on-site training, benchmarking visits (national and international) and participation in fairs, congresses and events.

- **Coaching:** the program aims to meet the development of organizational competencies and develop the manager to increase his or her performance, based on the gaps and opportunities for improvement identified in the performance evaluation, facilitating the manager's transition, which contemplates an increase in the complexity of the scope of performance and its interfaces.
- **On-site training:** we conduct on-site training to meet the behavioral development needs of our leaders, through a partnership with the CENEX institution, which offers learning, training, and leadership development solutions through immersive and active learning methodologies. In 2020, because of the pandemic, three training courses were held online: "Behavioral Development of Leaders," "First Leadership: the Essence of the Leader," and "Developing Innovative Leaders."



IN 2020
100% OF
MANAGEMENT
EMPLOYEES
(MANAGEMENT AND
COORDINATION) PARTICIPATED
IN THE PERFORMANCE REVIEW.

Succession

We use assessment tools to identify the professionals with the potential to supply the demands of management positions such as Coordination, Management, Direction, and C-Level. The process evaluates the potential and readiness of the professionals, indicating the strengths and points to be developed by the manager, suggesting actions that can compose the Individual Development Plan.

Over the past two years, we have conducted an average of 40 assessments per year to assess the potential and readiness of managers. In addition, every year, after the GED (Strategic Performance Management) cycle, managers are chosen, among Administrators and Directors, to participate in the training program on our learning platform.

Engaged leadership

We held, on October 26, 2020, the Leadership Meeting, an event to strengthen the organizational culture and discuss the future of our business.

This year, due to the pandemic, the event was held online and gathered more than 325 people, including the Executive Committee, Directors, Managers, Coordinators, Leaders, the People and Culture team, and the diversity project team of Randon Companies.



Company executives and the People and Culture team presented the Diversity journey to the organization's entire leadership

It was the first time that the event had the participation of all units in Brazil and abroad, in a broadcast with simultaneous translation in English and Spanish.

The highlight theme was Our Way of Doing, which contemplates our four organizational competencies, which are the behaviors that drive a leadership with a vision of the future that guarantees the sustainability and results of the business.

In addition, the event highlighted the Diversity Journey, presenting the company's strategy in relation to the theme and its developments to promote a safe, respectful, and diverse environment.

OUR WAY OF BEING AND DOING >>> LEADERSHIP MEETING

TOPICS

- Our Way of Being and Doing: with a greater focus on #Inspiring and #Influencing
- Future of Work and Management;
- Competencies of Randon Companies and the Future of Work;
- Sustainability in the context of Diversity by bringing in the ESG concept;
- Inclusive and Transformational Leadership;
- Diversity at Randon Companies: Our Strategy.

INTERACTIVITY

- More than one platform to promote unique interactions and experiences (WhatsApp, Yammer, Hotsite and Teams);
- More than 100 interactions during the event.

Diversity

Our diversity strategy seeks to provide a diverse and inclusive environment for our employees, customers, communities, and partners, reinforcing the principle of **valuing and respecting people**.

We created a working group formed by the areas of People and Culture, CSC and Compliance and Ethics and, with the support of an external consulting firm, we carried out a diagnosis to identify the company's main challenges and build an action plan on the subject.

The strategy is based on looking at diversity from multiple identities represented within the organization. Thus, we seek to advance the inclusion of each employee's thoughts, ideas, and perspectives, recognizing journeys and adapting processes to ensure an environment that generates feelings of belonging and authenticity.

Our strategic drivers include organizational commitment, strengthening an inclusive culture, increasing the representation of minority social groups, and governance of the process. In addition, we count on the tactical guidelines for this journey to be built and developed, whose main focuses are: education and communication, policy and process review, committee and affinity groups, brand and reputation, and the global challenges.

Strong culture

The diversity of our team is strengthened by our global presence. About 10% of our employees are located in 16 countries on four continents.

To ensure that we can learn from plurality – respecting their particularities while being connected by the same corporate culture – since 2018 we have developed the Global Human Resources Project, which aims to support the business to achieve growth through sustainable policies and culture.

The Project implements the Brazilian operation methodology in our companies in Argentina and Uruguay, respecting the local culture and laws. With it, we promote a welcoming work environment that values people, keep our leaders engaged with our values and principles, develop the HR area in companies in other regions, and attract and retain the best people with competitive salaries and benefits.

2020 RETROSPECTIVE DIVERSITY

Before the start of the Diversity Journey, we had already developed some actions focused on this subject throughout the year of 2020! Check them out:

Immigrants' Journey <small>Listening to understand the difficulties and providing support.</small>	Space for Breastfeeding <small>CSC (Wellness) and CS project to welcome mothers back to work.</small>	Motherhood Journey <small>Listening to understand difficulties and provide support.</small>	Management Orientation <small>Leadership conversations about the topic.</small>
Disabled Persons Journey <small>Listening to understand the difficulties and provide support.</small>	Diversity Tour <small>With the theme: Journey of the Self: bringing reflections and discussion about the theme with the leadership.</small>		
Leadership Meeting <small>Starting point of the Diversity journey.</small>	Benchmarking sessions with People and Culture <small>Exchange of experiences with other companies.</small>	Sign language at 200% <small>Wellness / CSC and Implements Stamping Unit promote classes with the dead.</small>	
Engagement Actions <small>Talks, study groups, initiatives for reflection on the theme.</small>	Updated content on PRA/VC <small>New contents on diversity.</small>		
Randon App <small>Information on the theme and curiosities.</small>	Surveys <small>Online meetings to share data from the Automotive Sector.</small>	Lectures at SEPAT <small>Inclusion of the diversity agenda in the event.</small>	Disabled Persons' Sponsor's Day <small>Listening to understand difficulties and provide support.</small>
Sign Language Workshop at SEPAT <small>Insertion of the agenda in the event.</small>	Brainstorming <small>Dynamics to develop action plans on the subject.</small>		

New initiatives are planned for the year 2021.
Keep track & participate!

DIVERSITY
EQUAL IN DIFFERENCES

RANDON
Companies

Labor Relations

GRI 102-41

Randon Companies, in respect to the care and appreciation of people, maintain and have strengthened its own area to deal with Labor and Union Relations in order to establish a specialized dialogue and build solutions that meet the needs of the Company and of the workers' union representatives.

Every year, we negotiate and sign collective norms that enable healthy labor relations for both our employees and the communities in which we operate. By 2020, 97.7% of employees were covered by collective bargaining agreements at companies located in Brazil.

Also, because of the novel coronavirus pandemic, we had a greater demand for collective bargaining that was carried out with proactivity and efficiency by our team. In total, we carried out the negotiation and signature of 26 collective norms (Collective Agreements and Extraordinary and Ordinary Collective Agreements) in ten union bases.



During the pandemic, there was greater demand for collective bargaining

The effort to sign these collective norms allowed the company's units to maintain their operations in full or partial functionality through flexibility instruments, such as: the use of a time bank; the practice of home office, the reduction or suspension of work hours, the adoption of flexitime and the exchange of holidays, which mitigated negative impacts on employment and income in line with the needs of employees.

Health and Safety

GRI 103-1; 103-2; 103-3

Management

GRI 403-1

For us, the individual and his/her integrity are values that are above all other priorities. Therefore, we conduct our Occupational Health and Safety (OHS) Management in an integrated manner, guaranteeing our employees a safe and healthy work environment.

Guided by the **Health, Safety and Environment (HSE) Policy**, we have established all the necessary processes to reduce the employees' exposure to any risk inherent to the work environment and ensure that no emergency, production, or result compromises health, safety, and environmental protection.

All of the group's companies have an integrated management system, and some are certified by OHSAS 18001, which monitors strategic indicators in OHS (Occupational Health and Safety) and sets targets for improvement.

Health management is guided by three strategic pillars: medical care, occupational medicine, and preventive medicine. Each pillar meets specific objectives, which are aligned with the needs of all the companies in the group and synchronized with all the system's stakeholders: companies, health insurance carrier, and occupational safety.

Prevention culture and excellence

GRI 403-4, 403-5

We encourage a culture of prevention, because we believe that, when successful, besides empowering people, it ensures quality improvement, productivity, and the organization's results.

The One Attitude Changes a Life initiative is part of our efforts to engage employees to adopt preventive and safe behaviors.

We promote the training, education, and guidance of employees to preserve the preventive culture and reinforce the commitment to the best performance in Health, Safety, and Environment.



5 prevention attitudes

- 1 **ASSUMING**
the commitment
- 2 **CARING**
for myself, for one another, and for the whole
- 3 **SHUTTING DOWN**
the activity in case of risk
- 4 **REPORTING**
any non-compliant situation
- 5 **VALUING**
prevention above all

Management, in partnership with the Health, Safety and Environment (HSE) team, has built performance standards for leadership engagement that establish practices to strengthen and streamline the process, such as:

- HSE Dialogs that discuss with all employees important aspects related to the topic;
- Active care workshops;
- HSE inspections to verify the conditions of the work environment and possible environmental impacts, as well as to define improvement actions;
- Investigation of 100% of the occurrences and implementation of action plans to remedy them.

In addition, in 2020, due to the Covid-19 pandemic, we have further strengthened our preventive care, with strict protocols and daily monitoring of withdrawals. To learn how Randon Companies have acted in the face of the pandemic, see the chapter Our Actions Towards Covid-19, page 08.

Communication

GRI 403-4

To implement and evaluate the Occupational Health and Safety Management system, we maintain participative and consultative processes with our employees and service providers.

Meetings and gatherings are held – in addition to communication channels such as the Randon App and WhatsApp – where we provide guidance and collect data that allow us to move forward in our preventive culture:

- **Dialogs on HSE:** practice for strengthening the culture focused on guidance and reports of occurrences that include employees and service providers, held at least twice a week.
- **CIPA (Internal Commission for Accident Prevention) meetings:** count on the participation of employees and service providers to discuss and observe the risk conditions in the work environments and seek prevention measures.



Ana Marcelli, Occupational Safety Engineer at Master

We have programs for incident reporting (one of the five actions of the prevention program), in which employees can report the occurrence of incidents. In addition, our Ethics Channel (learn more on page 35) is also available for reporting unsafe situations. The cases are addressed to the responsible areas for evaluation, and the process is carried out with confidentiality and guaranteed anonymity.

Training

GRI 403-5

We manage the training of employees through the education team with follow-ups in the units' monthly HSE performance meetings. For service providers, the control is carried out through the Service Provider Portal. If the certificate expires, the service provider is unable to access the company until a new certificate is issued.

Get to know our training structure:

- **HSE Excellence Center:** a space available to all Randon Companies that makes differentiated technologies available locally for training sessions, workshops and events.
- **Distance Learning:** We have an online platform with content and training focused on Regulatory Standards (NRs), sustainability, and other relevant issues in Health, Safety, and Environment. By 2020, three more NRs will be available for retraining on the platform.

- **Prevention game:** we developed the prevention game to improve risk perception and support the training of our team. In 2020, due to the pandemic, we temporarily suspended the initiative to avoid possible contamination of employees, since to participate they must share the virtual reality headsets.

Health and Safety Training

GRI 403-5

NR 05	CIPA	NR 11	Sweeper
NR 10	Safety in Facilities and Services with Electricity	NR 11	Electric Vehicle
NR 10	SEP - Power Electric System Security	NR 12	Machinery and equipment
NR 11	Electric Reach Truck	NR 13	Boiler Operator
NR 11	Electric Trilateral Forklift Truck	NR 14	Furnace Operation and Safety
NR 11	Tractor Operation	NR 18	Work at Height Platform
NR 11	Electric and Combustion Forklift Truck Operator	NR 20	Fuels and Flammables (Basic)
NR 11	Electric Pallet Truck	NR 20	Fuels and Flammables (Intermediate)
NR 11	Stacker Crane	NR 20	Fuels and Flammables (Advanced)
NR 11	Crane, Hoist and KBK	NR 23	Emergency Brigade
NR 11	Electric Tug	NR 33	Confined Space - Supervisor
		NR 33	Confined Space - Worker and Watchman
		NR 35	Work at Height - Worker and Watchman

Health promotion

GRI 403-6

Randon Companies have health centers strategically located, which provide geographical coverage to our employees and are aimed at facilitating access and support to health.

SSI Saúde, a self-managed health plan operator registered with the ANS (National Supplementary Health Agency), is responsible for the integrated management of health and has administrative headquarters and a service center with local care in medical specialties (clinical medicine, pediatrics, gynecology, obstetrics, and orthopedics).

Beneficiaries have access to all specialties through an accredited network with more than 700 service providers, meeting all the strict requirements established by the ANS.

In 2020, to prevent the spread of Covid-19 inside the units, the company implemented advanced health centers with the presence of specialized technical professionals, who identify possible symptoms and refer employees for care with the medical team. To learn more, see the chapter Our Actions Facing Covid-19 on page 8.

Accident Prevention Week

Every year, we hold the Accident Prevention Week (SEPAT), with the objective of engaging our employees and the community and reinforcing the socio-environmental processes and practices for accident prevention.

This year, in light of the Covid-19 pandemic, we held an online event focusing on the topics of mental health and diversity and inclusion.

In addition, to reinforce the One Attitude Changes a Life campaign, we distributed kits to all employees, with a customized antiviral cloth mask for SEPAT 2020 and customized thermometers for the units that have the SSI Saúde health plan.



During SEPAT, employees received a mask with antiviral fabric

SEPAT 2020 Schedule

We organized several actions with livestreams transmitted via Teams:



Mindfulness

For learning practical techniques that help focus on the present moment, making the mind more awake and healthy!



Respect and Diversity in Relationships

For learning about diversity and the differences that make us equal!



Libras (Brazilian Sign Language) Workshop

For learning in a simple and fast way how to communicate through sign language!



Know Your Culture Webinar

For leaders to learn a little more about the culture of prevention and to disseminate it to their teams!

Risk and impact management

GRI 403-2, 403-7, 403-10

Through the HSE area, we survey the occupational risks that may expose our employees and apply strict control actions to ensure safety in operations.

In 2020, we mapped the most critical risks for the Organization and built roadmaps in each unit in order to define the strategy and resources needed to eliminate them.

Critical risks are managed through indicators that consider all accidents and incidents in this category: the Frequency Rate of SIFs (Serious Injury and Fatalities) and PSIFs (Potential Serious Injury and Fatalities).

In addition, we also investigate non-critical incidents, which are handled by the unit's HSE area together with a multidisciplinary team. Both are reported and followed up in the monthly company performance meetings and in the HSE meeting with the Executive Committee.

The results are shared between the leaders and the employees, in order to make the most exposed groups aware of the need to follow the preventive and control measures already implemented. The leaders also help monitor the effectiveness of these actions and, when necessary, help design alternatives that make operations increasingly safe.

We have the **Change Management Guide**, a document that reinforces the importance of preventive analyses of possible impacts in the areas due to changes in processes (layout, acquisition of new machinery, etc.).



Use of autonomous vehicles for internal transportation of parts at Fras-le reduces risks for professionals

Work-related diseases

GRI 403-3; 403-10

We monitor occupational health and critically evaluate the conditions at workstations – bringing together physicians, engineers, and ergonomists in this process – and present the occupational disease indicator continuously at top management meetings. The indicator is a thermometer that helps us improve our management on the subject.

Our monitoring consists in carrying out periodic exams to identify alterations in the employees' health and ergonomic analyses, in order to verify possible problems at workstations. In addition, we have the Hearing Protection and Conservation Program that allows us to manage everyone's hearing health.

All employees are summoned by means of communication campaigns to participate in the occupational health programs and actions. The employees' health data is analyzed and classified in order to implement corrective actions, respecting the information privacy and security criteria.

We offer systems to protect all employees, such as collective protection equipment, individual protection equipment – through biometric registration – and require the use for visitors and service providers. In addition, our plants have adequate signage to meet safety requirements. We also have an **Ergonomics Manual**, which guides our teams in the installation of new infrastructure projects.

In 2020, we registered nine cases of work-related diseases, the main cause of which is related to ergonomic issues. To reduce this number, we implemented a dashboard made by an ergonomist to manage the ergonomic analyses of all workstations, with mapping by criticality, execution, and monitoring of actions. The follow-up is carried out monthly in HSE performance meetings in each of the units.

We also hold monthly meetings with the safety engineers and the work physician responsible for the Occupational Health Medical Control Program, aiming at alignments, discussions of risk situations, and improvement opportunities.

Fatality

Despite all preventive actions to ensure a safe work to all our employees, Randon Companies are very sorry to have recorded a fatality in 2020. An employee of the Fremax unit, a Fras-le subsidiary located in Joinville-SC, was involved in an accident while accessing a restricted area.

An audit was conducted to identify the causes and opportunities for improvement in order to eliminate the possibility of reoccurrence.

Randon Companies reaffirm their purpose that the safety of people and their integrity are values that are above other priorities.

Performance

GRI 403-8, 403-9, 403-10

Workers covered by an occupational health and safety management system

	2020 ¹	
	Employees	%
Individuals covered by an occupational health and safety management system, based on legal requirements and/or recognized standards/guidelines	12,239	100
Individuals covered by an internally audited occupational health and safety management system, based on legal requirements and/or recognized standards/guidelines	12,239	100
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	8,088	66

Work-related injuries²

	2020 ³	2019 ⁴	2018 ⁵
Number of hours worked	17,382,074.55	19,586,198.57	19,023,481.49
Basis of hours worked (200.000 or 1.000.000)	1,000,000	1,000,000	1,000,000
No. of deaths resulting from work-related injuries	1	0	0
Fatality rate resulting from work-related injuries	0.058	0	0
No. of serious work-related injuries (excludes deaths)	1	6	2
Rate of serious work-related injuries (excludes deaths)	0.058	0.306	0.155
No. of registered work-related injuries (includes deaths)	174	230	240
Rate of recorded work-related injuries (includes deaths)	10.01	11.74	18.56

1. All employees and service providers are audited internally. As for external audits, the companies that have OHSAS 18001 were considered, and they were: Jurid do Brasil, Suspensys, Castertech, Master, Jost, Randon Implementos (Caxias do Sul-RS) and Fras-le.

2. All accidents with or without lost time are considered in the calculation.

3. All Randon Companies were considered.

4. In addition to those cited in footnote 1, Fremax is added.

5. Companies considered: Randon Implementos, Randon Chapecó, Randon Araraquara, Randon Argentina (as of February), Randon Veiculos, Master, Jost, Suspensys, Castertech, Fras-le, CTR, Controil, Jurid do Brasil, FNAI and Fras-le ASIA.



Romildo, commercial consultant at Randon Consórcios, and Jociane, Credit Analyst at Randon Consórcios

Chapter 6

Relationships

66

Related Capitals::



Related SDGs:



Customers

GRI 102-43, 103-1, 103-2, 103-3

At Randon Companies, quality, safety and customer satisfaction are fundamental for the sustainability of our business. We work together to deliver our customers products with high quality and performance, and maintain a close relationship to serve them in the best possible way before, during, and after the sale.

Listening and evolution

All our companies have a schedule of visits and meetings. In these meetings, we seek to collect information about the customers' main needs and provide post-sales assistance to respond to specific demands.

We take part in the sector's largest trade shows and promote events to present novelties in our products and services, aiming to strengthen our brand and commercial relations.

We also offer technical and commercial training on our products to customers, with guidance on use, safety and, for specific products, training for operation.

During the pandemic, in-person visits and meetings were reduced and, to keep the relationship active with this public, we sought new solutions: we increased the number of telephone contacts, started to hold meetings online, and made channels available, such as WhatsApp, to serve customers who need on-site evaluation in the assembly and application of products.

Regarding training, in 2020, before the pandemic started, training sessions were held in person for fleet owners, distributors, sales network, and potential customers, both in the Brazilian market and abroad (Peru, Costa Rica, Colombia, Mexico, and Argentina).



Move, Randon Implementos' sales training, held before the Covid-19 pandemic

Customer service

We provide service channels to our customers by a toll-free phone, social networks (WhatsApp, Facebook, Instagram, and LinkedIn), and the Contact Us channel, available on the corporate website.

In our social media, we respond to all messages and comments, clarifying doubts and, when necessary, we take actions to solve problems and questions.

Satisfaction

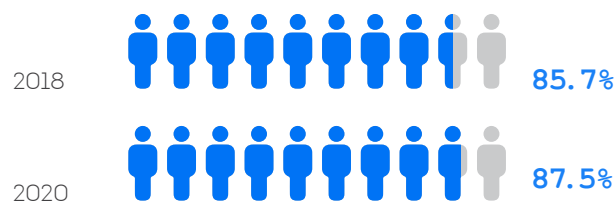
Biannually, we conduct a satisfaction survey with our clients. In 2019, the auto parts division conducted its survey and recorded a 93% satisfaction rate among all the companies that make it up. In 2020, the Trailers division conducted the survey in the second half of the year, which included 821 respondents and 95% reliability.

TRAILERS DIVISION

Participation in the survey (%)



Satisfaction index



Quality and safety of products

GRI 103-1, 103-2, 103-3, 416-2

Producing and selling quality products is among the basic principles of action of Randon Companies. Our processes are certified by environmental, health and safety quality management systems and by technical certifications for supplying to the automotive industry, both in Brazil and in other countries where we operate (ISO 9001:2015, ISO 14001:2015, IATF 16949:2016, OHSAS 18001:2007, ISO 45001:2018 and ISO/IEC17025:2017).

We meet the legal requirements linked to regulatory standards and ordinances, such as those of the National Institute of Metrology, Quality and Technology (Inmetro), and we evaluate, whenever necessary, any certifications applicable in other markets that require tests and analyses specific to that country or geographic region. In addition, our products are free of restricted substances.

In the consortium services segment, we have been certified since 1997 by ISO 9001:2015. Randon Consórcios is the first administrator in the country to have its processes conducted according to these requirements, in addition to being aligned with the Excellence Model of Fundação Nacional da Qualidade (National Quality Foundation).

Our quality management makes use of technical tools such as Advanced Product Quality Planning (APQP), Failure Mode and Effect Analysis (FMEA), and continuous improvement programs to solve problems such as 8D, Problem Analysis and Solution Methodology (Masp), and Lean tools such as 6 Sigma.

We carry out internal and external audits to ensure product quality and safety, and our units are periodically assessed for compliance with customer requirements.

We also audit suppliers for compliance with quality, occupational health, and safety requirements in their operations. In 2020, we recorded no cases of non-compliance related to the impact of products and services on customer health and safety.

Privacy and data protection

GRI 418-1

We are committed to personal data security and customer privacy, following the guidelines of the **Personal Data Privacy Policy**, which establishes guidelines, strategies and responsibilities in the governance of personal data privacy at Randon Companies to ensure compliance.

The policy was approved by the Board of Directors in early 2021 and has its effectiveness continuously evaluated by the Executive Committee. In addition, we have the Privacy Committee, formed by representatives from the Compliance, Legal, IT&CSC, Financial Services and Digital Business Management departments, which is responsible for monitoring and mitigating privacy risks, providing solutions to problems and supporting the dissemination of the privacy culture in all Randon Companies.



In 2020, data processing in the company's operations were mapped and actions were established to adapt and comply with the Brazilian law LGPD (General Data Protection Law), which are directed by the Risk Management and Compliance area, responsible for the governance of personal data privacy.



In addition, we appointed a Data Protection Officer (DPO), a person responsible for the enforcement of laws protecting personal data, and started the implementation of our privacy governance platform, LGPDNow.



We carry out awareness campaigns on Information Security with employees through the Safe Connections Program ("Programa Conexões Seguras"), and all of them sign the commitment term in relation to the policy still during the integration process.

Suppliers and service providers who handle personal data on behalf of Randon Companies must comply with the specific clauses on personal data protection contained in the contracts.

In 2020, we received no warnings or sanctions from external parties and/or regulatory agencies due to data privacy violations or substantiated complaints through our service channels - SAC (Customer Service Center) and Ethics Channel. Also, no incidents were identified in the technological controls used by Randon Companies.

Suppliers

GRI 102-9, 102-43

Overview

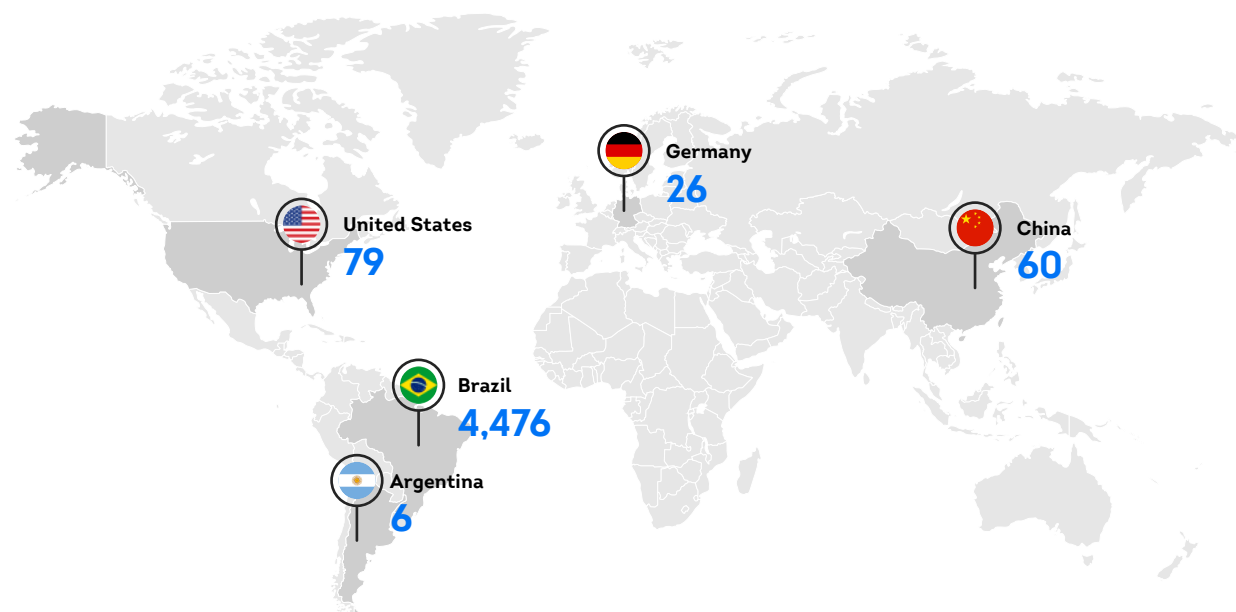
We have a supply chain that values quality and ethical and socially responsible behavior, made up of 4,763 national and international companies of the most diverse sizes and segments. In 2020, R\$ 3.51 billion was paid out in contracts with suppliers.

To guide our actions and the relationship with this public, we follow the guidelines established by the Supplier Requirements Manual (available in four languages), by the Integrity Program – consisting of the Code of Ethical Conduct, the Anti-corruption Policy, and the Ethics Channel (more on page 32) – and by the Related-Party Transactions Policy (more on page 33).

The manual establishes criteria for the selection, evaluation, and monitoring of suppliers, with regard to quality, logistics, after-sales, commercial, environmental, occupational health and safety, and social responsibility issues.

Thus, to make up our supply chain, companies must comply with all requirements and report their economic and financial indicators, commercial conditions, quality of products and services offered, as well as commit to ethical and socially responsible behavior.

Five regions with the greatest number of suppliers



70

Selection and monitoring

For selection of product suppliers, we require certifications for their management systems – such as ISO 9001 – for safety products, and for the quality management system and IATF 16949.



Supplier Portal

The Supplier Portal (a web system available in two languages) is the main means of communication with the supply chain.

In it, the selection, evaluation, and monitoring of suppliers and the sending of documentation between the parties are carried out, such as the production part approval process (PAPP), the process audit report, and the management of action plans and the disclosure of indicators (Supplier Performance Index).

Thus, all the negotiations are registered and available for consultation, as well as documents for download (manuals, goal chart, editable forms, etc.).

We also recommend ISO 14001 certification for the environmental management system. All suppliers must keep their management system certificates updated in the Supplier Portal for monitoring. To support this process, we take customer requirements into account, as well as using the automotive industry's quality tools (core tools).

During the selection process, we also conduct technical visits to evaluate the commercial, production, quality, and engineering issues of the companies. In addition, we conduct process audits to evaluate the management system and specific questions about manufacturing processes that are considered special. To do this, we have technical teams based in Brazil, India, and China.

We monitor suppliers through the information available on our portal. We rely on indexes that evaluate the performance of each supplier, based on their compliance with the minimum requirements (certifications, operating license, Fire Department license, and blacklist of slave labor) and we manage them so as to have a supply chain aligned with the corporate purchasing strategies of Randon Companies.

Suppliers that do not comply with the requirements are triggered and given a deadline to implement improvement actions. Those who do not meet the stipulated deadlines and are classified as low performance suppliers (not meeting the minimum requirements) have their contracts suspended.

Every year we hold the Supplier Meeting, one of the most awaited events by our supply chain, where we share relevant information to the segments in which we operate and to the market in general, as well as align our strategies and expectations for the supply chain.



Marcelo, Director of Corporate Purchasing and Integrated Logistics

During the event, the Supplier Awards are also held, where the suppliers that presented the outstanding project in three categories are recognized: competitiveness and cost reduction, innovation and technology, and sustainability focused on the production process. Due to the pandemic, we did not have the award ceremony in 2020, but the Meeting was held for the first time in digital format, in a live broadcast.

In addition, we carry out the suppliers' due diligence process, an analysis of the integrity of third parties with the purpose of identifying facts or evidence of non-compliance with the ethics and values of Randon Companies, focusing on fighting corruption.

The management and operation of the due diligence portal is performed by an independent and specialized company. In 2020, 371 suppliers went through the process to ensure compliance with good practices and processes in line with the Brazilian anti-corruption legislation (Law 12,846/2013).


Supplier evaluation process summary table

Supplier type		Evaluation criteria	Control criteria
Direct	Provide materials and services applied in our products	According to the Supplier Requirements Manual Due diligence	Global supplier performance index (IDGF), quarterly ranking and lists of approved suppliers
Indirect	Provide materials and services not applied in our products	Due diligence	Lists of approved suppliers

Digital contract

We count on a digital tool to manage supplier contracts that uses electronic signatures, as provided in the MP 2.200-2/01, and digital signatures, via ICP-Brasil. With this resource we avoid the printing of physical copies of contracts and legal documents, which in great part, now circulate only electronically, contributing to the reduction of environmental impacts related to the printing of documents.

- Environmental Impact + Sustainability:


13,647 lb
 of wood

41 trees


40,183 gal
 of water

29 washing machines


32,033 lb
 of carbon emissions

3 cars


2,218 lb
 of waste

37 garbage cans

Values since the system implementation in 2019 and 2020.

Investors

GRI 102-43

The Investor Relations (IR) area is responsible for contact with investors, whether they are shareholders or not. We hold meetings with sell-side and buy-side professionals and individuals, which include presentations of quarterly results, participation in conferences, group meetings, live casts, and podcasts, in addition to holding quarterly audioconferences of results.

For 20 years we have held, in partnership with the Association of Capital Market Investment Analysts and Professionals (APIMEC-SP), a meeting aimed at investment analysts and professionals. In 2020, the event took place in August, via online transmission, during which we were awarded the institution's Platinum Seal.

In addition, in December, we promoted Randon Day 2020, an event aimed at our investors to present the challenges, prospects and strategies for Randon Companies to follow their purpose. In all, more than 300 people attended, who were able to follow the presentations and participate in a Q&A session with the Company's management.

Four panels were presented: "2020 Challenges and Outlook for 2021," "Operations," "Innovation Culture," and "ESG." The presentation materials can be found on the **Investor Relations website**.

Ratings received

In September 2020, S&P Global Ratings reaffirmed the long- and short-term issuer credit ratings of Randon Implementos e Participações S.A. on the National Brazilian Scale, brAA-/brA-1+.



CEO Daniel Randon presents the challenges and prospects of the company to investors

AS A RESULT OF THE IR TEAM'S PERFORMANCE, IN 2020 WE WON **1ST PLACE IN THE LATIN AMERICA EXECUTIVE TEAM AWARDS** IN THE CATEGORIES BEST IR PROGRAM, BEST IR PROFESSIONALS, BEST INVESTOR DAY, BEST CEO, AND BEST CFO.

We also use virtual platforms such as the company's Investor Relations website, LinkedIn, and mailing list to make information available. When the initiative comes from the investor or analyst, contact can be made through our specific IR website, e-mail address dedicated to IR, telephone contact, as well as requests for face-to-face meetings.



Daniel, our CTO, and Veridiana, Planning and Corporate Communication director, talk about the innovation culture at Randon Day

Startups

GRI 102-43

We engage with startups through contracting services and solutions, challenges, and investments.

Through our collaboration and open innovation front, following the example of **ExO** (learn more on page 95), our intrapreneurs look to the startup ecosystem for ready-made solutions to organizational problems. In addition, we rely on the technology of startups in the process of developing new products.

At Hélice and Conexo (learn more on page 93), we launch challenges with real problems that can be solved by startups. Through Randon Ventures we invest and accelerate startups that have products and a dedicated team focused on segments that complement our business (learn more on page 97).

We participate in and sponsor events aimed at the startup ecosystem and have a **digital platform** that brings us closer to startups. In addition to connecting to our network, you can register and access projects that are in progress.



Solution from Startup Sirros IoT connects machines of Randon Implementos and of five other units of the group

Communities

GRI 102-43, 103-1, 103-2, 103-3, 413-1

At Randon Companies, we believe that by caring for people and the communities where we operate, we can expand our ability to generate value to society. Through **Instituto Elisabetha Randon (IER)**, we invest in projects to meet the demands and expectations of these communities.

So that our projects can be effective generators of value, every two years we conduct a survey – together with the Union of Neighborhood Associations of Caxias do Sul (RS), the company's headquarters city – to understand what the residents expect from our social projects and what the most latent needs of the communities are.

The Institute publishes an annual IER Activities Report, which is evaluated by external auditors, whose opinion is included at the end of the document. In addition, we publish the Report on the Use of Public Resources, which describes the projects financed with public resources.



Learn more at:
bit.ly/38XB9ra

IN 2020, WE INVESTED **R\$ 7.7 MILLION** IN PROGRAMS AIMED AT THE SOCIAL DEVELOPMENT OF THE COMMUNITIES IN THE REGIONS WHERE WE OPERATE.



360 and **78**
 CHILDREN ADOLESCENTS SERVED

Established in 2003, Instituto Elisabetha Randon is a Civil Society Organization with Public Interest (OSCIP) which manages the private social investment of Randon Companies.

The Institute's projects seek to promote citizenship and social development through education, culture, and social assistance.

IER also supports challenges connected to the performance of Randon Companies: education for traffic safety and professional technical training. The Institute's resources come mostly from tax incentives from Randon Companies and also from donation campaigns, including through the Institute's website.



Learn about the stories that transform children and adolescents into citizens aware of their social role:

<https://bit.ly/31emraW>

Relationship with local communities

We are structuring an evaluation and monitoring process of the impacts of our activities on the surrounding communities, through the HSE area, which will be published and implemented as of 2021.

For doubts, complaints, and requests for information by the local communities, we have made the [Contact Us](#).

Learn in more detail about the programs below.



The Florescer program is a social responsibility program of IER and its mission is to prepare socially vulnerable children and young people to exercise citizenship, promoting the improvement of their life quality.

Since its creation, the program has been benefiting children and youngsters from 6 to 15 years old for free, offering pedagogical, cultural, and sports activities, held in the shift opposite to the regular school shift. In 2020, 360 children benefited from the project.

After completing their training in the Florescer Program, young people who are interested in continuing in our programs have the opportunity to join the Florescer Program for Professional Initiation.

The program offers a technical-professional course focused on training young people between the ages of 15 and 16 to become Administrative Assistants. The project is a partnership between IER and SENAI (National Service for Industrial Learning).

Throughout 2020, a series of actions were carried out to continue the work in the context of the pandemic and support children, young people and their families at this time. Among them are:

- **Distance Learning:** Videos produced by educators
- **Solidarity Livestream:** with the participation of the Mais Música Project;
- **Educator's Day:** with a tribute to the educators who are part of the program;
- **Children's Day:** carrying out online recreational activities and competitions, online, and delivering kits containing sweets and books to the children participating in the program;
- **Donations:** food baskets, hygiene kits produced by the educators, and computers for distance learning for the families of the program participants.



Florescer's young musicians were one of the attractions of our Christmas Live broadcast

Due to the pandemic, we have postponed the completion of the Florescer Professional Initiation course to the beginning of 2021. Of the 76 young people enrolled, 74% were inserted in the labor market and 29% entered higher education.

In 2020, we received 152 applications for the Florescer Program and 45 applications for the Florescer Program – Professional Initiation 2021, considering the spontaneous demand from the community and the public notice of enrollment opened in October for employees of Randon Companies.

Monitoring

We monitor and evaluate the social impacts of the Florescer Program in the communities based on surveys with beneficiaries and family members that help us to enhance the positive impacts on these communities.

In addition, the projects linked to the program undergo periodic inspection by the municipality's public bodies, such as the Social Assistance Foundation, the Municipal Council for Social Assistance, and the Municipal Council for the Rights of Children and Adolescents.



Learn more about the program at:
bit.ly/3hRGJ1j

Florestar Project: planting the future

Launched in 2020, in partnership with Randon Technological Center (CTR) and funded by the Department of Labor and Social Assistance of the State Government of Rio Grande do Sul, the project encourages environmental preservation through education and conservation practices.

In total, 40 children and teenagers from the Florescer Program participated, who, accompanied by biologists, educators, and social workers, planted a vegetable garden with native species and a compost bin.

Besides the practical activity, the initiative covered educational content about the environmental preservation of fauna and flora, seed collection, seedling care, types of management, and the composting process for the production of fertilizer.



As a company related to the transportation sector and that works to provide safety to its customers, we are concerned with encouraging preventive behavior and contributing socially to reducing the number of traffic accidents.

Therefore, IER seeks to encourage safe behavior through traffic safety educational actions, such as lectures, theater, tips in the media, and printed material.

Vida Sempre acts on three fronts:

- Traveling theater, with the show "Vida Sempre – A Cultura Roda nas Estradas";
- Partnership with the National Road Safety Observatory (ONSV);
- Economical and Safe Driving course for truck drivers.

In 2020, 24 performances of the traveling theater were held for an audience of 1,000 employees of the industry in Caxias do Sul (RS).

Four theatrical sketches of the show were also recorded to be made available digitally on IER's YouTube channel.



Check out the videos:
bit.ly/3rognHM

Every six months we publish awareness material about good behavior in traffic for the internal and external public.



Learn more about the program at:
bit.ly/2MMR4QR



Randon Memorial is a corporate space that gathers historical documents related to all the companies that are part of Randon Companies.

The Memorial's collection is composed of approximately 100,000 documents, including photographs, reports, videos, records of oral memory, digital media, advertising campaigns, magazines, newsletters, newspapers, and other pieces.

Of these, 45,000 records are catalogued in a computerized database. The space also has a small library with books related to the history of cargo transportation in Brazil.

In 2020, IER successfully concluded the fundraising stage for the construction of the physical space of the Randon Memorial. The construction work is scheduled for completion in December 2021.



Learn more about the program at
<https://bit.ly/397JVTa>



Since 2005, the Ser Voluntário Program has encouraged participation in community actions, promoting collaboration and solidarity while creating opportunities for the employees of Randon Companies to develop new skills and personal competences.

Each volunteer contributes by providing general services, such as building renovation and painting, maintenance, and grass cutting, contemplating three public schools in Caxias do Sul (RS), partners of the Florescer Program and other social entities.

In 2020, two actions were carried out in schools linked to the Florescer Project, the Solidarity Lives-Stream – organized by the Citizenship Committee/Ser Voluntário –, which yielded a solidarity donation for the entity CAE Beltrão de Queiroz, and a Solidarity Assembly, which collected donations to subsidize the IER's actions.



Learn more about the program at
bit.ly/2XkXybw

Programming the future

Launched in 2020, in partnership with UNIFTEC, the program aims to stimulate creativity, innovation, and cooperation by teaching programming language and robotics to socially vulnerable children and teenagers referenced by the Social Assistance Reference Center (CRAS) in Caxias do Sul (RS).

In 2020, through online classes, the activities stimulated the development of competencies and skills that go beyond the programming language itself – such as logical thinking, mathematics, writing, and the ability to solve problems – while contributing to teamwork and the building of interpersonal bonds.



Matheus, Maintenance Technician at RTS Industry

Chapter 7 Innovation 80

Related Capitals::



Related SDGs:



Innovation tradition

GRI 103-1, 103-2, 103-3

For us, innovation goes beyond the latest technology. It takes an environment and a culture where people have the resources, freedom, ability, and willingness to always invest in ideas that lead us to do better.

AT RANDON COMPANIES, INNOVATION HAS BEEN WHAT HAS DRIVEN US SINCE OUR VERY FIRST YEARS OF ACTIVITY.

Innovation, Research and Development are our priority investment focus. We have a large structure focused on the theme, dedicated teams, and a wide network of collaborators and partners, such as startups, universities, and companies.

Together we improve, reinvent, and create processes, services, and products with increasingly higher quality and efficiency, influencing market trends and contributing to the sustainability of the value chain.

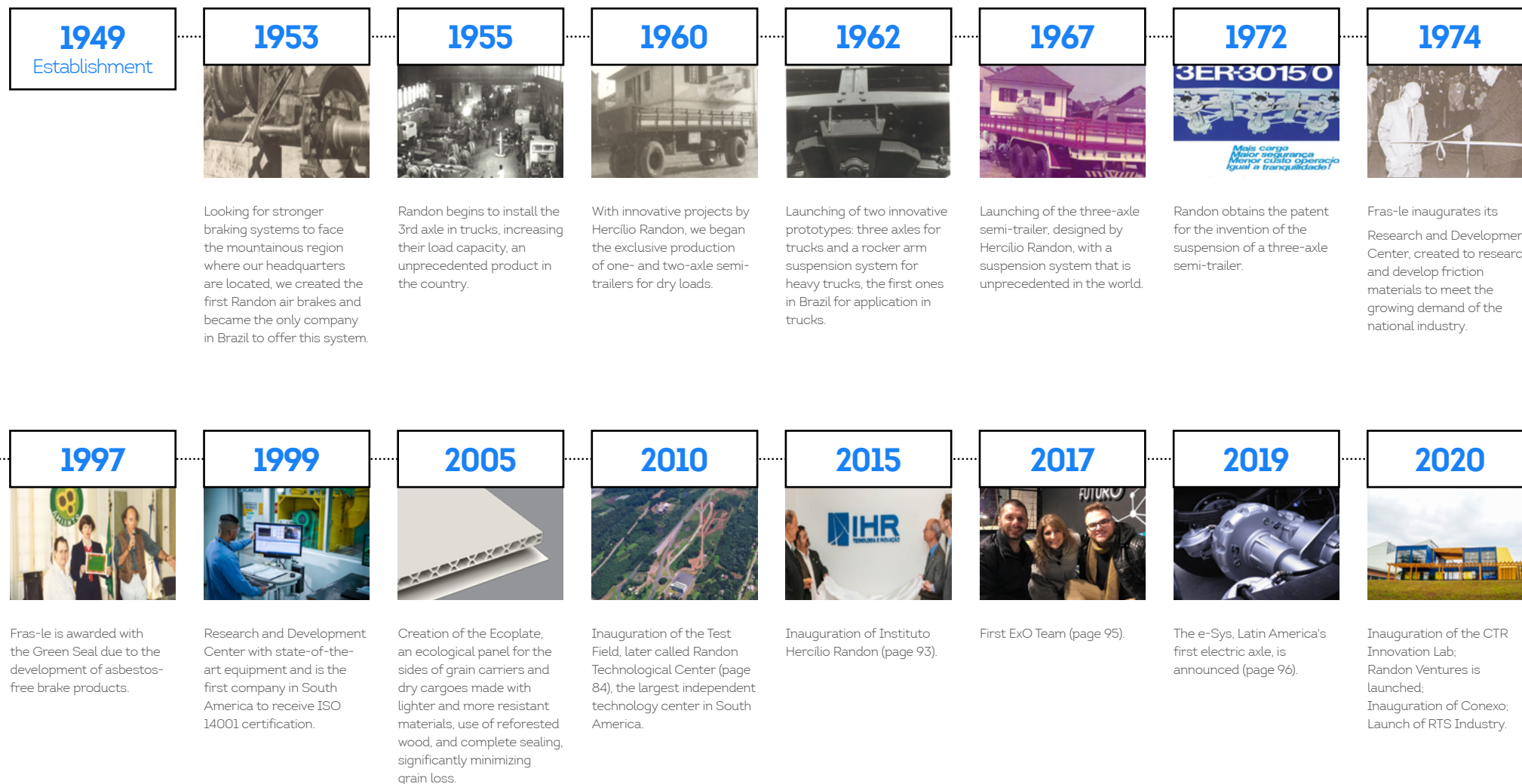


ExO Generation 4 participants

With the reduction of economic activity in the country between 2015 and 2017, part of our strategy to face the challenges was to accelerate our innovation process. To this end, we selected some professionals with an intrapreneurial profile and temporarily relocated them from the company's physical structure to test new connections with startups and their results.

The goal was for them to get new references by working in coworking spaces and innovation hubs, to explore this ecosystem, and to bring projects and opportunities to the company. This is how ExO was born, our exploratory innovation cell, which in 2020 reached its 4th generation.

Timeline



Innovation Strategy

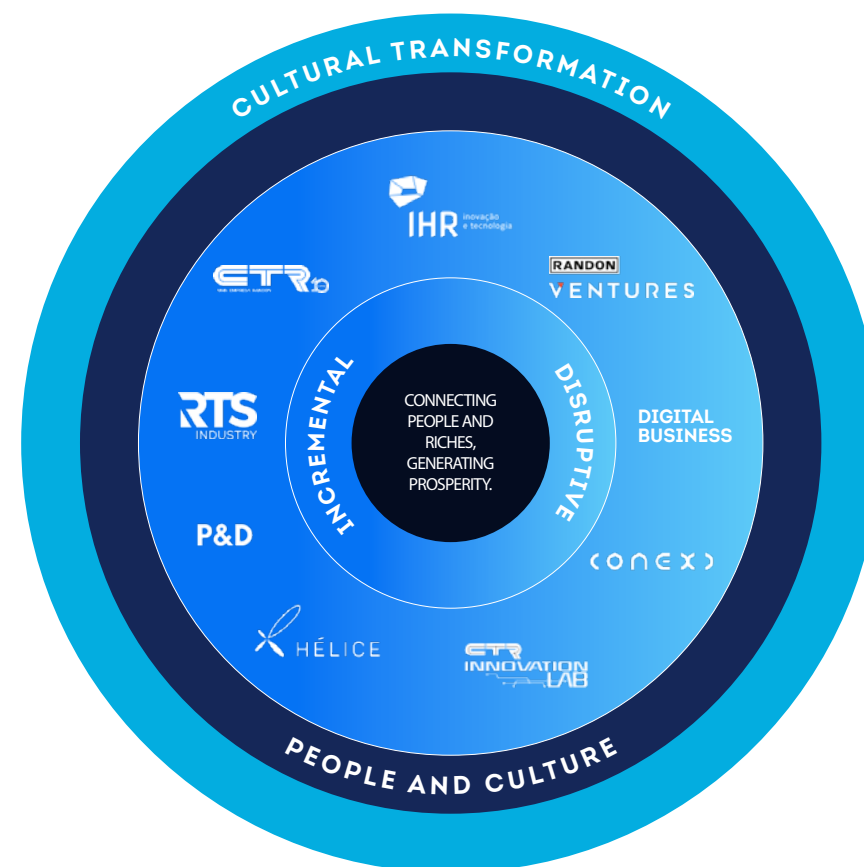
GRI 103-1, 103-2, 103-3

Our innovation strategy is structured in two pillars – the incremental and the disruptive –, from which we develop complementary initiatives, with teams specifically dedicated to each of them and supported by a solid cultural transformation process.

In the incremental, we look for innovation in solutions to deliver products with even more quality, safety and efficiency, improving the performance of our customers' vehicles.

On the disruptive pillar, we focus on the future, creating solutions today that can meet the new challenges of the market in the face of rapidly changing society.

Learn about the main innovation initiatives, projects, and structures and how they contribute to innovation in the two strategic pillars below.



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PURPOSE

All actions and initiatives are based on the purpose that has guided Randon Companies for over 70 years.



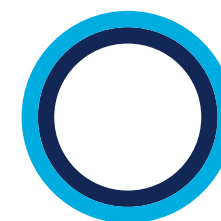
DRIVERS OF INNOVATION

The innovation process was strategically thought along two lines: incremental and disruptive business.



INITIATIVES

Each initiative has a specific purpose, but all can complement each other.



TRANSFORMATION

The innovation actions, combined with our way of being and doing, lead the company to Cultural Transformation.

Robust and Dedicated Structure

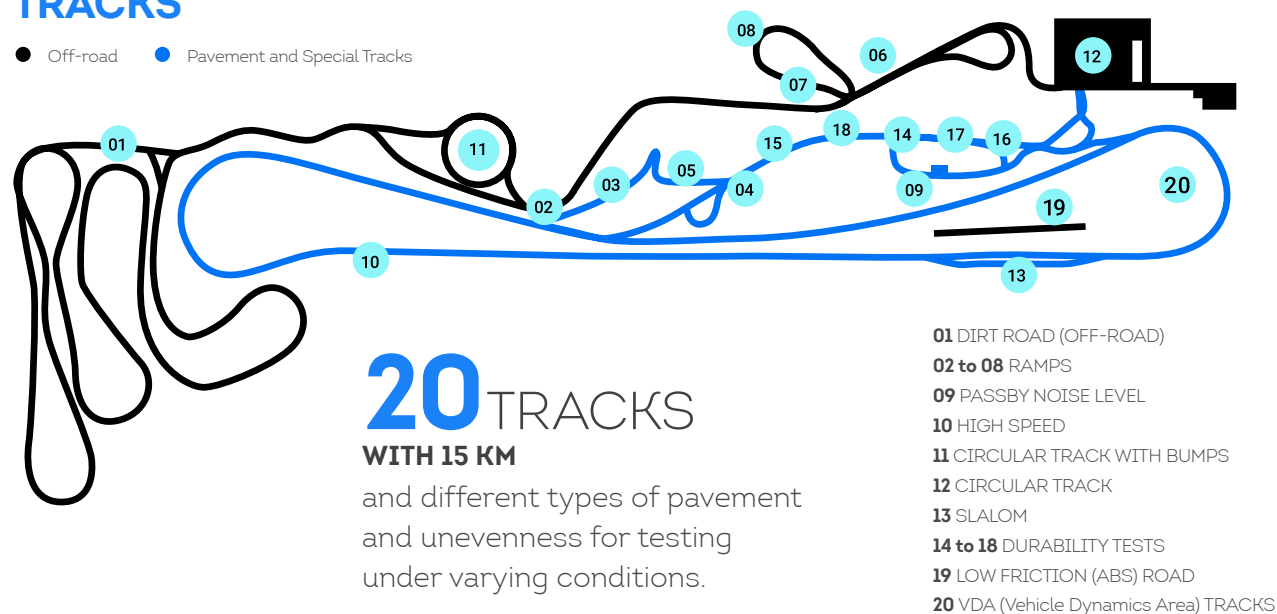
GRI 103-1, 103-2, 103-3

Random Technology Center (CTR)

ESTABLISHED 11 YEARS AGO, CTR IS ONE OF THE LARGEST INDEPENDENT AUTOMOTIVE TECHNOLOGY CENTERS IN SOUTH AMERICA AND THE FIRST AND MOST COMPLETE INDEPENDENT PROVING GROUND FOR TESTING TRUCKS, BUSES, PASSENGER CARS, MOTORCYCLES, ROAD EQUIPMENT, AND AUTO PARTS.

TRACKS

● Off-road ● Pavement and Special Tracks



CTR } **90 hectares** = **80**
in Farroupilha (RS) soccer fields!



Get to know the tracks in detail:
ctr.random.com.br/en/tracks/

Structural Testing Laboratory

2,200 m² for vehicle preparation

- 18 servo-hydraulic actuators (force multiplying "cylinders" that ensure an accurate simulation/repeat of the accelerations measured on the parts when applied by the customers).
- Seismic base of 94 m² (structure that isolates the test benches from external interferences, such as vibrations, ensuring the precision of the tests and laboratory simulations).
- Benches for high performance vibration and component fatigue testing.

The CTR serves the main national and international vehicle assemblers of different sizes, and offers its clients, besides cutting-edge technology, added services, such as an engineering team, test pilots, technicians to analyze the data collected in the field with the best and most advanced technologies, and search and delivery of the tested vehicle to the client. All with total guarantee of confidentiality of the projects tested.

Investments of R\$ 20 million were made in the expansion of the CTR - of which R\$ 11.3 million in 2020 alone -, with important advances that consolidate us as one of the main hubs of solutions for the mobility industry in the world, as can be seen below.

- Inauguration of a new vehicle dynamic area (VDA) with 53 thousand m², destined to the development, testing, and homologation of stability control systems, which will be required by law in Brazil as of 2022.
- Special low-friction track with 1,800 m² (300 m x 6 m) made of polished basalt, the largest in Latin America and one of the largest in the world.
- Enlargement of the structural laboratory, increasing the installed capacity, modernization - with new hydraulic actuators, sharing centers, and software for control - and data capture and treatment.



- We inaugurated the CTR Innovation Lab, a 300 m² space with areas destined for co-creation and functional rooms, which welcome multidisciplinary innovation teams. The Lab seeks to leverage innovative solutions and sustainable technologies, facilitating development and experimentation to support our demands and those of our partners. Learn more about the Lab on page 96.



Take a virtual tour around the CTR at
ctr.randon.com.br/en

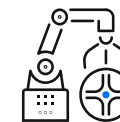
RTS Industry

With the experience of Randon Companies, a qualified technical staff, and a mature culture of innovation and automation, we identified the opportunity to expand the synergy in the development of intelligent productivity processes and systems of all units and companies of the Group.

The new company Randon Tech Solutions Industry (RTS Industry), focused on solutions and special machines, will manufacture and sell turn-key robotic cells, machines, devices and industrial tooling, in addition to providing technical engineering services and assistance in industrial automation. Thus, we

seek to accelerate our plans for the integration of special machines and automation, improving competitiveness and bringing expressive returns to industrial processes.

Learn about the pillars of the RTS Industry:



Special machines for core processes

- Productivity and Quality
- Competitive Differentials



Automation

- Productivity
- The project aims to increase the number of robots threefold in the next three years



Handling

- Productivity, Safety and Ergonomics
- AGVs, connecting, conveyors, vertical storage



Smart manufacturing

- Productivity, Visibility and Predictability
- Datalake, system integration and online factory

Special machines

We design and build special machines and devices for core processes, related to the design and manufacturing processes, as manufacturing is a key part to advance in productivity and quality.

Handling

We work to develop autonomous machines and equipment, which operate without the need of a human driver, such as: AGV's (automatically guided vehicles), conveyors and vertical warehouses, which are used to transport raw materials, finished products, pallets, etc. With this technology, we have increased safety and productivity in our operation, reducing risks at work. At Fras-le, we have invested R\$ 3 million in the application of a new system of autonomous transportation of products in the manufacturing units, which operates with four vehicles.

Smart manufacturing

Pillar that follows the worldwide smart manufacturing movements, employing integrated manufacturing and information technology, ensuring greater adaptability to the projects.

As part of this front, we installed 51 devices with Internet of Things (IoT) and cloud communication in the stamping plant of the Caxias do Sul (RS) Unit and increased the availability of our equipment – presses, folding, guillotines and laser – by 4%, monitoring them fully autonomously and online.

With the success of the initiative, we expect to implement IoT devices in more than 40 pieces of equipment among the units in Caxias do Sul, Araraquara, Chapecó and Randon Argentina throughout 2021.

In addition, for some years now, Randon Companies have been developing projects in digital manufacturing and adopting new technologies in order to identify opportunities to improve production and logistics processes through software and 3D simulations.

Thus, in search of greater strategic and operational synergy, the projects are now being conducted by different units of the company, such as Randon Implementos, Fras-le, Suspensys and Master.



87



Listen to our podcast on the channel Randoncast at Spotify (spoti.fi/3qRhW1b)

#16 Smart manufacturing as a competitiveness strategy and understand how a smarter industry can contribute to more competitive organizations.



Many sectors, when automating processes, create a robot-like communication to remember which activities are being performed by RPA

Digital business

We are in the midst of a digital transformation process and we want to disseminate the use of technologies among Randon Companies. In 2020, the Digital Business area expanded its activities in Robotic Process Automation (RPA), Data Science and Artificial Intelligence, and Digital Solutions. Learn more about the results already obtained.

RPA technology

Robotic Process Automation (RPA) automates processes by eliminating repetitive or low value-added activities, enabling gains in time availability so that our employees can focus more on analytical activities, where human skills are essential.

In 2020, we expanded the department and:

- We have identified more than 150 opportunities for implementing RPA technology;
- We implemented 180 robots in 97 processes;
- We have cleared more than 3,500 hours per month, that were previously consumed in operational processes and activities.

With the high demand coming from the Covid-19 impacts, Robi, the RPA that supports the call center (CAER), answered more than 500 calls, a great test for technology that allows us to move quickly in improvements.

Data science and artificial intelligence

Data culture is very important for our business. In 2020, we developed Artificial Intelligence (AI) algorithms that were applied to product development, people management, logistics information, and financial services. The projects were developed internally in partnership with startups, by the Data Science team.

Digital solutions

We employ agile methods to accelerate digital transformation in order to solve problems specific to our operations. In 2020, due to the impact of MP 936, we evolved in the development of digital products into services with the delivery of an app for calculating wages (learn more about our digital solutions in services on page 92).

Mobility Megatrends

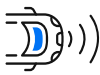
GRI 103-1, 103-2, 103-3

The automotive industry is undergoing the greatest transformation in its history since the late 19th century, when the car was invented, bringing major changes in both the product and the way transportation is used. In this context, we have identified transformation-relevant megatrends that will guide the future of transportation:



MOBILITY AND ELECTRIFICATION

Initiatives related to new propulsion concepts (with the main focus on electric traction), as well as new concepts and modes of mobility of people and goods.



ON-BOARD ELECTRONICS

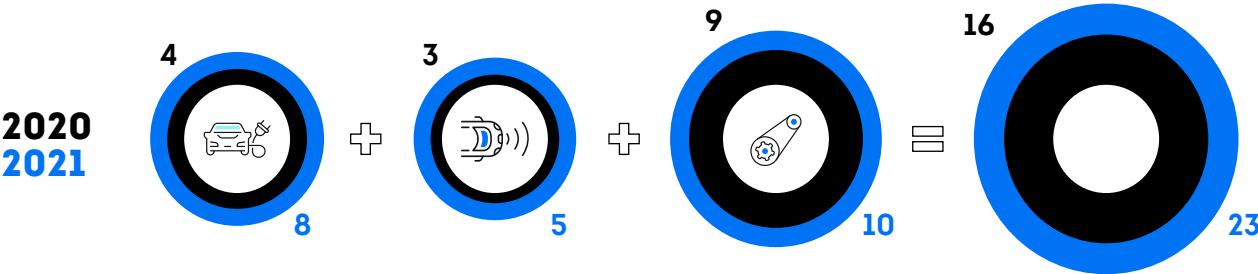
Development of solutions with complex electronic systems for vehicles, for example, the ABS system, launched by Master.



SMART MATERIALS

Development of alternative solutions to the use of materials (essentially steel) in vehicle applications, focusing on weight reduction and increased efficiency.

Our innovation and R&D projects on megatrends



The e-Sys electric axle is one of the highlights in electrification projects

Learn more about our R&D performance on page 90.

R&D

GRI 103-1, 103-2, 103-3

We rely on laboratories, research centers, and highly specialized professionals to search for new products, innovative materials, and to anticipate the future of our business.

Highlight in R&D



R\$90 Million

invested in technology and innovation in 2020, approximately.



40

projects completed in 2020



83%

of Randon Implementos' revenue comes from products launched in the last 5 years



23

new patents registered.

Excellence in safety, quality and productivity

To ensure that all our companies are in synergy in our continuous search for excellence in products and processes, our Production Systems area has been developing a new model to unify the best production practices in the Auto Parts and Trailers segment:

Auto Parts + Trailers = New Integrated Model



Strategy

Innovation in production processes

Innovation in production processes that raise and sustain Randon Companies as a reference. This pillar makes up the initiatives linked to Smart Manufacturing.



Execution

Lean manufacturing principles

Principles and guidelines of lean manufacturing, which ensure the competitiveness of Randon Companies. This pillar incorporates production improvement processes, such as synchronized pacing and disturbance-free processes.



Support

Leadership, people and team development

Development of leadership, people, and teams, ensuring that the model is sustained and operational. This pillar embodies a culture of continuous improvement, cooperation, and synergy with best practices to achieve goals.

Products and solutions

Trailers division

In 2020, we invested 0.5% of net revenue in research and innovation in the Trailers division, completed four projects, and filed 13 patents. We also launched three new products that bring lighter and stronger solutions to our customers:

Sider Family

Base

- New lighter model (-300 Kg compared to the competitor)
- Control via application
- Smart board
- Onboard Electronics

Cargo Box

- With increased strength and sealing
- Improved ergonomics in the rear doors and movable column

Dry Van Family

Base

- New lightest model on the market (-760 Kg compared to the competitor)
- Control via application
- Smart board
- Proximity Sensor
- Onboard Electronics

Cargo Box

- With increased strength and sealing
- Castellated steel internal columns (lighter)
- Reinforced baseboards
- Improved ergonomics in the rear doors

Ecoplate 3

- Panel for bulk carriers, in its 3rd generation, lighter (-500 kg compared to the previous version) and with more capacity for net cargo
- Aluminum structure with less thickness and higher strength
- Aluminum flooring
- New sealing system with improved usability and durability

Auto parts division

In 2020, we invested R\$ 37.6 million in R&D focused on the auto parts division, finalized 21 projects, and registered ten patents. Get to know below the main products launched in the year

Fras-le

- Parking brake linings (North American market)
- Copper-free pads for Commercial Vehicles (US market)
- Brake Shoes for Railcars (North American market)
- Brake Linings for OEM Customer (Chinese Market)
- Intake Hose OEM Brazil

Suspensys

- NG Mechanical Suspension for Road Equipment
- Mechanical Suspension – VWCO PERSEU Program
- Semi-trailer axles for the export market
- Suspension and Axle for Trucks and Trailers for the agricultural market

Jost

- Launch of the Fifth Wheel, with an automated opening system, reducing operation efforts
- Commercial vehicle pad (European market)

Master

- ABS for Trailers
- Brakes CP 410 – VW (Perseu Project)
- New 30/30 Brake Chambers
- T30/30 Masterflex Brake Chambers
- VHO Piston Type Chambers
- SR Guerra Brake Shoe
- 4-Way Valve
- Pressure Regulating Valve
- Pedal Valve
- Parking Brake Modulating Valve
- Quick exhaust valve

Process innovation

Innovations in R&D also accompany innovations in processes. With the arrival of a specific unit for industrial transformation, RTS Industry delivered, in just two months of operation in 2020, five solutions contemplating welding and robotic handling processes, in addition to new manufacturing technologies, such as fluorocarbon and tightness controls. In this period, we invested R\$ 4.5 million in these solutions. Find out more about it below:



Randon implementos: air tank cell

Air tank manufacturing with highly reliable processes, robotic handling and welding, and digital manufacturing system for monitoring and controlling the manufacturing process, tripling the production capacity.



TAS welding cell

Consisting of two welding robots and dual station tables, it ensures that the robots perform the welding while the loading and unloading of parts takes place, achieving greater availability and efficiency.



Suspensys: submerged arc welding cell

Development and implementation of devices and a robot for beam welding using the submerged arc process and guaranteeing an increase of 30% in production capacity.



Component welding cell

Improved welding cell with the installation of a robotized cell, ensuring greater safety (mitigation of ergonomic risks for employees), quality, and increased efficiency.

Service innovation

Our investments in service innovation are directed toward modernizing existing systems, creating new solutions and products, besides improving the customer experience.

2020 INNOVATIONS

Randon Consórcios

- New ERP
- Electronic Signature in Sales
- Credit Robot
- Omnihunter (Platform for the Sale of Seized Goods)
- Electronic Powers of Attorney
- MVP (Minimum Viable Product) Digital Group

Banco Randon

- Consigned Credit for employees of Randon Companies
- Investment Platform (App Banco Randon Investimentos)
- Payment Account
- Implementation of the Brazilian Payment System - Treasury

Collaboration and Open Innovation

GRI 103-1, 103-2, 103-3

Hercílio Randon Institute

The Hercílio Randon Institute (IHR) was created in 2015 to enhance, accelerate and share innovation within and outside the company. It was inspired by the boldness and inventiveness of one of the founders of Randon Companies, after whom the Institute is named.

A non-profit organization maintained by Randon Companies, the IHR is an Institute of Science and Technology that fosters innovation ecosystems, develops projects of interest to society, supports the development of new professionals and transforms knowledge into innovative solutions.

Hélice Institute of Collaborative Innovation

Hélice was created in 2018 by Randon Companies and three other companies to boost the innovation ecosystem in Serra Gaucha. In 2019 the project was consolidated, gathered new investors, and became an Institute.

The Institute connects associated companies to mature startups, by means of diagnoses, meetings, training, challenges, pitches, and proofs of concept, stimulating the joint creation of new solutions.

Every two months, Hélice launches challenges to the market that are brought by companies with common problems to be solved, creating thesis to interact with startups. In 2020, six theses were run, with 188 startups registered to present their solutions and more than 100 POCs generated.

Also in 2020, in partnership with Semente Negócios, an entrepreneurial learning company, the Innovation Framework was created, which guides the procedures from the entry of new member companies to the monitoring of individual and shared metrics.



Learn more at:
helice.network



Listen to our podcast on the channel Randoncast at Spotify
(spoti.fi/2NzwFiE)

#15 Entrepreneurial education and innovation we invited César Costa, head of Corporate Innovation at Semente Negócios, and Renata Tormena, experience designer at Conexo, the Open Innovation initiative of Randon Companies to talk about entrepreneurship and innovation.

Conexo

In 2020, we inaugurated Conexo, a physical and digital hub that drives open innovation and col-laboration, connecting entrepreneurs, large companies, startups, universities, institutions of this ecosystem, and the community.

With a world that is changing at the same time that relationships are becoming increasingly digital, the recognition of the importance of personal interaction has also been on the rise and people have sought to balance their presence in these two "worlds".

Conexo wants to offer an environment where everyone feels comfortable to create the future. That is why it is in both physical and digital spaces.

Installed in Caxias do Sul (RS), the physical space has a modern building with 945 m², designed to offer areas for co-creation, interaction, and content production.

The digital space offers a platform for exchange and learning that connects diverse talents, integrates generations, and blends worldviews.



Conexo is an initiative to drive open innovation in the community

How does Conexo connects?

SOCIETY

CUSTOMERS

Challenges

Periodically, Conexo launches challenges so that the community and its network of partners can work together in the search for solutions to real problems.

ExO

Program for development and training in the exploration of technologies, design tools and the search for innovation.

Start

Hands-on experience to intrapreneurs so they can model ideas, validate problems, and test solution hypotheses.

Startup Creator

Prototyping and testing business models, with our own methodology, to drive the creation of a new startup.

Events

We hold events for visitors to get to know Conexo and hold lectures about the platform's tags: Future of Work, Society 5.0, Digital Industry, Randon Ventures, Artificial Intelligence and Big Data, Startups and Sustainability.

Education

Together with partners, Conexo offers products related to the development of soft and hard skills, creative innovation and entrepreneurship

With the goal of generating knowledge, strengthening networking, solving real problems, valuing ideas, empowering people, and generating new business possibilities, Conexo was born to leverage initiatives that Randon Companies have been developing for years, such as the ExO exploratory cells.

ExO Generation 4 has become a tool for developing tech and soft skills, abilities and competencies related to technology and human behavior. In addition, the portfolio gained the Start and Startup Creator intrapreneurship programs, dedicated to the creation of new businesses.

Start is the result of the restructuring of the Empreende Randon Program, which had its pilot launched in 2019 to foster intrapreneurship at

Randon Companies. In 2020, we conducted an online pilot round of Start that included 24 participants.

With these initiatives, teams of employees form multidisciplinary teams to identify actual problems with a high level of uncertainty and propose solutions at Start, which can then be transformed into a new business model at the Startup Creator.

In November 2020, we started a Start group, now with 26 participants, 25 of them being employees of Randon Companies and one employee of Sicredi Pioneira. The pilot group, with 23 members, teamed up with the second group, with 26 members and formed ten groups that evaluated ten problems, four of which were selected to participate in the Startup Creator and perform business modeling.



Listen to our podcast on the channel **Randoncast** at Spotify (spoti.fi/2ZO4mQc)

#12 Conexo and innovation through collaboration and learn more about the impacts that Conexo's initiatives have on the development of organizations, communities and the innovation ecosystem.



Learn more at:
conexo.io

CTR Innovation Lab

The Innovation Lab launched at our CTR (learn more on page 84) is also an important collaboration space, with areas destined for joint creation and experimentation of strategic projects together with our partners to develop innovative and disruptive solutions in the face of mobility megatrends (learn more on page 89).

e-Sys

In 2019, during the 22nd Fenatran – International Freight Transport Show, we launched the e-Sys system, an innovative solution from our subsidiary Suspensys, a market leader in South America in Suspension and Axle Systems for trailers, trucks and buses.

The e-Sys, which is currently being tested in our CTR, is an energy recovery system that, by means of an intelligent algorithm, makes the engine work as a generator. It uses the energy generated during braking and downhill driving, charging a battery, and applies it when going uphill, resulting in greater safety and significant fuel savings.

Depending on the application, the road conditions, and the type of cargo transported, the new system generates fuel savings that can reach up to 25%, reducing greenhouse gas emissions and also providing less wear and tear on components and less waste emission into the environment.



The e-Sys electric energy storage and regeneration technology was inspired by Formula 1 cars, and is a pioneer in Latin America. It brings an important legacy for the next generations, creating significant savings in fuel consumption and contributing to the mitigation of climate change in the transportation sector.

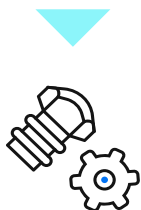
Reduction



Up to 25% fuel consumption



Greenhouse gas emissions



Component wear



Waste

More



Safety



Savings



Reduction in Total Cost of Ownership (TCO)

Acceleration of Innovative Businesses

GRI 103-1, 103-2, 103-3

Randon Ventures

In February 2020, we launched Randon Ventures, a company dedicated to investing, co-investing and accelerating startups that have ready products and a dedicated team focused mainly on segments that complement the business of Randon Companies, such as logistics, financial services, insurance and mobility of things.

Randon Ventures is another front that brings us closer to new businesses and innovation ecosystems, stimulating the creation of new solutions for our customers.

With initial investment of R\$ 3 million for the first investment round, even with the challenges of social distancing and fighting the pandemic in its first year, Randon Ventures has made two investments in startups that bring important solutions for the transport segment.



Learn more at:
randon.ventures



Listen to our podcast on the channel **Randoncast** at Spotify (spoti.fi/3pLzHgU)

#1 Randon Ventures and the investment market in startups to learn more about the company's launch.



Photo taken before the Covid-19 pandemic

TruckHelp

THE APP THAT GOES A LONG WAY FOR THE TRUCK DRIVER.

The platform of solutions and services for truck drivers and transporters has tools that connect this public with auto parts and repair shops.

In addition to finding repair shops, TruckHelp allows users to make online quotations with immediate feedback from the associated repair shops, generating savings in time and money, as well as offering a connection channel between professionals who are looking for a job and the carriers.

There are already more than 44 thousand users and three service and product suppliers to the heavy vehicle aftermarket using the tool.



Soon

THE EASIEST WAY TO CALL A TOW TRUCK

Startup that works with both individuals and companies, offering, by means of a digital platform, a 24-hour on-demand assistance solution to drivers.

For companies, it simplifies and digitalizes the assistance process from start to finish, offering all the services of a traditional assistance, including a call center, but using technology and a fair billing model based on utilization rather than fleet size.

For customers without insurance, Soon makes it possible for about 50 million drivers on the road to access assistance services, at any time of the day or night, simply, quickly, and safely.



Angelica, Environmental Analyst, at the Effluent Treatment Station of the Interlagos plant

Chapter 8

Eco-Efficient Operation

99

Related Capitals:



Related SDGs:



Environmental Management

GRI 103-1, 103-2, 103-3

Commitment to the environment is inseparable from our business model, not only in our own operations, but also in the contribution of our solutions to cleaner transportation.

Throughout our history, we have always worked rigorously seeking an increasingly efficient operation, optimizing the use of natural resources.



Our Health, Safety, and Environment Policy establishes the principles and guidelines to ensure effective waste management, the use of high technology to reduce electricity consumption, and the sustainable management of water and effluents.



We also have a Management System in 100% of the operations of all Randon companies, which allows us to accurately monitor our environmental performance.

The system is certified by ISO 14001 in the latest version of the standard, which extends the evaluation of the management system's effectiveness to the value chain and to the risks and opportunities in the product's life cycle.

Guided by our principle of generating "Profit with Sustainability", we created the initiative **Semear**, Randon Environment Week, as part of our actions to promote a culture of prevention and create opportunities, minimizing impacts and caring for environmental resources. More than just an event, Semear aims to plant ideas so that together we can harvest a better future for everyone.

Another important part of environmental impact management is our continuous striving to develop solutions that support the reduction of impact of our products throughout their life cycle, whether during customer use or at end-of-life. Our innovation process has brought significant gains, both through incremental improvements and through disruptive innovations that build a cleaner mobility future.

Learn more on page 80 about the advances in reducing the impact of our products from innovation, research, and development.

In 2020, the main actions carried out were the launch of the Environment Manual and two webinars with experts to discuss Sustainable Buildings and Sustainability, where we presented the winning cases of the 2019 Supplier Meeting Sustainability Award.

In 2020, we started the construction of Rota Verde, a program that guides in practice the sustainable development of our business and seals Randon Companies' commitment to the environment. The program is structured on three pillars that are fundamental to the expansion of our positive economic, social, and environmental impact:

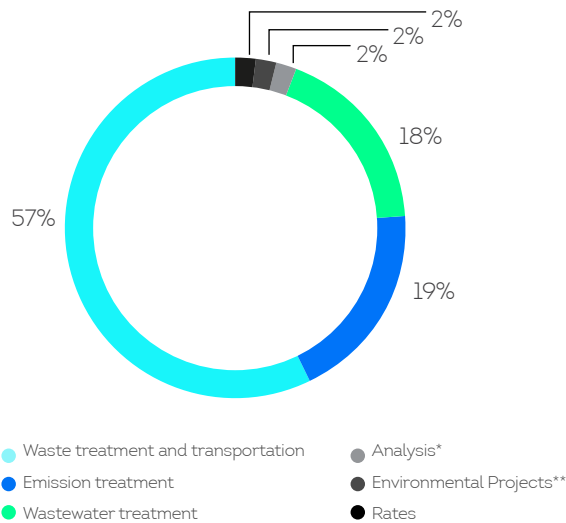
- 1. Economic growth and responsible consumption;**
- 2. Operational efficiency;**
- 3. Prevention culture and community support.**

The Rota Verde was launched in March 2021 and the program will be implemented over the next period.



IN 2020, INVESTMENTS IN ENVIRONMENTAL
MANAGEMENT INITIATIVES TOTALED
R\$8.6 MILLION

Investments in environmental management initiatives



* From effluents, waste, emissions, water, soil

In the following sub-chapters, learn about our operation's environmental performance and initiatives:



Our largest volume of waste generated is scrap metal, which becomes raw material for the foundry processes of Castertech and Fremax (photo)

Energy

GRI 103-1, 103-2, 103-3, 302-1, 302-3

The industry, by the nature of its activities, is generally an energy-intensive sector. According to the **statistical yearbook of the Energy Research Company (EPE)**, in 2019, industrial consumption represented 35% of the total energy consumed in Brazil. The vehicle, trailer and truck manufacturing segment accounted for 4.1% of industrial consumption, and is the 8th most intensive in the category.

In this scenario, we continually seek to promote gains in energy efficiency in our operation, meeting the growing market demand for our products, with ever lower energy consumption.

In 2020, we consumed **2,410,364 GJ of energy with an energy intensity of 0.030 GJ/ hour roadmap**. In 2020, all units recorded a reduction in energy consumption, except for Randon Araraquara, which went through an expansion. In addition, the Controil unit started reporting energy consumption this year, which increased the total intensity compared to other years.

We also seek to increase energy consumption from renewable and low-impact sources. In 2020, **39,512 GJ of the energy consumed came from renewable sources** (electricity purchased via the Free Energy Market and biodiesel).

In addition, all units have a plan for replacing light bulbs with LED in new projects and according to the need to change the bulbs. In 2020, Randon Implementos, Randon Chapecó, Randon Araraquara, and Jost have replaced 100% of the light bulbs in their units. Still in this sense, Fremax has already replaced 92% and Master and Controil 90%, respectively.

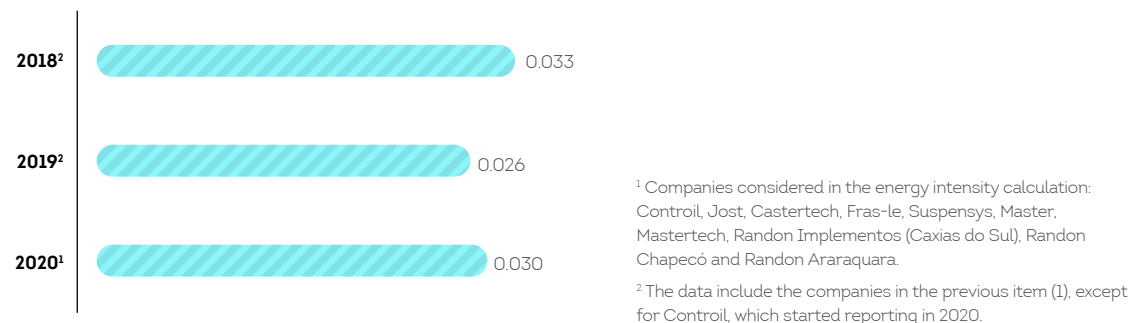
To influence a positive change in society, we also encourage our employees to adopt energy-conscious consumption measures by sharing communications with best practices that promote awareness in attitudes that reduce consumption.

Efficient mobility is one of humanity's greatest challenges in combating climate change, considering the growing demand for transportation, the economic and population advances, and the urgency of reducing greenhouse gas emissions.

Our innovation, research, and development projects have a strong focus on mobility megatrends that should support the fight against climate change, such as electrification.

In 2020, we launched the e-Sys electric drive axle, which provides up to 25% less fuel consumption from the storage and use of energy generated during braking.

* Routing hours: machine hours added to the hours worked by the operator for the production of a part.

Energy Intensity (energy consumed (GJ)/hour roadmap)

Energy consumption by source (GJ)

	2020 ¹	2019 ²	2018 ³
Non-Renewable Fuels			
Non-renewable electric energy	1,153,375.38	741,697.10	655,982.70
Natural gas	304,546.11	442,336.92	500,292.86
LPG	304,546.11	18,336.87	25,831.73
Diesel	3,421.54	26,524.31	12,057.00
Gasoline	308.50	10.04	12.55
Total	1,766,197.65	1,228,905.25	1,194,176.85
Renewable Fuels			
Biodiesel	81.04	33.34	34.08
Renewable electric energy	39,430.87	18,937.59	10,088.69
Total	39,511.91	18,970.93	10,122.77
Other sources of consumption			
Electricity	604,654.58	612,457.80	516,650.90
Total energy consumed	2,410,364.14	1,860,333.99	1,720,950.52

¹ The electric energy data include the companies Fras-le, Castertech, Master, Jost, Suspensys, Controil, Fremax, Banco Randon, Randon Consórcio, Randon Araraquara, Randon Caxias and Randon Chapecó; natural gas: Castertech, Fras-le, Suspensys, Master and Randon Caxias; **LPG**: Fras-le, Suspensys, Controil and Randon Caxias; **diesel oil**: Fras-le, Suspensys and Randon Caxias; **gasoline**: Fras-le; **biodiesel**: Fras-le; **renewable electric energy**: Jost, Controil, Randon Araraquara and Randon Caxias do Sul.

² The data include the companies from the previous item (1), except for Controil, which started reporting in 2020.

³ The data contemplate the companies in the previous item (2), except Fremax that started reporting in 2019.

Water and Wastewater

GRI 103-1, 103-2, 103-3, 303-1, 303-2, 303-3, 303-4, 303-5

The management of the impact of water use in the industry takes place on two main fronts: the reduction of water use and the treatment of wastewater.

In our administrative operations, we use water supplied by the utility and, in the industrial operations, water collected from artesian wells, within the limits required to protect the water table, and from wastewater reuse and rainwater collection systems.

Chain collaboration

We participate in external regional committees that promote the agenda to reduce consumption and reuse of water, debating and disseminating new technologies and best practices in processes based on continuous improvement. We also periodically audit our suppliers, assessing their compliance with water and effluent management requirements (learn more on page 71).

Reducing consumption

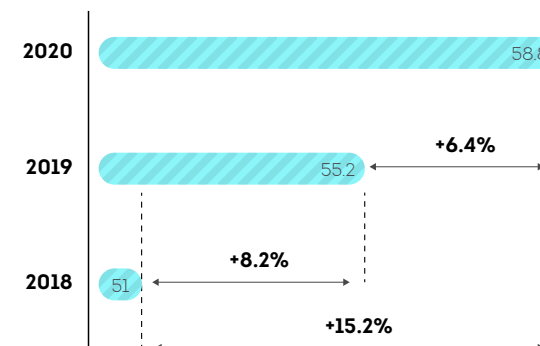
To reduce water consumption, we continually advance in the adoption of more efficient technologies and also in the closing of the cycle for capturing and reusing water, avoiding new captures.

Two of our plants include effluent reuse systems in which part of the water treated in the effluent treatment stations returns to the operation for general uses – toilets, gardens, yard and external area cleaning – and in some production processes, such as the cooling of parts.

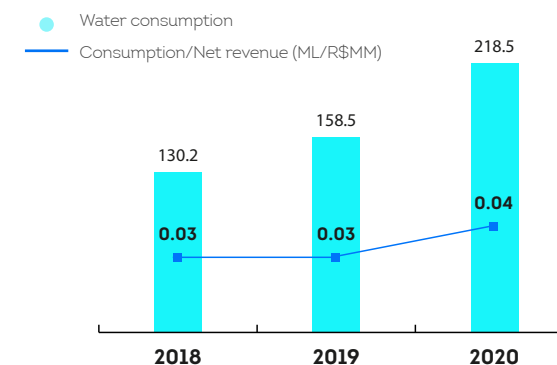
In 2020, 58.8% of the treated effluent was reused in our operation, of which 66.4% was used in the Interlagos site – located in Caxias do Sul, where the operations of Randon Implementos, Randon Veículos, Master, Jost Brasil, Suspensys, Castertech and Randon Consórcios are located – and 41.4% in the Forqueta site of Fras-le.

Furthermore, we have invested in technologies such as flow reducers in taps and technology to replace flushing systems in toilets, thus expanding our actions to reduce water consumption. In 2020, total water consumption was 218.5 megaliters and the water consumption per consolidated net revenue (R\$ million) indicator was 0.04, a value 29% higher than in 2019.

Water reuse (%)



Water consumption (megaliters)*



*All companies mentioned in water withdrawal and disposal in the respective years were considered.

In 2020, the total volume of water withdrawn was 285.2 megaliters, of which 55% was third-party water and 45% was groundwater.

Effluent management

Our industrial facilities belonging to Castertech, Suspensys, Randon Implementos, Jost, and Master send their effluents to the treatment station at the Interlagos site. After the treatment, part is used on the premises for reuse and the other part is directed to the public sewage system, avoiding contamination.

Fras-le and Fremax units have their own treatment stations. At Fras-le, part of the treated effluent is destined for reuse in the unit itself, while at Fremax, the entire volume is discharged into the public network.

At Controil and at the Chapecó unit of Randon Implementos, the effluents are treated by an outsourced company, which ensures an environmentally appropriate destination. At Randon Araraquara, 100% of the effluent generated is reused in the operation itself.

In the effluents generated in our operation, only phosphorus is considered a priority substance, i.e., one that poses significant risk to the water environment or to human health. In 2020, we had no occurrences of non-compliance in the disposal of priority substances.

All our effluent treatment plants meet the requirements for effluent discharge, determined by CONAMA Resolution 430 and CONSEMA 355/2017, considering the profile of the receiving water bodies so that the load discharged does not affect the water resources.



Effluent treatment station at the Interlagos plant, in Caxias do Sul (RS)

Performance

Total volume of water withdrawn per source (in megaliters)¹

	2018		2019		2020	
	Groundwater	Third-party water	Groundwater	Third-party water	Groundwater	Third-party water
Auto Parts ²	63.5	84.4	66.3	84.4	102.7	90.2
Trailers division ³	11.5	63.6	24.4	63.6	26.5	65.7
Services ⁴	0.0	0.8	0.0	0.8	0.0	0.2
Total per source	75.03	148.87	90.67	148.87	129.12	156.08
Total water withdrawal	223.9		239.5		285.2	

Total volume of discharged water (in megaliters)

	2020	2019	2018
By destination			
Surface water	66.6	81.1	93.7
Third-party water	0.2	0.00	0.00
Water reused by the organization itself (Interlagos Site + Forqueta Site)	94.8	100.9	97.8
Total Water Disposal	66.8	81.1	93.7
By water type			
Fresh water (≤ 1000 mg/l of Total Dissolved Solids)	66.8	81.1	93.7
Other waters (> 1000 mg/l of Total Dissolved Solids)	0.00	0.00	0.00

1. The entire volume of water withdrawn is considered to be fresh water (≤ 1000 mg/l Total Dissolved Solids). There was no withdrawal in water-stressed areas.

2. The 2020 data refer to the companies Castertech, Controil, Fras-le, Jost, Suspensys, and Master. The 2019 and 2018 data do not include Controil, which started reporting in 2020.

3. The 2020 and 2019 data refer to the companies Randon Implementos (Caxias do Sul) and Randon Veículos. The 2018 data contemplates only Randon Implementos (Caxias do Sul).

4. The data include information from Banco Randon for the three years. In 2019, the data from Randon Consórcios were also considered.

Materials and Waste

GRI 103-1, 103-2, 103-3, 301-1, 301-2, 306-1, 306-2, 306-3, 306-5

Production process

Our production process involves the consumption of a large volume and variety of raw materials, which come from natural resources and also the generation of residues from production leftovers.

The greatest impact is linked to the correct separation and disposal of waste, according to the Waste Management Plan. The most critical processes, as Class I Residues generation, are painting and galvanizing processes, packages contaminated with oil and grease, and residues generated during maintenance.

In order to mitigate the impact of the use and disposal of these resources, our priority is to maximize the use of raw materials and the reuse and recycling of waste, according to the 3R's principles: Reduce, Reuse, and Recycle.

Use of raw materials

We monitor the index of waste generated in relation to the total raw material consumed and, guided by the Six Sigma methodology, we continuously identify opportunities for efficiency gains.

Our largest volume of waste generated is scrap metal, which, besides being fully recyclable, is the raw material for the casting processes carried out by the companies Castertech and Fremax.

In 2020, 37% of all raw materials used in the manufacture of our products came from recycled materials, either within or outside the organization.

Reuse and recycling

In 2020, 65.4% of the total waste generated in the operation – both hazardous and non-hazardous – went to recycling or reuse, up 10 p.p. from 2019.

The main initiatives taken to increase this percentage were the internal reuse of oil emulsion, which represents 45% of all the hazardous waste generated in the year, and other materials, providing a better use of raw material.

Scrap metal represents the largest volume of non-hazardous waste generated (58%), and in 2020 we promoted the recycling of 70% of this waste. Scrap metal leftovers from the production

process are used as raw material in our foundry furnaces at Castertech and Fremax.

Among hazardous waste, such as oil emulsion, paint and grinding sludge, and contaminated paper and plastics, 17.6% was reused or recycled. Those that could not be recovered were then sent for co-processing. By 2020, 26% of waste was sent to landfills. With the Rota Verde program, our goal is to zero the amount of waste sent to landfill.

As for those classified as hazardous, coming from industrial processes that can negatively impact human and environmental health, we have forwarded them to third-party companies that use advanced techniques for treatment and reuse, such as co-processing – which extends the life cycle of the material by reinserting it as raw material for other uses – and as fuel for cement production kilns, a process that does not generate environmental liabilities.

Life cycle

We also seek to promote the recycling of our products at the end of their life cycle, with their reinsertion in the production cycle as raw material for the manufacture of new products.

At Fras-le, we offer our customers the reverse logistics service of post-use friction products. They are directed to co-processing plants and are later used to generate energy in cement manufacturing kilns.

In 2020, we invested R\$ 915.7 thousand, through Fras-le, and 861 tons of brake linings were recovered. Fremax invested R\$ 588.9 thousand and recovered 594.4 tons of brake discs.



At Fras-le, we offer our customers the reverse logistics service for post-use friction products

Materials used, broken down by type and weight (tons)

Material Type	2020 ¹	2019 ²	2018 ²
Renewable materials	103,489	94,239	86,298
Non-renewable materials	173,386	174,598	189,364
Total materials	276,875	268,837	275,662

¹ Companies considered in the Auto parts division, including Castertech, Controil, Fras-le, Jost, Fremax, Suspensys and Master; and in the Trailers division, including Randon Implementos (Caxias do Sul and Chapecó).

² Companies considered in the item (1) except Controil, which started reporting in 2020.

Waste sent for disposal per recovery operation (tons)			
	2020 ¹	2019 ²	2018 ²
Hazardous waste			
Preparation for reuse	43.39	41.33	24.44
Recycling	462.42	174.21	134.64
Other recovery operations	0.00	0.00	0.00
Total	505.81	215.54	159.08
Non-hazardous waste			
Preparation for reuse	128.15	122.64	34.5
Recycling	33,035.44	37,318.98	28,741.13
Other recovery operations	7,682.15	70.34	78.89
Total	40,845.74	37,511.96	28,854.52

Waste sent for disposal per disposal operation (tons)			
	2020 ¹	2019 ²	2018 ²
Hazardous waste			
Incinerated (without energy recovery)	0.06	0.4	1.4
Containment in landfill	39.2	47.3	108.4
Other disposal operations	2,439.6	3,092.8	2,327.8
Total	2,478.9	3,140.5	2,437.6
Non-hazardous waste			
Incinerated (with energy recovery)	39.2	0	0
Containment in landfill	16,048.0	25,441.7	15,363.8
Other disposal operations	6,847.4	1,780.5	4,760.3
Total	22,934.6	27,222.2	20,124.1

¹ Companies considered in the Auto parts division, including Castertech, Controil, Fras-le, Jost, Fremax, Suspensys and Master; and in the Trailers division, including Randon Implementos (Caxias do Sul and Chapecó).

² Companies considered in the item (*) except Controil, which started reporting in 2020.

³ Waste destined for co-processing (ink and paper sludge and contaminated plastic), autoclaving (health service waste), processing (WWTP sludge and plasma sludge), effluent treatment (oily emulsion and pit sludge), re-refining (contaminated oil) and decontamination (lamps).

⁴ Waste destined for co-processing (class II/rejects), effluent treatment (fat box waste) and animal feed (food leftovers).

Waste broken down by composition* – 2020

Hazardous waste	Tons
Energy accumulators (batteries)	0.3
Impregnation Bath	14.9
Contaminated Containers	14.0
Paint and grinding sludge	374.1
Contaminated empty packages	74.9
Oil Emulsion	1300.8
Contaminated PPE	162.3
Chemicals	1.1
Used lubricating oil	43.4
Contaminated paper, cardboard and plastic	257.5
Asbestos	3.9
Glue residue	3.5
Varnish residue	4.0
Electronic waste	5.9
Waste from health services	1.0
Metallic waste (drums)	24.3
Plastic waste (containers)	37.2
Contaminated solvent	4.5
Contaminated Solids	232.1
Light Bulbs	0.8
Contaminated	9.1
Physical-chemical sludge from the WWTP	132.8
Plasma sludge	167.7
Batteries	2.3
Light Bulbs	0.4
Total	2.873

Waste broken down by composition* – 2020

Non-hazardous waste	Tons
Raw materials packaging	434.3
Sanders	7.5
Sewage and septic tank sludge	643.7
Aluminum foil lunch boxes	2.0
Cooking oil	0.5
Paper/cardboard, plastic, non-hazardous packaging	511.6
Brake pads	159.2
Plastics	182.4
Exhaust dust	3160.3
Used lining waste (SCRAP)	220.8
Restaurant waste (food scraps)	144.0
Glass waste	7.0
Wood waste	1671.0
Ferrous metal scrap	32243.6
Non-Ferrous Metals Scrap	2862.2
Discarded Sand from Foundry	16315.4
Furnace Slag	423.0
Refractory	207.1
Organic waste	312.9
Construction waste	125.8
Chip sludge	60.0
Styrofoam	1.0
Polyurethane	31.4
Fiberglass	0.1
Class II	489.3
Grease box residue	184.0
Electronic waste	1.4
Rubber waste	1.8
Total	60.403

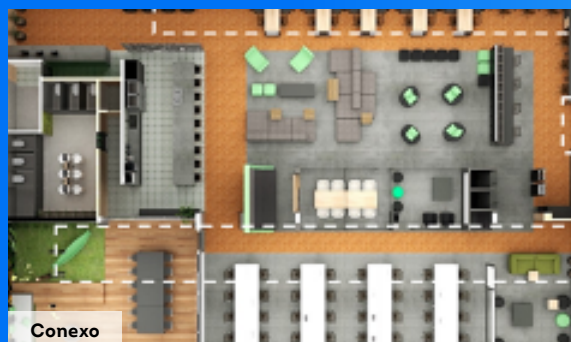
* Companies considered in the Auto parts division, including Castertech, Controil, Fras-le, Jost, Fremax, Suspensys and Master; and in the Trailers division, including Randon Implementos (Caxias do Sul and Chapecó).

Green Buildings

At Randon Companies, we have adopted the concept of green building in our infrastructure works, seeking to mitigate the impact on nature and reduce as much as possible the amount of waste generated.

To this end, we adopt technologies that allow us to increase the energy and water consumption efficiency of buildings, and use more sustainable materials in construction. In 2020, we inaugurated three new buildings based on this concept:

- **CTR Innovation Lab:** built in container;
- **Conexo:** reuse of ceiling and flooring, reduction in plastic consumption, accessibility, and comfort (acoustic and thermal);
- **Randon Araraquara:** adoption of natural lighting during the day and installation of a rainwater collection system.



REUSE

- Containers;
- Pallets for decoration and furniture;
- Ceiling;
- Flooring;
- Reforestation wood.



ACCESSIBILITY AND COMFORT

- Acoustic and thermal;
- Circulation and elevators.



BEHAVIOR

- Reducing plastic consumption.



REDUCTION

- Energy saving.



Test field at Randon Technological Center

Annexes

GRI Content Index

GRI 102-55

General Content

General Disclosures

Organizational Profile		
102-1	Organization Name	Randon S.A. Implementos e Participações
102-2	Main activities, brands, products and/or services	Page 15 to 20
102-3	Headquarters Location	Page 21
102-4	Number of countries in which the organization operates	Page 21
102-5	Type and legal nature	Publicly traded Corporation
102-6	Markets served	Page 21
102-7	Size of the organization	Page 21
102-8	Profile of employees and other workers	Page 48
102-9	Description of the Company's supply chain	Page 70
102-10	Main changes in the company's structure and supply chain during the covered period	None
102-11	Explanation of whether and how the organization applies the precautionary principle	There is no formal adherence to the precautionary principle, but the Company promotes a preventive risk management, as presented in the chapter Risk Management, on page 31.

102-12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Page 32 to 36
102-13	Main participations in associations and/or national/international defense organizations	Page 39
Strategy		
102-14	Statement from the most senior decision-maker about the relevance of sustainability to the organization	Page 5 to 7
102-15	Description of key impacts, risks and opportunities	Page 31
Ethics and Integrity		
102-16	The organization's values, principles, standards and norms of behavior, such as codes of conduct and codes of ethics	Pages 14 and 32
102-17	Internal and external mechanisms adopted by the organization to request guidance on ethical and compliant behavior, such as relationship channels (e.g. ombudsman)	Page 32 to 36

113

Governance		
102-18	Governance structure, including committees	Page 27
102-22	Composition of the highest governance body and its committees	Page 29
102-23	Designation if the chair of the highest governance body is also an executive officer	Page 29
102-25	Processes used by the highest governance body to prevent and manage conflicts of interest	Questions regarding conflicts of interest involving Related Parties are directed to the Executive Committee so that it, through the guidelines of the Related-Party Transactions Policy, recommends or not the agenda for deliberation by the board of directors.
102-35	Remuneration policies applied to the highest governance body and executives	Page 30
102-36	Process adopted for determining remuneration	Page 30
Stakeholder Engagement		
102-40	List of stakeholders engaged by the organization	Page 4
102-41	Percentage of employees covered by collective bargaining	Page 58
102-42	Basis used for identification and selection of stakeholders for engagement	We interviewed our top leadership – president and directors – and industry experts and conducted surveys with investors, customers, suppliers, employees, the press, and industry entities.

102-43	Company's approach to stakeholder engagement and frequency of engagement	Pages 47, 67, 70, 73, 75 and 76
102-44	Key topics raised during stakeholder engagement and measures adopted by the Company to address them	Pages 37 and 38
Reporting Practices		
102-45	List of entities included in the financial statements	Explanatory Note 2.2, on page 78 of the Financial Statements, available at https://bit.ly/32UAbZa
102-46	Process for defining report content and limits	The content of the report is based on the strategic topics for sustainable business development and also on the presentation of the Company's profile, strategy and governance, aligned with the Integrated Reporting methodology.
102-47	List of material issues identified in the content definition process	Page 38
102-48	Explanation of the consequences of any restatements of information provided in previous reports	There were none.
102-49	Significant changes compared to previous years in terms of the list of material topics, limits of topics covered	There has been no change regarding the material topics.
102-50	Reporting period	January 1, 2020 to December 31, 2020.
102-51	Date of most recent previous report	2019
102-52	Reporting Cycle	Yearly
102-53	Contact data for questions regarding the report	Page 4
102-54	Reporting premises according to the GRI Standards	Core
102-55	GRI Content Summary	Page 113 to 117
102-56	External Verification	No

Management Approach

103-1	Explanation of the material topics and their limits	Pages 31, 32, 47, 51, 59, 67, 68, 76, 80 and 99
103-2	Management on the material topic	Pages 31, 32, 47, 51, 59, 67, 68, 76, 80 and 99
103-3	Management Evolution	Pages 31, 32, 47, 51, 59, 67, 68, 76, 80 and 99

Specific Content

Economic Disclosures

Economic Performance

201-1	Direct economic value generated and distributed	Page 25
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Indirect Economic Impacts

203-1	Development and impact of investments in infrastructure and services offered	R\$ 500,000 invested in the renovation of a space for the installation of a "Passage House" for homeless people, in Caxias do Sul, through the Solidarity Law (Law of social incentive through ICMS).
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Fighting Corruption

205-1	Percentage and total number of operations submitted to corruption-related risk assessments and the significant risks identified	Page 32
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Page 34;

- All members of the governance bodies are responsible for approving anti-corruption policies and procedures. In addition, as soon as they get the job they are invited to do the training on the topic.

Governance body members (and percentage) who have been informed of and trained on anti-corruption policies and procedures..

205-2

Communication and training on anti-corruption policies and procedures

	2020		2019		2018	
Trained	1	7%	1	6%	0	0%
Communicated	14	100%	17	100%	18	100%

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205-3

Confirmed cases of corruption and actions taken

Page 36

Environmental Disclosures

Materials

301-1	Materials used by weight or volume	Pages 107 and 108
301-2	Percentage of materials used that come from recycling	Pages 107 and 108

Energy		
302-1	Energy consumption within the organization	Pages 102 and 103
302-3	Energy Intensity	Pages 102 and 103
Water and Wastewater		
303-1	Interactions with water as a shared resource	Page 104 to 106
303-2	Management of impacts related to water disposal	Page 104 to 106
303-3	Breakdown of total water withdrawal by source type, including from water-stressed areas	Page 106
303-4	Breakdown of total water disposal by source type, including water-stressed areas	Page 106
303-5	Total water consumption	Page 104
Waste		
306-1	Waste generation and significant waste-related impacts	Page 107 to 110
306-2	Management of significant waste-related impacts	Page 107 to 110
306-3	Generated waste	Page 110
306-4	Waste not destined for final disposal	Page 109
306-5	Waste destined for final disposal	Page 109

Environmental Compliance		
307-1	Monetary value of significant fines and total number of non-monetary sanctions resulting from non-compliance with environmental laws and/or regulations	Total value: R\$ 13,693 Number of non-monetary sanctions: two, one for Randon Implementos, due to a fire in the painting booth; and one for Randon Veículos, due to divergence of information..

Social Disclosures

Employment		
401-1	Total and rates of new employee hires and employee turnover by age group, gender, and region	Page 48
Occupational Health and Safety		
403-1	Occupational health and safety management system implemented	Page 59
403-2	Hazard identification, risk assessment, and incident investigation	Page 63
403-3	Description of the functions of occupational health services	Page 64
403-4	Worker participation, consultation and communication in occupational health and safety	Page 59
403-5	Worker training in occupational health and safety	Page 59
403-6	Promotion of workers' health	Page 62
403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	Page 63

403-8	Workers covered by the occupational health and safety management system	Page 65
403-9	Number and rate of work-related deaths and injuries	Page 65
403-10	Number and rate of work-related deaths and health problems	Pages 64 and 65

Training and Education

404-1	Average hours of training per year, per employee, broken down by gender and functional category	Pages 52 and 53
404-3	Percentage of employees who regularly receive performance and career development reviews, broken down by gender and functional category	Page 54

Local Communities

413-1	Percentage of operations with implemented local community engagement, impact assessment and/or local development programs	Page 76
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Customer Health and Safety

416-2	Total number of cases of non-conformity with regulations and/or voluntary codes related to the impacts caused by products and services on health and safety during the life cycle, broken down by type of result	Page 68
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Customer Privacy

418-1	Total number of proven complaints regarding breaches of privacy and loss of customer data	Page 69
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Capital Map



Human

Pages

3, 13, 26, 46, 66, 80 and 99



Social and Relationship

Pages 3, 13 and 66



Intellectual

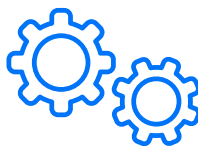
Pages

3, 13, 4, 80 and 99



Natural

Pages 3, 13, 26 and 99



Manufactured

Pages 13

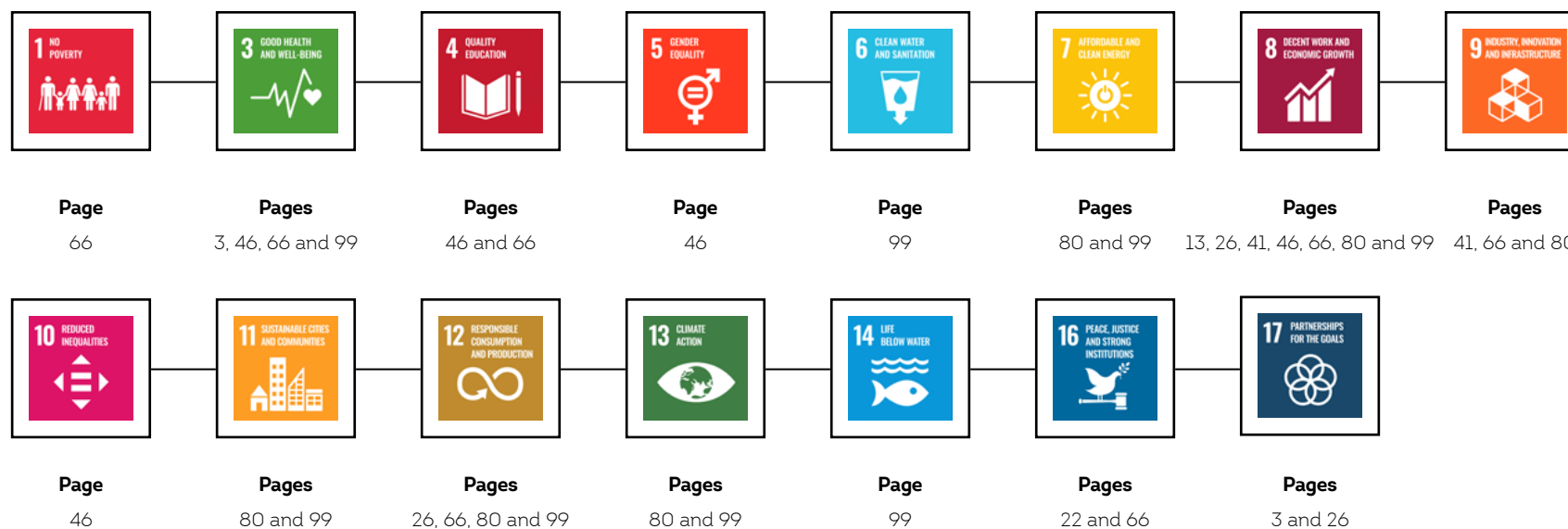


Financial

Pages 13, 41 and 80

SDG Map

Get to know on the pages listed our contribution to the achievement of the 17 Sustainable Development Goals, a result of our commitment to sustainability and social responsibility:



Credits

Coordination

Investor Relations Randon Companies Corporate Communication,
Reputation and Branding Randon Companies

Editorial design, content writing, GRI consulting and translation

Ricca Sustentabilidade

Graphic design, illustrations and layout

Ricca Sustentabilidade

Photos

Alex Battistel, Randon Companies Image Bank, Cesar
Lopes, Cleber Mignoni, Daniela Luchese, Ederson Decarli,
Felipe Fedrizzi, Ismael Cardoso, Jefferson Bernardes, João
Lazzarotto, Memorial Randon, Signia Digital, Vagner Marchiniak,
Valéria Luza and Wagner Pinto Dias

Contact us

ri@randon.com.br

Go to

randon.com.br

linkedin.com/company/empresasrandon

facebook.com/empresasrandon

instagram.com/empresasrandon

youtube.com/c/SomosTodosRandon

Learn more:

Detailed results, commented by management:

Financial Statements

Overview of relevant aspects of the business:

Annual Management Report



Together,
innovating
for a
better
future.

Companies

Sustainability Report **2020**