



2019

# SUSTAINABILITY REPORT



Companies



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# A WORD FROM THE CHAIRMAN

As we celebrate our 70<sup>th</sup> anniversary, Randon is making important strides in governance.

Year 2019 was an important milestone in our corporate governance journey at Randon Companies. We successfully completed our second management succession, with my brother, Daniel Randon, stepping up as CEO. The year was made even more special by our 70<sup>th</sup> anniversary as a company.

Randon's first CEO transition occurred in 2009, a year that marked our 60<sup>th</sup> anniversary, when I had the honor of succeeding our founder, Raul Randon.

This is a natural and planned process as part of with a governance journey that began in 1999 with the involvement of members of our controlling group.

After the first year with Daniel Randon at the helm, we can confidently say that the transition has been a success. Through a focus on sustaining results, perpetuating our values, valuing people and growing our operations, we ended 2019 with record-setting results, new partnerships and strong innovation across all areas of the Company.

I would like to commend our CEO for his first year of leadership of Randon Companies, and our teams for the results we achieved in 2019. My special thanks also go to the members of our Board of



Directors, Audit Board, executives and all employees for your commitment to maintaining our legacy and building a Company that is increasingly better prepared for the challenges ahead.

David Abramo Randon  
**Chairman of the Board of Directors**

# A WORD FROM THE CEO

102-14



Celebrating our 70<sup>th</sup> anniversary as a Company with record-setting revenues and margins is a testament that we have successfully fulfilled our purpose of connecting people and riches to generate prosperity.

In 2019 we celebrated not only our results, but also a track record of 70 years of strong performance in our market. Over the years, we have built leadership in all segments where we operate and further strengthened our culture of innovation within the Company. In the trailer market, in 2019 we created a Distribution Center in Linhares (ES), southeastern Brazil, that will increase our aftermarket exposure in this segment, and we established the Randon Triel-HT joint venture to expand our product portfolio and serve customers requiring special products. In the auto parts segment, we entered new markets through newly founded Suspensys Mexico, and we acquired Ferrari Metalúrgica through controlled company Master, further expanding our operations.

In Governance, we initiated a new management cycle. Ten years after our first CEO transition, when David Randon succeeded our founder, Raul Randon, in 2019 we successfully completed our second management succession process. I would like to

thank David for leading our Company with excellence and driving the transformations that have helped us to maintain our leadership even through challenging times. In my role as CEO, I am committed to building on the Company's business legacy and principles as we pursue continued growth through the expansion of our operations.

Innovation will remain as important as ever for the Company. In 2019 we achieved important progress with investments of approximately R\$ 90 million in new technologies, automation, research and development. This has enabled us to achieve increased process efficiency and develop products that widen our competitive advantage and are increasingly responsive to customers' needs, such as operating cost savings, lighter-weight products and greater availability.

During FENATRAN, the largest transportation trade show in Latin America, we had the opportunity to showcase some of the exciting projects in our pipeline. We launched 20 new products featuring new safety, sustainability and technology attributes. Among our newly launched technologies in the year is e-Sys, a disruptive concept product that delivers fuel savings of up to 25% while helping to reduce CO<sub>2</sub> emissions.

We also organized a range of employee and leadership initiatives that have supported development, encouraged a sense of ownership, and fostered a collaborative workplace environment. People have played a central role in our results and our history as a Company.

The challenges we are facing in 2020 have made caring for people an even greater imperative. The novel coronavirus outbreak affected our operations in the early months of the year—first in China, and later our plants in Brazil and globally. This required us to take action to protect the health of our employees and communities while keeping the economy un-disrupted at a time when cargo transportation has become even more important for society.

Toward the end of 2019, we conducted a survey of our key stakeholders to learn about the priority topics they would like us to report more on as a Company. Eight topics were selected and are explored in detail throughout this report.

I invite you to learn about our highlights in 2019, a year marked by significant achievements that we celebrated with our employees, customers, communities and the market. These achievements have all contributed toward our goal of connecting Randon Companies to the future and becoming a more sustainable organization across the social, economic and environmental dimensions.

I hope you enjoy the report.

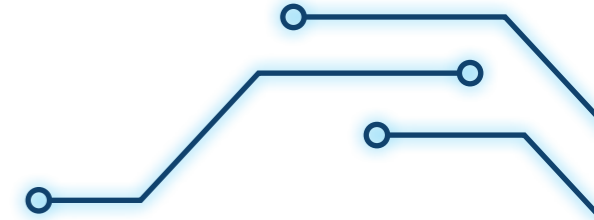
Daniel Raul Randon  
**CEO**

In 2019 we retained our industry leadership and further strengthened our culture of innovation.



# ABOUT THIS REPORT

We are connected to the present and committed to transparency.



This Sustainability Report 2019 marks a new chapter of our history as we celebrate our 70<sup>th</sup> anniversary. Our communications are fully connected to the present and we are committed to transparency and accountability to our investors and other stakeholders. It is in this spirit that we share in this report our key results from our sustainability initiatives and their social, environmental and economic impacts. **102-45 102-50 102-52**

The qualitative and quantitative data in this report is for the period from January 1 to December 31, 2019 and is related to our priority topics as identified in a materiality exercise conducted in 2019. This is our first report developed in accordance with the Global Reporting Initiative (GRI) Standards—Core option, without independent insurance. **102-54 102-56**

The digital version of this report, and our previous report (biannual), for the period 2017-2018, are available on our website, in the sustainability section. Any suggestions, comments and/or questions about our Sustainability Report 2019 can be submitted by email to [ri@randon.com.br](mailto:ri@randon.com.br) **102-51 102-53**

## HOW WE IDENTIFY OUR STRATEGIC TOPICS

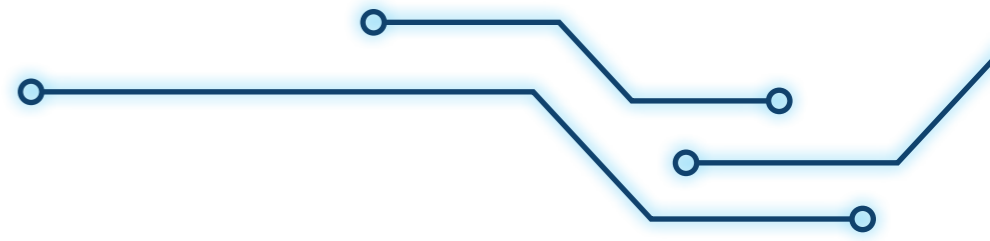
In 2019 we conducted a materiality exercise based on a short list of 17 topics identified through a review of sectoral studies such as the *GRI Sustainability Topics for Sector*, the *RobeccoSAM Yearbook* and studies published by the SASB (*Sustainability Accounting Standards Board*).

We interviewed our senior leadership team—including the CEO and executives—and industry specialists, and conducted a survey of investors, customers, suppliers, employees, the media and industry associations. The stakeholder survey informed a matrix of eight priority topics, as listed below.

**102-21 102-42 102-43**

**OUR MATERIAL TOPICS** 102-46 AND 102-47

Topic 102-44	Rationale 103-1	Description of topic and how it is addressed	Impact boundaries and affected stakeholders 103-1	Topic 102-44	Rationale 103-1	Description of topic and how it is addressed	Impact boundaries and affected stakeholders 103-1
Health, Safety & the Environment 	One of our guiding principles at Randon Companies is "Valuing and Respecting People". We are people working for people—who are our priority both within and outside the company. Health, Safety & the Environment (HSE) are therefore a priority given their impact on people.	Occupational Health & Safety initiatives; accident prevention programs at factories; waste, water and effluent management; HSE investments; monitoring against HSE indicators. Monitoring results inform opportunities for continual improvement.	Within and outside the organization (employees and community). No specific boundaries for this topic.	Business Ethics and Compliance 	Ethics is one of the eight principles underpinning the Randon Way. We strive to do what is right and follow best governance practices with transparency and integrity.	We have an integrity program in place that comprises our ethics hotline, our code of conduct and other relevant policies, and which is continuously assessed against indicators.	Within and outside the organization (employees, customers, investors, suppliers and community). No specific boundaries for this topic.
Innovation & Technology 	Innovation & Technology is a another guiding principle, through which we sustain competitive advantage. We have an imperative to create solutions that are responsive to new challenges facing the market.	R&D efforts at the Randon Technology Center (CTR); development of new product technologies; investment in product and process innovation programs; incentives for new ideas; R&D funding; initiatives to strength our culture of innovation such as <i>Randon ExO</i> , <i>Empreende Randon</i> and digital transformation.	Within and outside the organization (products, customers and investors). No specific boundaries for this topic.	Risk and Crisis Management, and Internal Controls 	Two principles—risk and crisis management and internal controls—are essential in ensuring we are able to achieve sustainable profitability while preserving our reputation and legacy. Sustainability cannot be ensured without identifying and monitoring the risks to which we are exposed.	We identify and monitor risks to mitigate negative impacts on the business. For example, risk management (financial and non-financial risks); mapping emerging risks (cyber risks); crisis management and other related activities; the risk committee; internal controls.	Within and outside the organization (employees, customers and investors). No specific boundaries for this topic.



OUR MATERIAL TOPICS 102-46 AND 102-47

Topic 102-44	Rationale 103-1	Description of topic and how it is addressed	Impact boundaries and affected stakeholders 103-1	Topic 102-44	Rationale 103-1	Description of topic and how it is addressed	Impact boundaries and affected stakeholders 103-1
<p>Product Safety and Quality</p>	<p>At Randon, safety and quality are uncompromising commitments. A continuous drive for improvement in our operations is what guides us towards our goals.</p>	<p>In addition to complying with applicable legislation and implementing customer-suggested improvements, our products are exhaustively tested in accordance with standards and specifications. All complaints received are investigated and provide inputs for continual improvement. We have processes in place for preventing accidents and certifications attesting to the quality and safety of our products.</p>	<p>Outside the organization (customers). No specific boundaries for this topic.</p>	<p>Managing and Developing Human Capital</p>	<p>Business sustainability can only be achieved through the efforts of people. The company may own plant and equipment, but human skill—including analytical, interpersonal and soft skills—must develop at the pace of digital transformations. We are people working for people, and human capital development is the means by which a company can prosper.</p>	<p>Turnover; investments in training and development; talent retention; quality of life program; incentives and benefits; leadership development; developing new skills; career development; job rotation. Provide employees with benefits and a wholesome work environment.</p>	<p>Within and outside the organization (employees). No specific boundaries for this topic.</p>
<p>Social Responsibility Initiatives</p>	<p>Making the difference in society by supporting the development of our communities is a part of our DNA. People are our priority.</p>	<p>Social responsibility initiatives undertaken by the Elisabetha Randon Institute (to which Randon Companies provide funding and support); total investments in social initiatives; impact from social initiatives on communities; development of new social technologies and education methods.</p>	<p>Outside (community). No specific boundaries for this topic.</p>	<p>Customer Relationship Management</p>	<p>Customer satisfaction is a guiding principle at Randon. Doing business only makes sense if we exceed customers' expectations. Our relationships with customers are based on commitment and trust.</p>	<p>Customer engagement through visitation programs, training, participation in trade shows and development of technical and commercial projects. Through our Services division, we provide consumer finance to customers purchasing our products. Aftersales, pre-sales; customer satisfaction with their shared experience; customer service; customer retention; segmentation; markets served.</p>	<p>Outside the organization (customers). No specific boundaries for this topic.</p>



## APPROACH TO STAKEHOLDER ENGAGEMENT 102-43

Our organizational culture supports close engagement with our stakeholders, through the following initiatives.

### Stakeholders 102-40

### Engagement initiatives 102-43

Investors

In 2019 we organized initiatives such as *Celebra Randon*, Randon Day, Breakfast with the CEO, a meeting at APIMEC and FENATRAN, as well as four earnings conference calls in which investors had the opportunity to field questions. We also participated in conferences in Brazil and around the world.

Customers

> **Surveys:** our Auto Parts and Trailers Division conduct customer satisfaction surveys every two years. The Auto Parts division conducted its most recent survey in 2019, with a satisfaction rate of at least 93% across all responding companies. The Trailers Division will conduct its next survey in 2020, with a target satisfaction rate of 85%. Randon Consórcios performs telephone surveys using the NPS (Net Promoter Score) methodology after each step in the customer journey.

> **Visits and events:** all Group companies have customer visitation and meeting programs in place. These meetings are for the purpose of identifying trends and customers' needs, providing aftersales service and addressing specific demands. Randon Companies also participate in trade shows and organize events such as customer-relationship initiatives to showcase new products, strengthen the brand and commercial relationships, and generate business opportunities.

> **Customer service:** customer service is provided by commercial consultants, customer service desks, ombudsman's offices and social media.

### Stakeholders 102-40

### Engagement initiatives 102-43

Employees

We conducted a sociometric survey at some Group companies in 2019 using the Pixie platform to provide the HR department with insight into employee relations at the workplace. We also organized events with the participation of Company management, such as Breakfast with the CEO and Climate meetings and discussions throughout the year. In addition, we held events for employees such as tributes for length of service, family visits to Company facilities, *maté* gatherings and a Christmas party that brought together more than 15,000 people.

Suppliers

In addition to our day-to-day contact with suppliers, other ways we interact include meetings, award ceremonies, technical visits and audits. In 2019 we conducted 74 site visits as part of our supplier selection processes; 131 supplier onboarding audits; 6 Quality Rating meetings with suppliers failing to meet Minimum General Supplier Quality Rating (IDGF) performance expectations. During these meetings, suppliers are required to submit an action plan to address issues, which is then monitored to completion. In 2019 we held our annual Supplier Meeting with a total of 105 suppliers, with presentations from members of the Randon Companies senior leadership team. During the event, we held our Supplier Awards ceremony in which awards were presented in the Competitiveness, Innovation & Technology, and Sustainability Categories.

Media

Regular interaction to address media requests and during press conferences and events. In 2019 we held press conferences to announce our results, unveil new products, announce our leadership succession transition, and present our investments in innovation and social responsibility. We also organized CEO visits to some of Brazil's leading media organizations.

Community

We engage with communities through social media and by participating in trade shows and events. The beneficiaries of our social programs also receive regular home visits from social workers, as well as an annual visit on completing the program. Their views are also elicited in telephone satisfaction surveys.





# ABOUT **RANDON**<sup>1</sup>

<sup>1</sup> Randon S.A. – Implementos e Participações S.A directly owns 12 companies. 102-1 102-2

We have been in the market for 70 years providing best-in-class transportation solutions including trailers and semi-trailers, railcars, off-road vehicles, auto parts and services.

We have become market leaders in all segments in which we operate, through Randon Implementos, Randon Veículos, Fras-le, JOST Brasil, Master, Suspensys, Castertech, Randon Consórcios, Banco Randon, and each of their subsidiaries. We have a strong culture of innovation and invest in Research & Development (R&D) to develop products that deliver efficiency, performance and quality to our customers. **102-2 102-5**

We are active in economic sectors in which Brazil has a strong global presence, including agribusiness, mining and manufacturing. We also supply auto parts to the aftermarket segment, as well as financial services, including loans to companies in our supply chain.

Since our company was first founded, we have sold products to more than 100 countries. As one of our differentiators, synergies among Randon Companies enable us to achieve high levels of productivity and efficiency in our processes and operations. We have capabilities across most of the supply chain for our products, with the bulk of our operations concentrated in Caxias do Sul (RS), Southern Brazil, where our headquarters is located. **102-3 102-4**

### RANDON 70 YEARS. INNOVATING TOGETHER FOR A BETTER FUTURE.

In 2019, we marked our 70<sup>th</sup> anniversary by looking back at our journey and recognizing the important people who believed in our potential to create value and contributed to the positive results we have achieved so far. Throughout the year, we organized initiatives to celebrate the occasion with all our stakeholders. Our largest celebration was an

event, called *Celebra Randon*, that brought together around 500 customers, distributors, suppliers, partners and investors to remember our past, celebrate our present and envisage our future.

**[CLICK HERE TO VIEW THE CAMPAIGN VIDEO](#)**



## OUR BUSINESSES SPAN THREE DIVISIONS



### Trailers Division

The most comprehensive range of land transportation equipment (trailers, railcars and special vehicles).



### Auto Parts Division

We supply friction materials, suspensions, axles, brake, coupling and wheel-end systems, and a range of vehicle and machinery components to OEMs and the aftermarket.



### Services Division

Pooled finance for purchasing vehicles, machinery and real estate, and credit facilities and investment for our supply chain.



**PURPOSE** 102-16

Connect people and riches, generating prosperity.

Mecânica Randon is founded by Hercílio and Raul Randon, two brothers who had a business making agricultural tools.

**1940**

The company launches lift axles for semi trailers and rocker suspension systems. The Company becomes a market leader in the cargo transportation segment in Brazil and in the metalworking cluster in Brazil's South.

**1960****1950**

Mecânica Randon becomes the first company in Brazil to manufacture air brakes, and launches two innovative products in the Brazilian market: lift axles and semi trailers.

**1970**

Randon Veículos begins manufacturing off-road vehicles, as the Company builds a new plant and goes public to expand production and develop a distribution network. The same year, the company initiates operations in the international market.

**1980**

Randon enters the auto parts segment with the foundation of Freios Master, a joint venture with US-based Meritor; and Randon Administradora de Consórcios begins operation.

**1990**

Randon creates a holding company, Randon Participações, acquires Fras-le, founds Randon Argentina and forms an additional two joint ventures: Jost Brasil, with German-based Jost-Werke, and Suspensys, with US-based Meritor.

**2000**

Randon becomes one of the largest private companies in Brazil, with a globally recognized brand and exports to all continents. Randon creates Castertech to produce iron castings. Fras-le builds factories in the US and China.

**2010**

The company pursues global expansion and acquisitions in the Brazilian market. As production and sales continue to grow, Randon implements good environmental practices to improve the quality of our operations. The company works to build close relations with stakeholders through transparency and engagement. Banco Randon and the Randon Technology Center are founded, and new operations in Brazil and other countries expand our product portfolio.

[CLICK HERE TO VIEW OUR MANIFESTO](#)

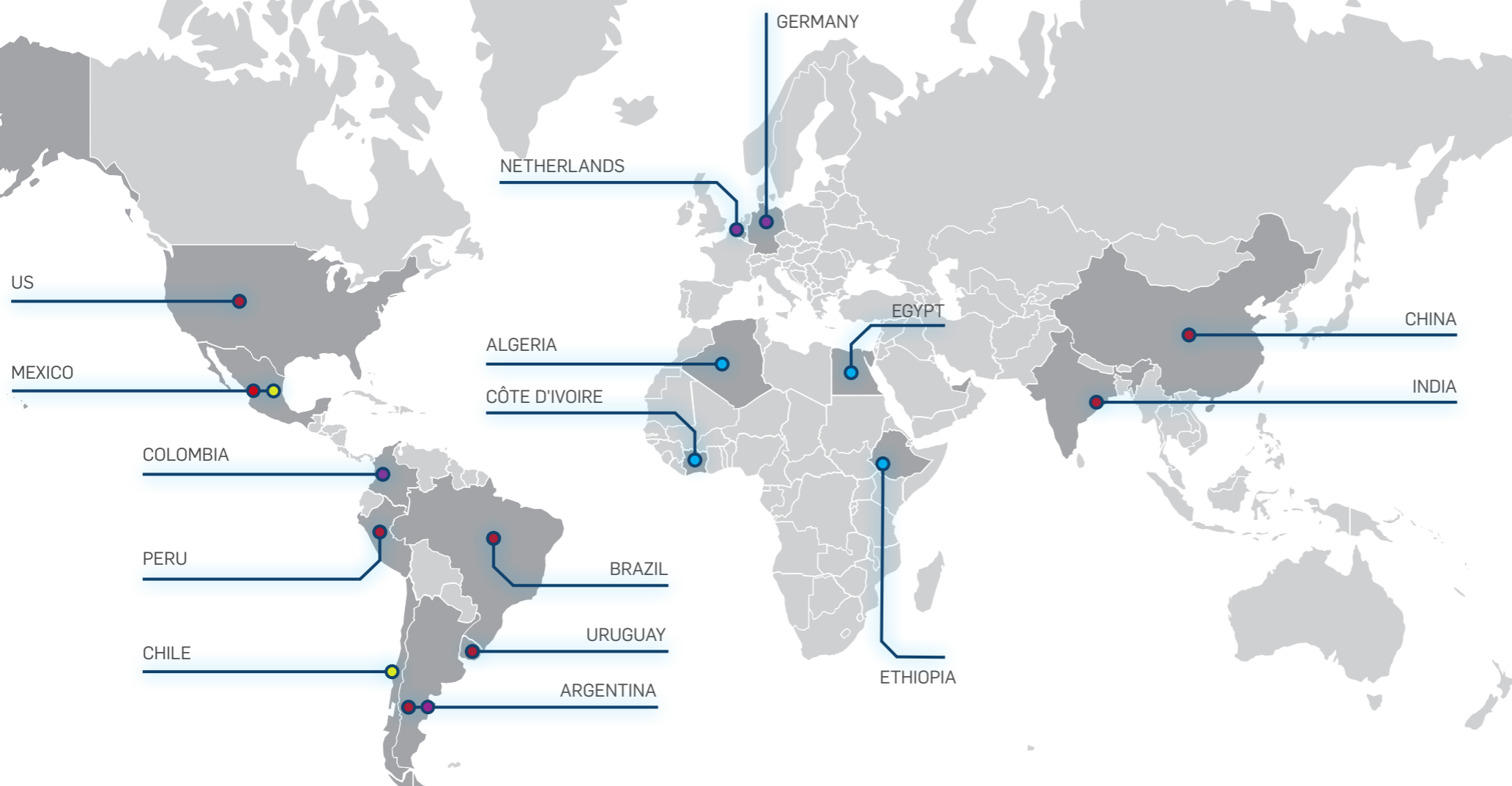


[CLICK HERE TO LEARN MORE ABOUT OUR HISTORY](#)





**OUR GLOBAL PRESENCE** 102-4 102-6 102-7



**BRAZIL**

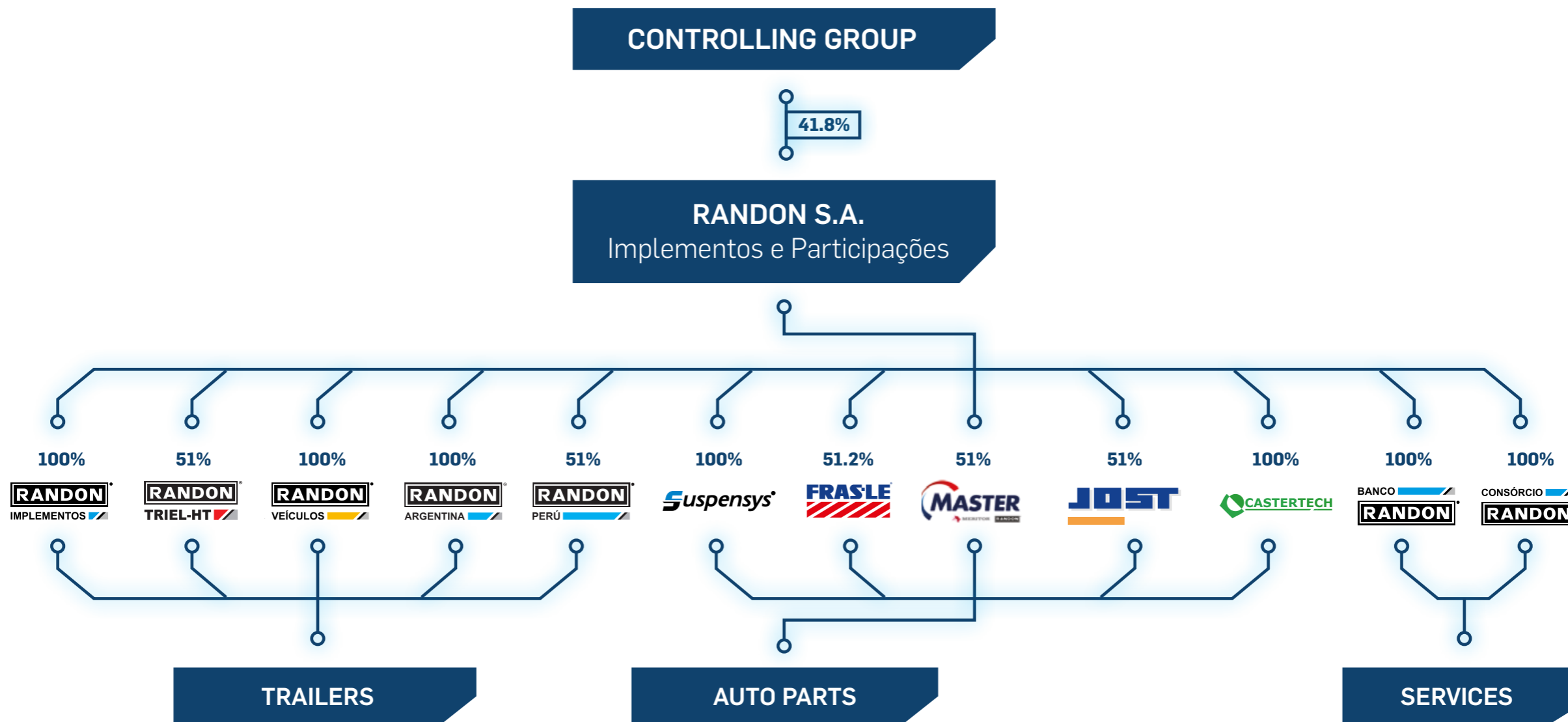
- Caxias do Sul – RS
- Chapecó – SC
- Linhares – ES
- Resende – RJ
- São Leopoldo – RS
- Erechim – RS
- Sorocaba – SP
- Joinville – SC
- Araraquara – SP

- MANUFACTURING SITES
- INTERNATIONAL OFFICES
- ASSEMBLY AND CKD PLANTS (STRATEGIC PARTNERSHIPS)
- DISTRIBUTION CENTER
- SERVICES



**CLICK HERE TO LEARN MORE ABOUT OUR OPERATIONS**

## OWNERSHIP STRUCTURE





# DIVISIONS

## AUTO PARTS



### Suspensys

Suspensys provides innovative axle and suspension solutions to the leading truck, bus and trailer manufacturers in Brazil, and is the market leader in Latin America. With plants in Caxias do Sul (RS), Resende (RJ) and México, Suspensys' engineering staff are dedicated to developing disruptive designs and new products.



[LEARN MORE ABOUT SUSPENSYS](#)

### Fras-le

Fras-le manufactures auto parts including both friction and nonfriction materials. It has plants in Brazil, the US, Argentina, Uruguay, India and China, and distribution centers in strategic global locations. In Brazil, Fras-le supplies OEM friction materials to 95% of heavy and semi-heavy vehicle manufacturers, and is the market leader in the aftermarket segment. In recent years the company has grown its product portfolio through an intensive merger and acquisition strategy.



[LEARN MORE ABOUT FRAS-LE](#)

### Master

Master—a joint venture between Randon and Meritor—is the leading manufacturer of truck, bus, trailer and semi-trailer brake systems in Latin America, equipping more than half of Brazil's current fleet of heavy vehicles. The company's Mastertech surface coating division has invested in cutting edge technology to reduce environmental impacts.



[LEARN MORE ABOUT MASTER](#)

### JOST Brasil

The largest manufacturer of fifth wheel systems in Brazil, JOST specializes in coupling components and systems for commercial vehicles, and is the leading global supplier to most truck and trailer manufacturers. The company is a joint venture between Randon and German-based JOST-Werke, a world leader in fifth wheel technology. JOST has operations on five continents and more than 300 distributors throughout Brazil and in other countries in Latin America.



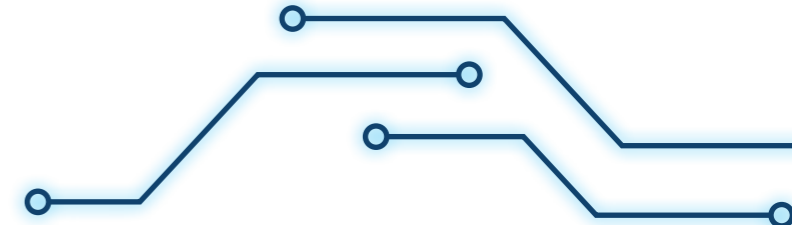
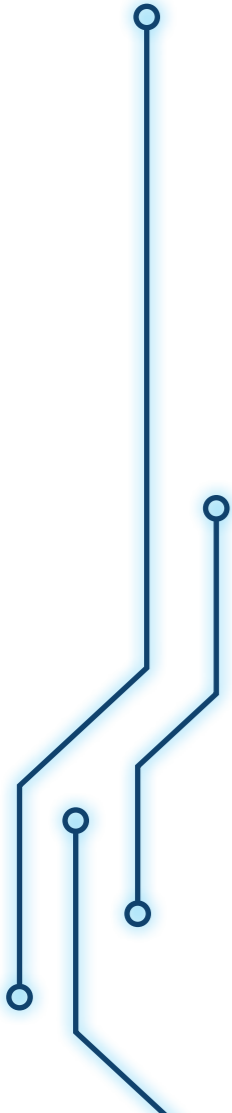
[LEARN MORE ABOUT JOST BRASIL](#)

### Castertech

Castertech has one of the most advanced machining systems in the market and manufactures hub and drum assemblies, and cast supports for bus, truck, trailer, agricultural machinery and tractor axles and suspensions. The company specializes in wheel end solutions supplied to OEMs and the aftermarket.



[LEARN MORE ABOUT CASTERTECH](#)



**CORPORATE CENTER 102-7 102-8**

Randon has a shared services center in Caxias do Sul (RS) spanning the IT, Corporate Procurement, SSC (Shared Services Center) and Holding Company functions, with a staff of 439 people. The center provides corporate guidance and performs administrative and strategic tasks that are common across all companies, freeing up each business unit to focus on its core activities.

Over the past 70 years, we have built a pioneering business network and catalyzed transformation in different markets.

**TRAILERS****Randon Implementos**

Randon Implementos' history is intertwined with the history of cargo transportation in Brazil. It is the largest manufacturer of trailers and semi-trailers in Latin America, and one of the largest in the world. Randon Implementos produces truck bodies, trailers, semitrailers and railcars at four sites in Brazil (Caxias do Sul-RS, Araraquara-SP, Chapecó-SC and Erechim-RS), two in other Latin American countries (Peru and Argentina) and has a distribution center in Linhares (ES), southeastern Brazil. The company is Brazil's largest exporter in this segment, with a market share of 70%.



[LEARN MORE ABOUT RANDON IMPLEMENTOS](#)



[LEARN MORE ABOUT RANDON VEÍCULOS](#)

**Randon Veículos**

Randon Veículos develops, produces and markets off-road trucks, backhoes and skid-steer loaders, as well as parts and components. It also provides technical assistance for its product range, which is recognized for delivering superior performance under harsh conditions. Randon Veículos was the first wholly Brazilian owned company to manufacture automotive vehicles in the south of Brazil

**SERVICES****Randon Consórcios**

One of the largest pooled consumer finance management firms in Brazil, Randon Consórcios manages lending clubs that offer business partners alternative sources of financing for the products they sell, and offer customers a secure and economical way of purchasing goods. Through the dealership networks of five partner OEMs, the company serves the trailer, machinery and agricultural equipment, minibus and truck segments, as well as real estate and vehicle segments through its Racon brand.



[LEARN MORE ABOUT RANDON CONSÓRCIOS](#)



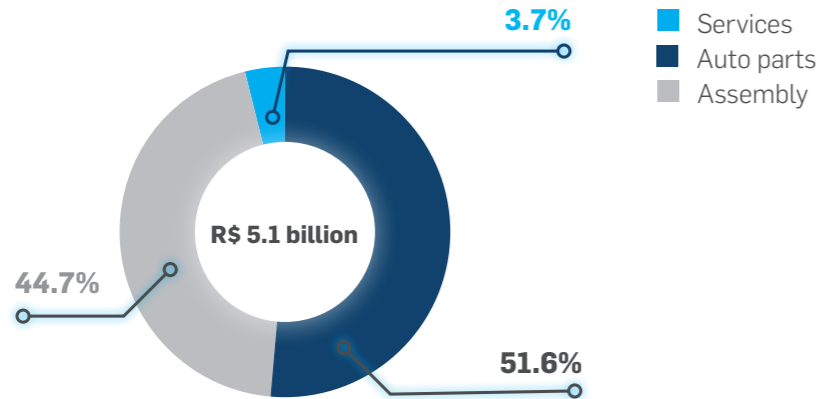
[LEARN MORE ABOUT BANCO RANDON](#)

**Banco Randon**

Banco Randon is a commercial bank that began operation in Brazil in 2010 to develop financial products and services suited to the needs of Randon Companies.

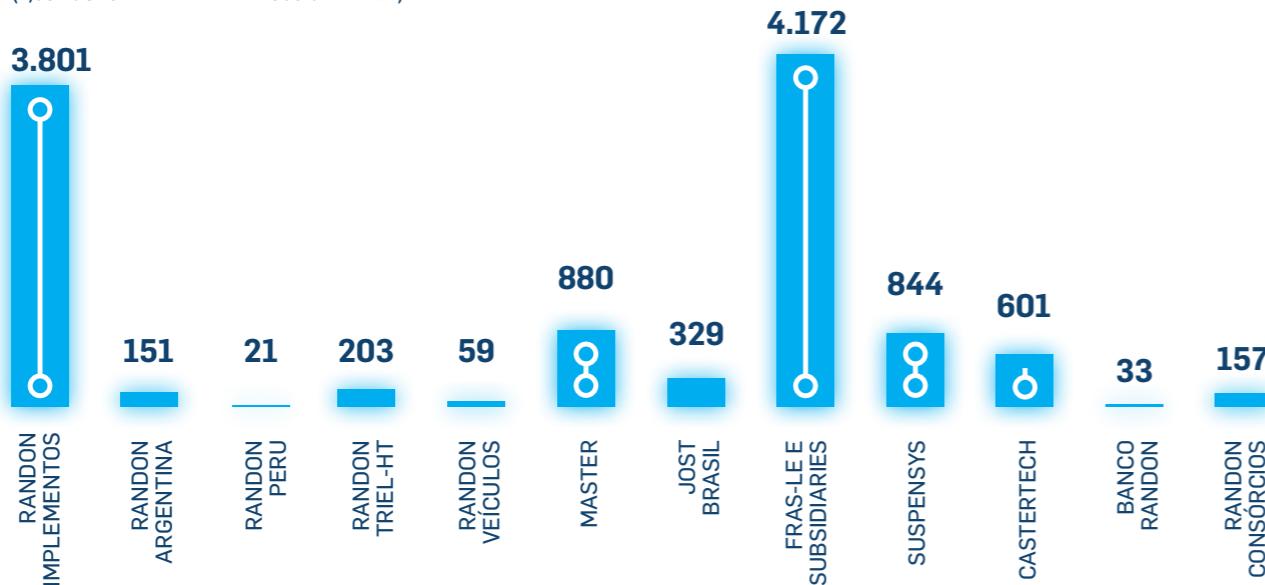
# KEY FIGURES

## REVENUE BREAKDOWN BY SEGMENT IN 2019

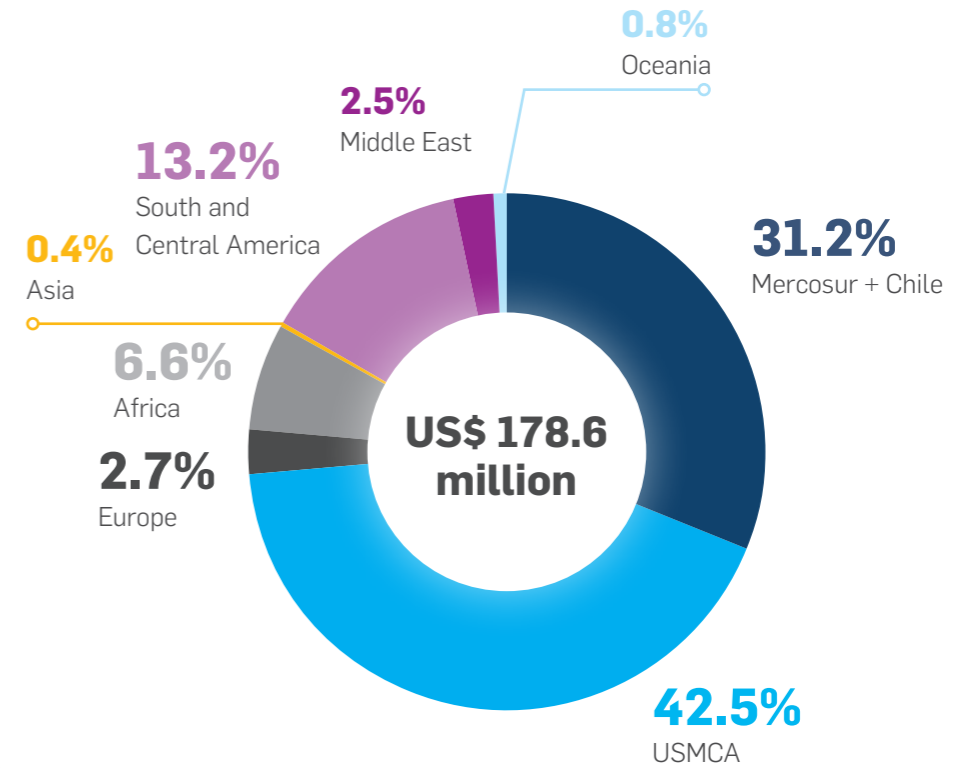


## MORE THAN 11,000 EMPLOYEES WORLDWIDE<sup>102-8</sup>

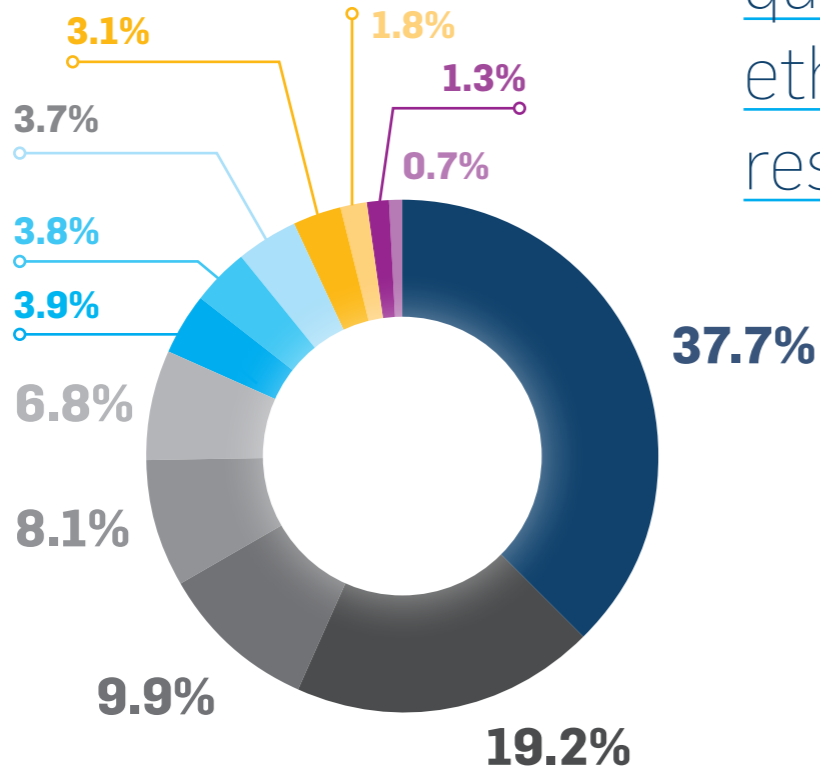
TOTAL: 11,251 (1,081 OUTSIDE BRAZIL AND 365 ON LEAVE)



## EXPORTS BY REGION (%)





**REVENUE BREAKDOWN BY PRODUCT**

- Semi trailers
- Friction materials
- Axles and Suspensions
- Brakes
- Miscellaneous Fras-Le Products
- OEM Spare Parts
- Hub and Drum
- Coupling systems
- Pooled finance
- Special vehicles
- Railcars
- Banco Randon

Our supply chain delivers quality while fostering ethical and socially responsible conduct.

**MEMBERSHIPS 102-13**

Randon Companies are members of external industry associations and organizations where they follow and support agendas related to the market, quality, production processes, investors, etc.

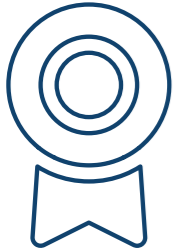
**SUPPLIER RELATIONS 102-9**

Our supply chain delivers quality while fostering ethical and socially responsible conduct. Our policies require supplier accountability in accordance with the Randon Code of Conduct, and compliance

with applicable laws and regulations and contractual provisions that address, among other aspects:

- Slave, forced and child labor;
- Prohibition of gifts or payments, including bribes or similar payments;
- Disciplinary action for violations of our Code of Conduct, including termination of the relevant contract.

# AWARDS AND RECOGNITION



## **Marcas de Quem Decide – 21<sup>st</sup> edition**

Randon Companies are among the brands most recalled and preferred by company managers and executives in Rio Grande do Sul.

## **Latin America Executive Team 2019**

Randon ranked among the top three positions in the Capital Goods category in the *Latin America Executive Team 2019* Small-Cap list, an important recognition in the capital market.

## **Exportação RS 2019**

Randon Companies received recognition in the 47<sup>th</sup> edition of the *Exportação RS* awards in the following categories: Fras-le in the Export category; Randon Implementos in the Market category; and Randon Veículos in the Sector category.

## **Campeãs de Inovação 2019 – Amanhã magazine**

Randon Companies took 1<sup>st</sup> place in the automotive segment and 7<sup>th</sup> overall in the awards.

## **Exame magazine's Biggest & Best 2019**

Randon Companies made the list of 500 companies, rising from 449<sup>th</sup> (2018) to 328<sup>th</sup> in 2019.

## **Top Ser Humano – ABRH 2019**

Randon Companies received an award from the Brazilian Human Resources Association in the Organization category for a case study titled "Randon ExO—disruptively transforming culture through people."

## **Transparency**

Randon Companies received the Transparency Trophy 2019 in the category for net revenue of up to R\$ 5 billion, and were recognized as one of the most transparent companies in Brazil by the Brazilian Association of Finance, Business Management and Accounting Executives (ANEFAC) in partnership with the Institute for Actuarial and Financial Accounting Research (FIPECAFI) and Serasa Experian.

## **Quality and Productivity**

Randon Implementos, Fras-le, Master, JOST Brasil, Suspensys and Castertech were among the 35 organizations that received awards in the Rio Grande do Sul Quality & Productivity Program (PGQP), which recognizes best management practices.

## **Best Workplaces**

JOST Brasil ranked 9<sup>th</sup> in Brazil and 1<sup>st</sup> in the regional ranking of the Great Place to Work<sup>®</sup> best workplaces list.

## **100 Largest in Rio Grande do Sul**

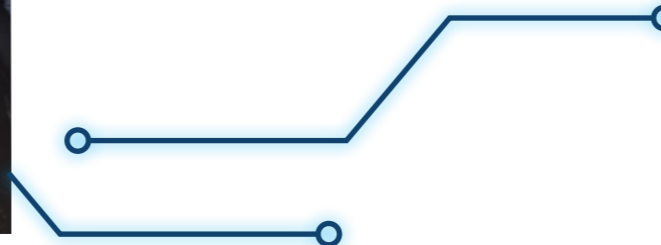
Randon Companies rose two positions to 11<sup>th</sup> in the 29<sup>th</sup> edition of the 100 Largest in Rio Grande do Sul list.

## **Inova 2019**

Fras-le and its subsidiary, Fremax, were presented with the Inova 2019 award: Fras-le for the best Brake Pad in the Gold category, and Fremax as the best Brake Disk manufacturer.



A quality award ceremony in Rio Grande do Sul



# BUSINESS MODEL

## EXTERNAL ENVIRONMENT

- Tax Policy
- Social and Environmental Regulations
- Macro economics
- Megatrends
- Global Challenges



## CAPITALS USED

### Natural Capital

244 million liters of water consumed  
180MWh of electricity consumed  
128,600 metric tons of flat steel products

### Social and Relationship Capital

The Elisabetha Randon Institute and Associations

### Manufactured Capital

Global operations, including:  
22 manufacturing sites  
6 distribution centers  
3 sales offices  
4 CKD assembly sites (strategic partnerships)  
2 financial institutions

### Human Capital

11,251 employees

### Intellectual Capital

Technology Center  
31 patent applications  
46 innovation projects completed – IHR – ExO

### Financial Capital

R\$ 6.3 billion in assets  
R\$ 867.9 million in net debt

• Auto parts  
• Assembly  
• Services

## VALUE CREATION

### VALUE DISTRIBUTED



#### R\$ 2.2 BN IN ADDED VALUE

33.5% Employees  
31.7% Taxes  
21.2% Lenders  
2.4% Minority Interests  
5.0% Dividends and Interest on Equity  
6.1% Retained Earnings



#### INVESTORS

R\$ 65 million in shareholder payouts



#### CUSTOMERS

Increased product availability, lower operating costs and higher cargo capacity

## PRODUCTS



#### ASSEMBLY DIVISION

Truck trailers  
Railcars  
Special vehicles



#### AUTO PARTS

Friction and Nonfriction Axles and suspensions  
Coupling systems  
Brake systems  
Wheel end systems



#### SERVICES

Pooled consumer finance  
Financing  
Investment

## IMPACTS



#### SOCIETY

14,600 children benefited by the Elisabetha Randon Institute



#### ENVIRONMENT

24,000 t/year of scrap materials generated and recycle  
99 million liters of water reused



#### EMPLOYEES

374,400 hours of training



# GOVERNANCE

102-18

Randon is listed at Corporate Governance Tier 1 on B3 and communicates information to the market and investors in a way that provides transparency in disclosure. We also adopt the practices recommended by the Brazilian Institute for Corporate Governance (IBGC).

Our Board of Directors, the highest decision-making body in the Company, is composed of three to nine members appointed for a unified term of

two years without automatic renewal. The Board currently has five members (shareholders and non-shareholders), including three independent members appointed by shareholders in a General Meeting. Members of the Board of Directors have free and unrestricted access to the Company's premises and information. The CEO is not permitted to serve as chair of the Board of Directors.

**102-24**



[LEARN MORE ABOUT THE DUTIES OF THE BOARD OF DIRECTORS](#)



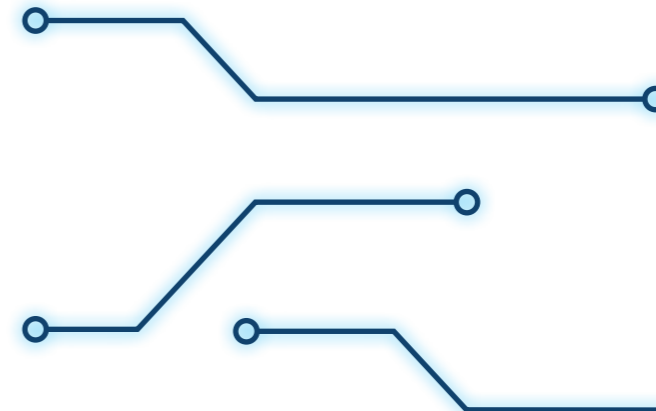
[VIEW THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS](#)

**MEMBERS OF THE BOARD OF DIRECTORS** 102-22

	TITLE	DATE APPOINTED
David Abramo Randon <b>102-23</b>	Chairman	4/30/2019
Alexandre Randon	Deputy Chairman	4/30/2019
Ruy Lopes Filho	Member	4/30/2019
William Ling	Member	12/13/2019
Pedro Ferro Neto	Member	4/30/2019



Board of Directors



### Audit Board

The audit board is composed of three to five (currently five) members, including three appointed by the controlling shareholder, one by minority shareholders and one by preferred shareholders.

The audit board is not a permanent body and is convened when required by shareholders in the General Meeting.

MEMBER	TITLE	DATE APPOINTED	END OF TERM
João Carlos Sfreddo	Member appointed by the Controlling Shareholder	4/30/2019	1 year
Maria Tereza Casagrande	Member appointed by the Controlling Shareholder	4/30/2019	1 year
Ademar Salvador	Member appointed by the Controlling Shareholder	4/30/2019	1 year
Renato Sobral Pires Chaves	Member appointed by Minority Shareholders	4/30/2019	1 year
William Cordeiro	Member appointed by Preferred Shareholders	4/30/2019	1 year

### Executive Committee

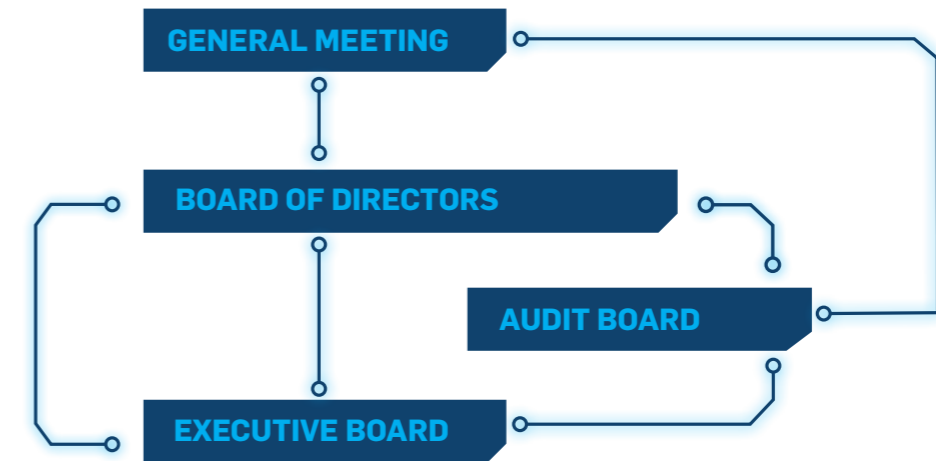
In 2019 the Executive Committee, a non-statutory body, was composed of the CEO (Chief Executive Officer), CFO (Chief Financial Officer) and the COOs (Chief Operating Officer) of the Trailers and Auto Parts division. Without serving a fixed term, their composition and duties can change in response to changing business needs. In 2020 the Executive Committee will be composed of four officers, including three statutory officers (CEO, CFO and COO) and one non-statutory officer (Chief Transformation Officer – CTO) who will work to drive digital transformation processes within the Company.

### General Meeting

Ordinary general meetings are held within the four first months following the end of the financial year, and extraordinary general meetings as necessary, to discuss management's accounts; deliberate on the allocation of net income for the year and distribution of dividends; and elect the members of the Board of Directors and Audit Board.

General meeting agendas and related documents are publicly available on the Company website, and are filed with the Brazilian Securities Commission (CVM) and stock exchange (B3).

### GOVERNANCE STRUCTURE



### GOVERNANCE UNDERPINNED BY TECHNOLOGY AND INFORMATION SECURITY

In 2019 we implemented a digital platform that allows members of the Board of Directors and Audit Board to access Company documents securely and efficiently. The platform also supports online voting and taking minutes.

**Executive Board**

The Executive Board is composed of a minimum of two and a maximum of nine members, serving a unified, renewable term of two years. Executives are appointed and can be removed at any time by the Board of Directors. The Executive Board currently comprises five members:

- The CEO;
- Three executive vice presidents;
- Other executives without specific designations.

EXECUTIVES	TITLE	DATE APPOINTED	END OF TERM
Daniel Raul Randon	CEO	5/8/2019	2 years
Alexandre Dorival Gazzi	Executive Vice President	5/8/2019	2 years
Sergio Lisboa Moreira de Carvalho	Executive Vice President	5/8/2019	2 years
Paulo Prignolato	Executive Vice President	5/8/2019	2 years
Alexandre Randon	Director	5/8/2019	2 years

**BOARD OF DIRECTORS AND EXECUTIVE BOARD COMPENSATION 102-35**

We have compensation practices in place that recognize professionals for their performance in their duties. Compensation for members of the Board of Directors and Audit Board consists of fixed monthly fees. Compensation for executives consists of fixed monthly compensation as well as variable compensation linked to performance. Members of senior management also receive benefits such

as private pensions, health insurance, personal accident insurance and severance indemnity fund contributions.

The Human Resources department recommends compensation amounts based on annual market surveys, which are then approved by the Board of Directors in an Ordinary General Meeting.

We adhere to best practices in governance and transparency. This is reflected in our structure and reporting.



Statutory Officers



# RISKS AND OPPORTUNITIES

Risks are prioritized based on impact and likelihood.

102-11 102-15 103 | 205

Our Risk Management and Compliance department oversees our management of corporate risks, supporting the identification, assessment, management, monitoring and communication of risks inherent to our activities.

We have kept an up-to-date map of corporate risks since 2018. Risk assessments are conducted across the different areas of the Company and cover a range of factors including threats, vulnerabilities and capabilities, taking account of impacts from changes in the external and internal environment in identifying risks. A group of executives selected by Randon Companies classifies and prioritizes our corporate risks by intersecting their impact with their likelihood of occurrence.

In 2019, four corporate risks were prioritized to be addressed, and a risk management communication plan was developed formally documenting the process of communicating and reporting on issues and related activities. Risk indicators are also developed to monitor exposure to the four prioritized risks.

In 2020 the remaining risks prioritized by the Company will be addressed and monitored.

Identified risks are classified as strategic, operational, financial or regulatory risks based on the definitions below, to inform future analysis and provide a corporate overview as described in our Risk Management Policy.



[CLICK HERE TO VIEW OUR RISK MANAGEMENT POLICY](#)

## STRATEGY RISKS

Risks associated with the Company's strategic decisions in support of business goals and/or risks arising from the Company's lack of capabilities or skills to protect itself from or adapt to changes in the environment, including risks related to: competition, the market; customers; suppliers; sales channels; strategic positioning; acquisition risks; projections; talent retention.

## OPERATIONAL RISKS

Operational risks are related to the potential occurrence of losses (of production, assets, customers, revenues) as a result of gaps, deficiencies or weaknesses in internal processes, people and systems, as well as external events such as natural disasters, fraud, strikes and terrorist acts.

Operational risks typically relate to a reduction, degradation or full or partial disruption of operations, negatively affecting the Company's reputation.

## FINANCIAL RISKS

Financial risks include Market and Government Risks that can result in financial losses due to changes interest and foreign exchange rates, share pricing, commodities prices and the legislation. Credit Risks relate to the possibility of incurring losses from failure to make repayments under loans, debt securities and other instruments. Liquidity Risk describes the potential loss of capital, impairment of assets and other impacts.

## REGULATORY RISKS

Regulatory Risks are risks related to legal or regulatory sanctions, financial losses or reputational damage which the company could incur as a result of failing to comply with applicable laws, regulations, agreements, our Code of Ethical Conduct and/or Corporate Policies.



# ETHICS AND ANTI-CORRUPTION

103-2 103 | 205

Randon Companies strive to cultivate an ethical organizational environment where everyone conducts their activities in accordance with the principles of honesty, transparency and integrity.

Our Code of Ethical Conduct contains behavioral guidance applicable to stakeholders. It addresses issues such as data privacy, conflicts of interest, transparency, confidentiality, supplier relations and anti-corruption.

Randon Companies also have 13 Corporate Policies in place with topic-specific guidance on conduct and procedures:

- Anti-Corruption Policy;
- Property Security Policy
- Information Security Policy;
- Controllership Policy;
- Finances Policy
- Health, Safety & Environment Policy;
- Consequences Policy;
- Corporate Procurement Policy;
- Human Resources Policy;
- Compliance Policy;
- Risk Management Policy;
- Investment Management Policy;
- Foreign-Exchange Risk Management Policy **102-17**



## RANDON JOINS THE ETHOS INSTITUTE BUSINESS PACT FOR INTEGRITY AND AGAINST CORRUPTION 102-12 103 | 205

In early 2019 we became signatories of the Ethos Institute Business Pact for Integrity and Against Corruption, undertaking a public commitment to integrity in the business environment. This pact is related to the 10<sup>th</sup> principle (Anti-corruption) of the Global Compact, under the United Nations Convention against Corruption.



We engage our stakeholders around topics that ensure our business conduct is ethical and compliant.



NOSSOS PRINCÍPIOS, NOSSA IDENTIDADE

## INTEGRITY PROGRAM

**103 | 205**

The Randon Companies Integrity Program (*ID Randon*) is a process of continual improvement of our governance practices at Randon Companies to strengthen our values and our principles as we prepare for future challenges.

The *ID Randon* program is continually monitored and status reports are presented every two months during Ethics and Compliance Committee meetings attended by the CEO, the executive vice president, the CTO and the controllership officer. During these meetings, information is provided about:

- Concerns reported through our Reporting Channel and significant incidents;
- Due diligence procedures on suppliers;
- Reviews of our Corporate Policies and Code of Ethical Conduct;
- Ethics awareness campaigns and training;
- The effectiveness of our Ethics Program.

Anti-corruption management is also monitored and assessed by the Internal Audit under an annual work plan approved by the Board of Directors. The Internal Audit is responsible for independently investigating reports on fraud or process errors within the Ethics Hotline organization.

Randon Companies also undergo independent audits to review the financial statements and perform a preliminary assessment of internal controls. Anti-corruption risk assessments were conducted on 100% of our operations, covering compliance and environmental risk, ethical conduct and supplier management. No risks were identified in new operations. **205-1**

In 2019 no confirmed instances of corruption were identified. **205-3**

**ID PRINCIPLES**

Valuing and respecting <b>PEOPLE</b>	<b>SAFETY and QUALITY</b>
<b>ETHICS</b>	<b>TECHNOLOGY and Innovation</b>
<b>CUSTOMER satisfaction</b>	<b>PRESERVING</b> our reputation and legacy
<b>SUSTAINABLE PROFITABILITY</b>	<b>RANDON</b> is all of us

## COMPLIANCE AND ANTI-CORRUPTION TRAINING 205-2

All Randon Companies employees receive training through our Integrity Program (ID Randon). In 2017 and 2018, awareness campaigns in a video format were carried out during monthly meetings, each addressing a different topic.

In 2019, a training pathway called “*Seja ID*” was incorporated on our education platform. The online course about our Code of Ethical Conduct comprises multiple stages: a first stage, which has already been completed, involved our management and administrative employees; a second stage, for indirect employees (employees not directly related to our production process); and a third stage for other employees, to be completed in 2020. Read more about our anti-corruption training and procedures on page 57.

Our training platforms feature topics that are aligned with our principles.



**ETHICS HOTLINE 103-2 103 | 205**

Where any violation of our Code of Ethics, the legislation of the countries where we operate or our Corporate Policies is suspected, those concerned are requested to report their concerns via our Ethics Hotline, which is available to both internal and external stakeholders.

Cases are referred to the areas responsible for investigation, and are handled confidentially and anonymously.

Reports received are preliminarily analyzed by an independent, specialized firm, and then referred with recommendations to the Randon Companies Compliance department. In 2019 the average case processing time was 35.4 days.

The most commonly reported concerns are related to interpersonal relationships and noncompliance with standards.

In 2019 we received 361 reports, 83% anonymously and 17% non-anonymously.



**Our Ethics Hotline can be reached by phone and via our website**

**0800 777 0768**

**SUPPLIER DUE DILIGENCE**

Supplier due diligence processes consist of assessments of supplier integrity to identify actual or suspected noncompliance with Randon Companies' ethical principles and values, with a particular focus on preventing corruption. Our due diligence portal is managed by an independent, specialized firm.

In 2019 we carried out due diligence on 277 suppliers to ensure compliance with good practices and Brazilian anti-corruption legislation (Law No. 12.846/2013).

An agenda underpinned by our values guides the way we do business.

**CHANGES IN POLICIES ON INSIDER TRADING AND DISCLOSING MATERIAL INFORMATION** 102-10

In June 2019 we updated our Disclosure Policy Handbook and Insider Trading Policy. Among the changes was the inclusion of an "Approved Broker" section under which Randon Companies' listed stocks are required to be traded via a single broker both by managers and by persons covered by the Insider Trading Policy. The goal is to increase information security in relation to stock trades by people who may have access to privileged information.

**LEARN MORE**





# INNOVATION AND R&D

Innovation is an integral part of our history and is expressed in our organizational culture. Since our early years as a Company, we have created product solutions that have influenced our industry, such as air brakes and lift axle systems for trucks and semitrailers, which we were the first to launch in Brazil in the 1950s (learn more about the history of our Company on page 11).

In 2019, in addition to organizational innovation initiatives as described below, we continued to invest in product solutions that deliver increased quality and safety to our customers and improve vehicle performance.

We work to ensure that our product performance also translates into reduced environmental impact, and continually develop materials that support this goal.

This has enabled us to build leadership in the markets where we are present. Our competitive differentiators, the strength of our brands and the quality of our products have made us a thought leader in our markets.

Innovation and R&D are therefore among our core fronts of investment. This includes concept development, prototyping, performance testing and other initiatives.

In the financial services industry, Randon Consórcios and Banco Randon develop solutions to increase access to credit and provide sources of funding both for Randon Companies and for our customers' and suppliers' businesses. These investments contribute to the development of our industry and the local economies where we operate.



Randon Technology Center

### **RANDON HAS THE LARGEST INDEPENDENT AUTOMOTIVE TECHNOLOGY CENTER IN LATIN AMERICA 102-7**

Randon Companies' automotive technology center is the largest in South America. Located in Farroupilha (RS), the Randon Technology Center (CTR) is hosted at a 94-hectare facility licensed by FEPAM. The 20 different test tracks at our proving grounds, with a total length of 15 km, reproduce the harsh driving conditions encountered on different roads, such as vertical irregularities and

off-road sections. Our standardized test tracks include a noise testing track and a 1.5 km straight section with no inclination for assessing coasting deceleration.

Vehicles are prepared in a 2,200 m<sup>2</sup> building that also houses a structural laboratory with 11 hydraulic servo actuators and a 94 m<sup>2</sup> seismic base.

With leading-edge technology, the Randon Technology Center is a catalyst for transformation in the automotive industry.

## The Randon Technology Center (CTR) will be expanded in 2020 by 53,000 m<sup>2</sup>, in an investment of R\$ 10 million.



In 2019, Randon Companies and our business partner, Marcopolo, expanded our collaboration at the Randon Technology Center (CTR), in which Marcopolo has been provided with a restricted-access area for advanced engineering studies for its coach products, with a focus on quality, innovation and competitiveness.

In 2020 we will expand the CTR by an additional 53,000 m<sup>2</sup>, in an investment of R\$ 10 million. The technology Center will be the first in Latin America with an area for dynamic assessments of commercial vehicles, for use in developing and testing stability control systems—this will be a regulatory requirement in Brazil from 2022. The expansion will also include a special track for testing anti-lock braking (ABS) systems. This track will be 300 m long and 6 m wide, with run-off areas for safe maneuvering.

The investment will make the CTR an attractive option for the market, with the size and loading capacity for the combination vehicles operating in Brazil.

An additional R\$ 3 million will be invested in a structural laboratory to expand testing capacity for OEMs and our own companies. In accordance with our Environmental Policy, the Expansion Project will also implement environmental offsets.



# R&D HIGHLIGHTS IN 2019



## 81%

of revenues at Randon Implementos derived from products launched in the last five years.



## R\$ 90 mn

invested in technology and innovation in 2019, approximately.



## 46

projects completed in 2019 and a total of 127 in the pipeline at year-end.



## 31

new patent applications, 17 more than in 2018.



## AUTO PARTS DIVISION

Some of the R&D practices and principles at our Auto Parts division include:

- **Agile methods;**
- **Dynamic processes** used by the technology team;
- **Assessment of megatrends** in the automotive industry, such as mobility, electrification, connectivity and smart materials;
- **Responsiveness** to market needs;
- **Creative development** informed by deep insight into products and innovation.

In 2019 we developed 15 projects that were unveiled during the FENATRAN 2019 trade show—one of the foremost automotive events in Brazil—such as tribological friction pairs that enable the development of brake drums and linings as assemblies. The solution's durable design helps to reduce Total Cost of Ownership (TCO).

Also in 2019, we made nine new patent applications at the Brazilian Intellectual Property Institute (INPI).

### MAIN PRODUCT LAUNCHES IN 2019 IN THE AUTO PARTS DIVISION

[LEARN MORE](#)



- Full Air Suspension
- Steer axle suspension
- Mixed front suspension
- NG Air Link Suspension
- Steer axle for agricultural trucks
- TAS suspension
- NG mechanical suspension
- Self-steering axle for agricultural machinery

**Master ABS**  
Master Piston Chamber

[LEARN MORE](#)



**Long Life Wheel End**  
Unitized Wheel End

[LEARN MORE](#)



**JSK39CS+Air Release Fifth Wheel**  
Fifth Wheel Sensors

[LEARN MORE](#)



**Brake shoes for the US and Brazilian railroad markets**

[LEARN MORE](#)





## Randon Hybrid R is the first semi-trailer with an auxiliary electric drive system in Latin America.



### **E-SYS ELECTRIC AXLES PROVIDE SAVINGS OF UP TO 25%**

The e-Sys electric axle system for cargo transportation, which is still undergoing testing, is a concept product announced in 2019 that will increase operating efficiency in cargo transportation through fuel savings, reduced component wear and faster uphill speeds.

### **e-Sys recovers energy when breaking and downhill**

- The semi trailer uses a software program that automatically manages the system to recover energy when braking and traveling downhill. The solution also provides a power boost when traveling uphill.
- The solution was entirely developed in Brazil at the Randon Technology Center.

### **The new technology reduces CO<sub>2</sub> emissions and delivers improved safety in cargo transportation**

- e-Sys can reduce fuel burn by as much as 25%, as well as helping to reduce component wear.
- Tests conducted along a typical truck route found that a conventional truck will burn between 34 and 37 liters per hour. With electric drive assist, consumption is reduced to 16 to 19L/h, approximately, depending on the route, driving conditions and the load.
- A smart control algorithm manages the on-off operation of the system, selecting the best timing to use the electric drive assist and to charge the battery.
- The system can also be used to provide a 200 hp boost to the tractor unit drivetrain.
- The algorithm was developed as a collaboration between Suspensys and business partners.

**LEARN MORE ABOUT THE E-SYS ELECTRIC DRIVE AND POWER REGENERATION**





# TRAILERS DIVISION

Our portfolio launches in 2019 include on-board intelligence, automation and technology, design optimization, and products that are more lightweight and have higher cargo capacity. The benefits from these solutions include:

- Cost savings for customers—increased durability and lower maintenance costs over the product lifecycle;
- Minimized environmental impact as a result of reduced material volumes;
- Reduced greenhouse gas (GHG) emissions both in the manufacture and in the use of our products.

See a description of the R&D process at our Assembly division on the right.

Our solutions are developed hand-in-hand with environmental preservation.

## Ideation and innovation

- Monitor new technologies and manufacturing processes, product trends and market needs.
- Identify opportunities and develop a roadmap with a vision for the present, past and future of the product, as a guideline in developing products and processes and managing the portfolio in the short and medium term.

## Product Development

- Multifunctional teams develop products from concept creation to prototype validation.

## Process Development

- Plan and develop manufacturing processes and tooling to ensure that adequate facilities are available to manufacture the new products, taking into account the efficiency and performance of the production process across quality, cost, safety and environmental impact.

## Product Launch

- Develop a full-lifecycle launch and go-to-market strategy covering advertising, sales and aftersales. After product launch, product performance is monitored over time.

## MAIN PRODUCT LAUNCHES IN 2019 IN THE TRAILERS DIVISION

### LEARN MORE



- Aluminum Tank
- General Cargo Box Trailer
- New Sider Trailer
- Noldular Platform
- Cane Field Outriggers
- Bi-Train Dump Trailer with New Modular Dolly



# PROCESS INNOVATION



**LEARN MORE ABOUT THE CAPACITY EXPANSION AT RANDON IMPLEMENTOS**

## Stamping Process Upgrade

We invested approximately R\$ 30 million in developing a new automated stamping system at Randon Implementos—the largest in the Americas by storage capacity—using industry 4.0 solutions. The system layout optimizes the process flow, with high-performance machinery with a utilization rate of 85%. Some of the benefits from the new system include:

- Higher production capacity (3x faster);
- Operational and logistics improvements;
- Leveraged data;
- Real-time monitoring;
- Inventory management;
- Machine-machine integration.

Our R&D efforts also include process innovation. In 2019 we invested in robotic assembly lines, process safety, quality and manufacturing capacity. See some of the highlights below:



The Randon Implementos stamping facility



## ENVIRONMENTAL BENEFITS

Fiber-laser cutting and the use of nitrogen gas as a processing aid produce oxide-free cutting edges and eliminate the need for mechanical or chemical deburring processes. The upgrade has significantly reduced the volumes of hazardous waste generated.

## E-coat Part Coating

We invested R\$ 10 million in this operation in 2019. We increased production capacity in our part coating process, which now uses acrylic E-coat and nanotechnology to deliver superior performance and a coating with 50% greater ultraviolet protection. The production workflow is now 75% leaner, with a curing operation and fewer material handling steps, reducing part coating costs by approximately 50%.

The new facility location has also reduced the distance between the coating area and the upstream stamping and pre-assembly operations by 70%.

It also reduces consumption of process gases—which is currently the highest operating cost in our fiber laser cutting process—by up to 70%.

The project has also reduced the facility footprint from approximately 5,000 m<sup>2</sup> to 2,500 m<sup>2</sup>, delivering increased productivity and a more streamlined process.



## ENVIRONMENTAL BENEFITS

The new technology generates significantly less waste compared to conventional processes, with 60% lower effluent treatment costs.

### New Spring Brake (Master) Chamber assembly line

- Compliant with safety and ergonomics regulations (NR 12 and NR 17);
- Quality assurance through electronic control systems;
- Presses with servo motor systems (optimized power consumption; elimination of hydraulic oil);
- Bluetooth torque meters (increased mobility).

### 3D printer (Suspensys)

Improved layout development and validation.

# INNOVATION IN SERVICES

Our investments in service innovation deliver improved customer service and efficiency in financial transactions.

- Omnichannel Service, with collection tools and credit approval processes that deliver efficient and convenient service solutions at Randon Consórcios.
- RPA (Robotic Process Automation) technologies across different areas, and process digitization to achieve greater operating efficiency.
- Launched an Investment Platform at Banco Randon where clients can process their financial investments, communicate with the bank and view their investment holdings.
- Launched a Client Portal at Banco Randon where customers can view their loan contracts, issue pay slips and process other financial services.
- Developed a digital receivables factoring program for our suppliers, with improved management of the Company's receivables portfolio.

## EXPLORING DIGITAL BUSINESS

We are well underway in our digital transformation and are working to deploy these technologies across Randon Companies. In 2019 we created a Digital Business function working across Robotic Process Automation (RPA), Data Science and Artificial Intelligence, Blockchain and Agile Solutions. See an overview of these solutions below.

### RPA Technology

Robotic Process Automation (RPA) is used to automate processes and eliminate repetitive tasks. This frees up people's time for analytical activities, for which human skill can be used to greater advantage. In 2019, we:

- Identified more than 200 opportunities to implement RPA technology;
- Implemented 50 robots;
- Internally developed 27 robots;
- Freed up approximately 800 hours of time spent on operational processes and activities per month.

### Data Science and Artificial Intelligence

Data analytics can provide competitive advantage in the market and we have therefore incorporated data analytics strategies in the business. In 2019 we developed Artificial Intelligence (AI) algorithms deployed in product development, people management—such as talent retention—and payment processes.

These projects have been developed internally by our Data Science team, with some of the solutions created in collaboration with startups.

### Blockchain

To improve security and reliability in our supply chain, we are assessing ways to leverage blockchain technology in our business and operations. In 2019 we establish a partnership with iCoLab (Instituto Colaborativo de Blockchain), which will provide support in financial, foreign-exchange and production-related projects.

### Agile Solutions

We initiated projects using agile methods to develop and accelerate applications addressing specific problems in our operations.



### OTHER OPEN INNOVATION INITIATIVES

We have implemented several programs to drive innovation and the development of new solutions for our business and operations. Some of these programs are described below.

#### **Randon ExO**

Our innovation cell, *Randon ExO*, is staffed by professionals from different fields and backgrounds who are seconded from their functions to develop solutions jointly with startups that address identified needs at Randon Companies.

The development program trains these professionals for current and potentially future challenges in the market. Concurrently, it supports projects developing innovation and new solutions. In 2019, 15 employees from nine of our companies participated in the program.

#### **Empreende Randon**

Also as part of our efforts to develop more agile teams and solutions, we implemented an Intra-entrepreneurship Program in partnership with the Science, Technology & Innovation Park at the University of Caxias do Sul (TecnoUCS) to expand our access to technologies creating new business opportunities. A total of 15 Randon Companies employees participated in the program, developing new entrepreneurial skills and competencies.

#### **Hélice Institute**

Founded in 2018, Hélice is a program that aims to boost innovation in the Serra Gaúcha area, in a partnership between Randon Companies, Florense, Marcopolo and Soprano, contributing to the development of the broader community. In 2019, in addition to announcing six new members, the program was consolidated into an Institute that has established Caxias do Sul, Serra Gaúcha and the broader state of Rio Grande do Sul as a national innovation hub in our industry.

Randon Companies are currently working with more than 39 startups to accelerate innovation.

**HÉLICE MEMBERS**

- OCA Brazil
- University of Caxias do Sul (UCS)
- Grupo Uniftec
- Faculdade da Serra Gaúcha (FSG)
- Metalworking Industry Trade Association of Caxias do Sul (SIMECS)
- Plastic Industry Association of Northeast Rio Grande do Sul (SIMPLÁS)
- Chamber of Industry and Trade (CIC) of Caxias do Sul
- Industry Federation of Rio Grande do Sul (FIERGS)
- Flores da Cunha Business Center
- Acelera Serra
- Municipal Government of Caxias do Sul



# THE HERCÍLIO RANDON INSTITUTE SUPPORTS AN ECOSYSTEM OF INNOVATION



The Hercílio Randon Institute (IHR) is a private not-for-profit organization that supports our business units in building a culture of innovation. It provides a link to accelerate transformation in our core business and culture, enabling us to leverage opportunities deriving from emerging technology and market developments.

This is achieved through an innovation hub and collaboration with other companies, institutions and governments in order to strengthen the innovation ecosystem and establish partnerships to drive innovation at Randon Companies.

**HERCÍLIO RANDON AWARDS**

The Hercílio Randon Award program recognizes employees for outstanding work. The award categories were expanded in 2019 to raise awareness about the importance of innovation and individual ownership in developing products and services that are increasingly better, more sustainable and more customer-oriented.

**ABSTARTUPS**

We, alongside the Hercílio Randon Institute, are sponsors supporting the Brazilian Start up Association—the foremost organization representing and providing information about the innovation ecosystem in Brazil.

Our close interaction with ABStartups supports collaboration and the broader innovation ecosystem, including in non-major cities, such as Caxias do Sul (RS), where the Hélice Institute is located (Read more about Hélice on page 36).



# OPERATING SAFETY AND EFFICIENCY

103 | 303 103 | 403

Our Health, Safety & Environment Policy provides guidance on integrated health and safety management to ensure both the physical and psychological well-being of each employee and their engagement in achieving high performance, well-being and positive social interaction.

Through the policy, we also aim to better leverage our human capital at Randon Companies. This is achieved by using strategies to reduce absenteeism, illness rates and chronic illnesses that can affect employee productivity.

Our illness rate decreased from 86% in 2015 to 74% in 2019 after implementing integrated health management and preventive medicine programs, primarily addressing the following issues: prevention of breast, cervical and prostate cancer; mental and psychosocial health; pregnancy; vaccination; healthy eating; ergonomics; occupational safety; and preventing sexually transmitted diseases. **403-6**

We have processes in place to reduce employee exposure to risks inherent to the workplace environment, supported by preventive and continuous improvement programs.

We provide training, education and guidance to employees in order to maintain a preventive culture and reinforce their commitment to consistently achieving optimal performance across Health, Safety and the Environment.

We have a practice of holding biweekly meetings between safety engineers and the occupational physician responsible for the Occupational Health & Safety Program for alignment and discussion on risk situations and opportunities for improvement. **403-3**

All employees are covered by our health, occupational safety and environment management system, and operations at all Randon Companies have an integrated management system (OHSAS 18001 and ISO 14001) in place. Considering health and safety aspects specifically—i.e. only companies certified to OHSAS 18001—84.48% of employees are covered by an audited and certified system (Fras-le, Castertech, Suspensys, Master, Jurid and Randon Implementos). **403-1 403-8**

We annually mark Environment Week and Accident Prevention Week with initiatives that raise awareness among our employees and our communities about social, environmental and accident prevention processes and practices. We also have established and standardized key performance indicators for these topics, which are consolidated and published on an HSE dashboard as part of our management practices.



## HSE TECHNOLOGY

By monitoring global HSE trends, we seek to incorporate new technologies and innovation in our management practices. Below are some of the highlights in this area in 2019:

- **HSE Center of Excellence**—we launched an HSE Center of Excellence to locally provide special technology for training, workshops and events. We developed a virtual reality-enabled prevention game to increase employee awareness about risks and support training activities.
- **Distance Training**—we have an on-line platform dedicated to providing training on regulatory standards, sustainability and other Health, Safety & Environment topics.
- **HSE Management System**—we manage workplace inspections and occupational health checkups through an internally developed, proprietary system. The system also manages Personal Protective Equipment (PPE) checkouts and returns using a biometric system.
- **Indicator management**—we use Power BI to manage indicators that are displayed on a management dashboard.
- **Dictas**—we use artificial intelligence to create value in managing health benefits by identifying use patterns, mapping risk groups and providing managerial information interactively and dynamically. This allows decision-makers to promptly and effectively respond, thereby reducing and containing healthcare costs.

### Integrated health management

Randon Companies also have a self-funded health plan, SSI Saúde\*, registered with the Brazilian private healthcare regulator (ANS), that provides comprehensive healthcare through a central administrative and beneficiary service center and local healthcare providers across different medical specialties. Beneficiaries have access to the full range of medical specialties through a network of more than 700 providers that meets all the requirements established by ANS. **403-6**

### PROMOTING A CULTURE OF PREVENTION

As part of our guiding principles, we believe that better and sustainable results are achieved when employees develop increased safety maturity and awareness, and recognize their responsibilities and ownership of their actions.

In 2018 we implemented an initiative, called Life-Saving Mindsets, that engages employees around safe behavior and helps to develop a culture of prevention.



Life-Saving Mindsets—Green April—Occupational Injury and Disease Prevention Month

Uma atitude muda uma **VIDA**

#### 5 prevention pointers

- 1 Own your safety
- 2 Mind your own and others' safety
- 3 Stop what you're doing if you see anything unsafe
- 4 Report any unsafe situation
- 5 Put prevention above all

Our management, working with the Health, Safety & Environment (HSE) team, developed performance standards that summarize practices to strengthen and accelerate this process, including:

- HSE discussions in which important HSE topics are addressed with all employees;
- Active safety workshops;
- HSE inspections to assess workplace conditions and potential environmental impacts, and plan improvement actions;
- Investigation of 100% of incidents and implementation of action plans to address them.





**OCCUPATIONAL HEALTH & SAFETY INITIATIVES** 403-4

Incident analysis and investigation

Periodic meetings with the Executive Committee to revalidate strategies and assess performance; Monthly HSE performance meetings covering all units, with the involvement of the different department heads and the technical team; Investigation of serious accidents/incidents, and Internal Accident Prevention Commission (CIPA) meetings attended by direct and third-party employees. **403-4**

HSE discussions

Discussions every two weeks to strengthen our safety culture by providing guidance and encouraging direct and third-party employees to report any incidents. **403-4**

HSE Inspections

Coordinators, managers and executives are engaged in identifying and suggesting actions to reduce environmental risks and impacts.

Training and capacity building

We manage employee training through our education team and through monthly HSE performance meetings at our business units. For third-party employees, training is managed via our Supplier Channel. Where training certificates have expired, the relevant employee is prevented from entering our premises until a new certificate is produced. **403-5**  
All employees undergo periodic health checkups and third-party employees periodically provide documents demonstrating their current health status.

Infrastructure

We provide protection systems to all employees, including collective as well as personal protective equipment (PPE), and require that PPE be worn at all times by visitors and third-party employees. Our plants all have appropriate safety signage in place. Some of our facilities have Health Centers where both general and occupational health checkups are performed. An ergonomics expert also conducts periodic workstation inspections. **403-3**

Preventive health programs

We have a range of programs focused on prevention, most of which also extend to employees' families. Our most significant programs, in terms of participation, are our women's health program (Pink October, a breast cancer prevention and early diagnosis campaign); men's health program (Blue November, a prostate cancer prevention campaign); vaccination, and especially flu vaccination campaigns; mini-checkups for all employees; and Green April (occupational health & safety prevention month). Other significant initiatives include a running and hiking event for employees and their family and community members, with the aim of encouraging healthy lifestyles; in the 2019 edition, 4,000 people participated in the event. We have also organized a Kids Race for children and people with disabilities since 2017.

## MAPPING HEALTH AND SAFETY RISKS 403-1 403-2

The HSE department conducts environmental hazard, risk and aspect assessments involving our leadership team and employees. The results from the assessments are shared across the organization to help develop safer operations and raise awareness about existing preventive measures and controls.

We have also created a Change Management Guide to reinforce the importance of preventive assessments addressing the potential impacts in different areas, such as purchasing new machinery, layout changes or process changes.

### **OCCUPATIONAL INJURIES** 403-9

In 2019, occupational injuries were primarily related to fractures and commuting accidents. To help reduce motorcycle accidents, our HSE teams initiated an awareness campaign towards the end of 2019. The many different initiatives that have been implemented over the years have yielded satisfactory results. Our injury frequency rate decreased by 36.4% from 2017 to 2019. From a 2015 baseline, our injury frequency rate decreased by 46.6%, and we have set a target of achieving zero injuries. For other information about occupational injury rates, see page 65.

### **OCCUPATIONAL DISEASES** 403-10

The number of cases of occupational illnesses is a strategic indicator as part of our health and safety management practices at Randon Companies, and is reported on and assessed in all senior management meetings.

In 2019 there were no fatalities resulting from occupational diseases; however, we recorded 11 cases of ergonomics-related occupational diseases and noise-induced hearing loss (NIHL). As a preventive measure addressing noise and ergonomics problems, we have implemented initiatives that include anticipating potential risks when developing new projects or processes, replacing equipment, machinery and devices, and implementing new operational layouts.

Noise and ergonomics assessments are mandatory to ensure our workplace environment continually improves. We also have a hearing preservation program that includes best practices to prevent hearing loss during employees' service with the Company.

In 2019 we launched an Ergonomics Manual to provide guidance to our teams on implementing new infrastructure projects. We also have a dashboard showing ergonomics indicators for all workstations compiled by an ergonomics specialist; criticality levels are identified and actions are monitored through monthly HSE performance meetings at each site.

For further employee-related information, see page 59.



Our injury frequency rate decreased by 46.6% from 2015 to 2019.



## COVID-19 RESPONSE

Following the the COVID-19 coronavirus outbreak in 2020, we took a number of steps to protect the health of our employees while maintaining our operations, in accordance with the safety measures and guidance provided by the World Health Organization. Since January, when the virus became a public health problem in China, we have conducted respiratory disease prevention campaigns at all sites, including in countries with no reported COVID-19 cases.

As the pandemic continued to escalate, we expanded our response to include: enhancing hand hygiene procedures, allowing employees to work from home, suspending operations, accelerating the flu vaccination program for all employees, arranging for home-based care for employees with symptoms, as well as a number of other initiatives.

These initiatives have helped to maintain cargo transportation capacity in Brazil, an essential service to maintain an adequate supply of food, medicines and other basic supplies during the pandemic. Our products also supply the aftermarket with parts needed to keep cargo vehicles safely on the road.

During the pandemic, we have also supported the healthcare system and its response to the COVID-19 coronavirus. This has included the following measures:

- Alongside Marcopolo and Simecs, we participated in a campaign, called “Caxias against COVID-19”, in which we donated funds to purchase ventilators for hospitals in Caxias do Sul.



- We donated 50,000 bottles of gel-based hand sanitizers for truck drivers.
- We donated materials to be University of Caxias do Sul to produce low-cost ventilators and hand sanitizers for use in public hospitals.
- We supplied personal protective equipment to the hospital network in Caxias do Sul.
- We produced parts for face shields that were then donated to healthcare and law enforcement personnel, by retooling a production line at Controil, a Frax-le subsidiary.
- We, and other organizations and companies in Caxias do Sul, donated 130 metric tons of food products to families affected by the pandemic.

For up-to-date information about our response to the novel coronavirus pandemic, visit our website: [www.randon.com.br](http://www.randon.com.br).



# CONSUMER HEALTH AND SAFETY 103 | 416

To ensure we provide our customers with high quality, safe products, our processes have quality, environmental, health and safety management systems designed for the automotive industry and certified to international standards ISO 9001:2015, ISO 14001:2015, IATF 16949:2016, OHSAS 18001:2007 and ISO17025:2017 as well as other legal and regulatory requirements (e.g. Inmetro).

At Randon Consórcios, a quality management system certified to ISO 9001:2015 has been in place since 1997—we are the first pooled consumer finance company to have been certified to the standard. This business unit also adheres to practices within the Excellence Framework established by the Brazilian Quality Foundation. **416-2**

Our operations in other countries are certified to ISO standards as well as CHAS, IRAMAITA 6-C1 and 6-C2:2002 in Argentina; ECE R13 and ECER50 in Europe; and resolution 4983:2011 (embodying NTC 1715:2005) in Columbia.

Our products are all free of restricted substances. We assess, as necessary, the need to secure any other applicable certification requiring specific testing and analysis in a given country or geography.

Our operations undergo internal and dependent audits for product quality and safety, and our sites are inspected for compliance with customer requirements. We also conduct audits on suppliers to ensure they comply with specified requirements, and assess the operation of their occupational health and safety management systems. **403-6 403-7**

In 2019 we initiated a transition from OHSAS 18001 to ISO 45001, the global gold standard for occupational health & safety management. The standard requires that organizations take into account the needs and expectations of stakeholders in decision-making. Our certification to this standard attests that we are compliant with these requirements and are aware of the needs and expectations of our stakeholders.

We also use technical tools such as APQP (Advanced Product Quality Planning), FMEA (*Failure Mode and Effect Analysis*), quality management and continual improvement and problem solving programs, such as 8D, MASP (a troubleshooting Methodology) and Lean tools such as 6 SIGMA.

## Preventing product issues

To prevent defects and other technical issues in our products, we develop catalogs, manuals and technical notices with user instructions, provide safety training and, for some products, provide operator training. In addition, before our products go to market, most undergo testing at the Randon Technology Center.

Randon Companies' products are sold both B2B and B2C, and we have customer-specific service channels for each group. In product sales to OEMs, complaints are largely addressed to sales consultants. When an issue is identified, the case is referred to our Quality, Product Engineering, after Sales and Technical Support departments. Randon Implementos has a distribution network that markets our products and is therefore directly involved in the process. Distributors all receive technical, safety and environmental training.

For end consumers, we provide service channels such as toll-free numbers, WhatsApp numbers, social media channels, and a Contact Us channel on each company's website.

We conduct satisfaction surveys every two years covering both OEM and aftermarket customers, and have a Customer Committee to address issues raised by these customers. **416-2**

We provide service channels such as toll-free numbers, WhatsApp numbers, social media channels and a Contact Us channel on each company's website.



## CUSTOMER PRIVACY AND DATA PROTECTION

103 | 418

Through our Information Security Policy, we affirm our commitment to protecting the information of our direct and indirect employees and suppliers. Newly hired employees are required to sign a commitment to our Information Security Policy during induction training. We also use antivirus

software, firewalls and other tools to protect our databases. Through our Safe Connections program, we conduct Information Security awareness campaigns addressed to employees. In 2020 we will update our processes for compliance with the Brazilian General Data Protection Act (LGPD).

In 2019 we received no warnings or sanctions from external parties and/or regulators for any breaches of customer privacy, or any related complaints through our service channels (Customer Service and Ethics Hotline). We also identified no incidents through the technological controls used at Randon Companies.

418-1

### CUSTOMER RELATIONS 102-44

We interact with our customers through telephone calls, product training and forums, self-explanatory materials about product settings, and visits to customers and cargo providers. We also address issues reported by stakeholders in accordance with our Corporate Policies, using a proactive approach that involves the different functions across the Company. In addition, we have invested in digital

transformation to improve the customer experience through omnichannel sales service solutions in some of our businesses.

On our social media channels, we respond to and, where necessary, take action to address 100% of customer messages and comments.

A range of documentation, tools and training help us to deliver on our commitment to data privacy.



# 100%

of social media messages, comments and questions are addressed



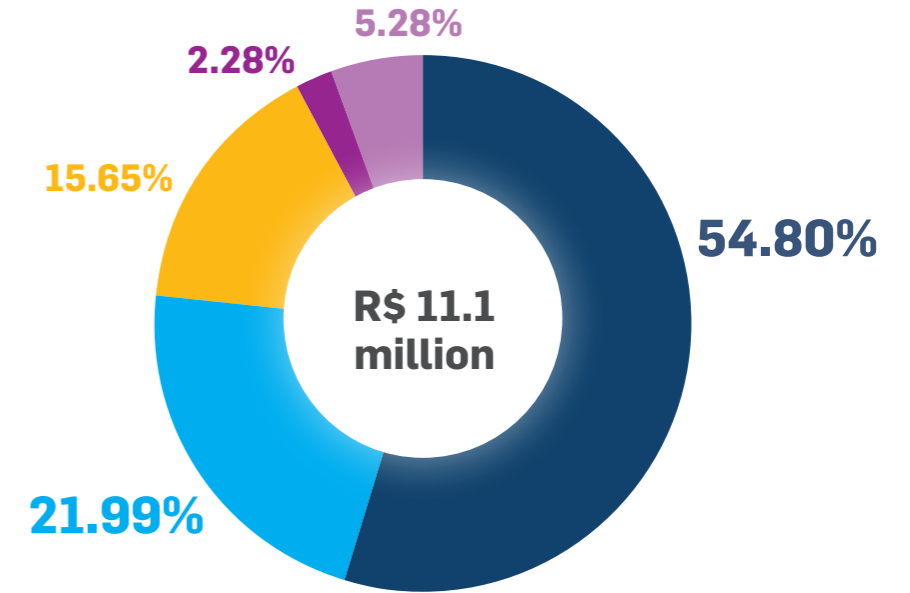
# ENVIRONMENTAL MANAGEMENT

Between 2017 and 2018, Randon Companies were certified to the latest edition of ISO 14001:2015, which establishes new requirements relating to the supply chain, the product lifecycle, risks and opportunities. We invest continually in resource efficiency and process optimization to minimize the levels of waste. We have also adopted sustainable consumption standards in order to preserve natural resources and contain waste. This supports sustainable growth while making our processes more cost-effective.

## INVESTMENTS 2019 (ENVIRONMENT)

- Waste treatment and transportation
- Emissions treatment
- Effluent treatment
- Analyses\*
- Environmental Projects\*\*

\*Effluents, waste, emissions, groundwater, soil.  
\*\*Investments in exhaust systems, gas scrubbers and water savings projects. Companies included: Castertech, Controil, Randon Implementos Caxias, Fras-le, Suspensys, Randon Veículos, Jost, Master.



## MANAGING WATER CONSUMPTION 103 | 303

Our employees use water supplied by utilities, while our plants consume water from deep cased wells as well as recycled wastewater. Our license for water withdrawal from deep cased wells requires that we preserve the underlying groundwater. We ensure our compliance with this requirement through continuous monitoring. **303-1**

The wastewater treatment plant systems at our Interlagos site—which receives effluents from Randon Implementos, Castertech, JOST Brasil, Master, Suspensys and Randon Veículos—and the Fras-le site recirculate part of the treated water for use in toilet flushing, landscaping, yard and other outdoor washing, and in some production processes, such as part cooling. **303-1**

Our overarching goal is to reduce the amount of water we consume. To this end, we continuously monitor and implement initiatives to reduce consumption. In 2019 the following initiatives were implemented:

- A pilot project to use Piipee technology in replacement of flush water, generating water savings of 80% in office areas. In the first year, this initiative involved approximately 500 people and generated 2.5 million liters in water savings;
- Water recycling– 60.8% of wastewater is recycled at Interlagos (the site in Caxias do Sul where our Randon Implementos, Randon Veículos, Master, JOST Brasil, Suspensys, Castertech and Randon Consórcios operations are located) and 38.7% at Forqueta (Fras-Le);
- Installation of a new gas scrubber with a washing system without added chemicals and with an activated charcoal filter;
- Discontinued use of plasma equipment with wet emissions containment systems, due to their significant volumes of water consumption and wastewater.

ment. We periodically conduct supplier audits that also cover water and effluent management requirements. **303-1**

All facilities at Randon Implementos, Randon Veículos, Suspensys, Castertech, JOST Brasil, Master and Fras-le comply with effluent discharge requirements applicable to the relevant receptor body, based on CONAMA Resolution 430 and CONSEMA Resolution 355/2017. There are no specific requirements applying to our industry. **303-2**

We recorded an increase in third-party water consumption from 2017 to 2019. The increase is explained by the consolidation of an additional company in the data for 2018 and two additional companies in the data for 2019; the incorporation of Mastertech on the premises of subsidiary Master in the second half of 2017; and higher production volumes. In the historical series, there were no changes in water storage volumes. This consumption includes water withdrawn from deep cased wells and utility water, but excludes reuse of wastewater. **303-5. A. E B.**

In 2019 our water consumption was 244 million liters.

For further data on water consumption, see page 66.

We also actively follow the water consumption and reuse agendas of external regional committees of which we are members, involving discussions about incorporating new technologies and good practices through a process of continual improve-

### WATER AND EFFLUENT DISCHARGE 303-4

In our operations, wastewater is derived from bathrooms, change rooms, cafeterias, cooling towers, gas scrubbers, surface pretreatment processes, and other sources. Phosphorus is the only substance of concern due to the longer required residence time in the biological treatment process. Our discharge limits are based on CONSEMA 355/2017. In 2019 there were no incidents of noncompliance in the discharge of substances of concern.

Treated effluent volumes were higher in 2019 than in previous years (60.6%) and water reuse volumes were approximately four times higher (water sent

for use at other organizations). The higher percentage of water reuse is related to increased production rates and new process developments enabling the use of treated effluents.

The percentage of wastewater that was reused in 2019 was 55.20%, a significant improvement from the percentages in previous years. The increase is related to higher production rates, the installation of new machinery consuming effluents and the growing workforce.

For data on the volume of water discharge from our operations, see page 66.



An effluent reuse storage tank - Castertech.

# WASTE 103 | 306

Our priority in waste management is minimizing the amount of waste we produce through improved material usage efficiency. Materials are utilized and recycled to the extent practicable, primarily through intercompany arrangements. Where this is not practicable, and to eliminate environmental liabilities, state-of-the-art technologies are used for disposal, such as coprocessing.

Our waste management practices are based on the 3Rs principles: Reduce, Reuse and Recycle. We have sustainable consumption standards in place to ensure we preserve natural resources and minimize waste (for more information about how innovation has improved our environmental performance, see pages 32 and 34).

We use Six Sigma methodology in identifying opportunities to minimize waste, especially by improving the utilization of carbon steel in order to minimize scrap volumes.

Environmental performance is the primary indicator denoting the amount of waste we generate as a percentage of raw materials used. The highest waste volumes in the year were metal scrap, which is not only entirely recyclable, but can also be used as a raw material in the Castertech casthouse process.

We also have procedures in place to ensure all waste materials are transported safely. Trucking companies are carefully selected and screened for compliance with regulatory requirements. Periodic audits are also conducted on the companies receiving the waste materials to better track the fate of our waste materials.

### Waste by type and disposal method 306-2

We use the best technology available in waste disposal to prevent environmental liabilities. A significant percentage of our waste materials is recycled—64.8% of hazardous and nonhazardous waste, especially scrap metal which is used in our own casthouse furnaces.

Around 58.9% of our hazardous-waste materials are sent for coprocessing.

The volumes of material sent for co-processing and recycling (hazardous waste) increased from 2017 to 2019, while the volumes sent for external reprocessing decreased. Approximately 58.87% of our hazardous waste materials are sent for coprocessing and used as fuel in cement kilns, in a process that generates no environmental liabilities.



For waste materials sent to industrial landfills, such as foundry sand, the higher volumes are due to increased production rates at Castertech, where the material is used. In relation to nonhazardous waste, the bulk of waste volumes are sent for recycling, primarily scrap metal.

Materials are also sent for composting at the Forqueta site, where the Fras-le plant is located, in Caxias do Sul. Gardening waste and Wastewater Treatment Plant sludge are composted into organic fertilizer used on the company's grounds. Pallets and wooden crates are also reused.

At Fras-le, since 2010 we have offered our customers reverse logistics as an optional service for collection and compliant disposal of post-use friction materials. These materials are sent for coprocessing, in which they are used to generate energy in cement kilns. This process creates no environmental liabilities and ensures that approximately 1,000 metric tons of waste per year are disposed of compliantly, in an average investment of R\$ 1.2 million per year.

In the Services division, Randon Consórcios reduced the amount of paper used to print payslips from two A4 sheets to one. In addition to helping to preserve natural resources, the reduction has avoided the use of three metric tons of paper per year and has made payment information easier for customers to understand. For further data on waste materials, see page 67.



Scrap metal generated by Group companies is used as a raw material at Castertech.

# EMPLOYEES

 103 | 401

Our employee management practices conform to our Corporate Human Resources Policy, which applies to all employees. This policy establishes Human Resources guidelines to assure that our approach to developing and managing the business is robust and strategic. All HR programs, procedures and work instructions are developed based on eight dimensions: Organizational Architecture; Compensation; Performance Management; Career Transitions; Organizational Education; Internal Communication; Climate and Organizational Culture; and Personnel Management.

In addressing these dimensions, we have a series of procedures providing guidance on Randon Companies' practices, such as Compensation and Recruiting & Selection procedures. The recruiting process at Randon is managed using an artificial intelligence-enabled digital platform that supports better hiring decisions, and best-practice, high performance HR processes. Employee compensation at Randon includes benefits such as life insurance, transportation, maternal leave, meals, private pensions and recognition for length of service.

For our operations outside Brazil, in 2018 we developed a Global Human Resources Project that has implemented our organizational strategy of establishing a global culture that supports local businesses as well as Randon Companies' long-term ambitions. The overarching goal of the project is to help people deliver high performance through a sustainable culture and policies that foster collaboration between our headquarters and local sites. For further employee-related information, see page 59.



## EMPLOYEES 102-8

**10,170**

in Brazil

**1,081**

outside Brazil

♂ **8,681**♀ **1,489**

## ASSESSING LEADERSHIP PERFORMANCE

103 | 401

Our leadership team undergoes regular performance assessments using a software-based platform, with executives receiving 360° reviews of their competencies, including from their peers. We also conduct 270° reviews for managers and coordinators, which include self-assessment as well as feedback from managers and reports. In 2020 performance assessments will be extended to all employees.

Managers are assessed against agreed targets and priorities that are monitored and measured at the end of each performance cycle. Agreed targets are used in the calculation of manager bonuses, and account for 25% of bonus amounts. The remaining 75% are linked to Earnings Before Interest and Taxes (EBIT) and Operating Cash Flow.

We assess our leaders on the extent to which they:

- Deliver excellence in results, aligned with our strategic plan;
- Provide line-of-sight to how each manager's role is connected to our organizational vision;
- Encourage open and transparent communication through honest and meaningful conversation and feedback.

## The Randon Way

The Randon Way expresses the competencies expected of our leaders and employees at all Randon Companies. These competencies were revisited in 2019:

- Self-awareness and continuous learning;
- Positive influence;
- Inspires through confidence;
- Delivers results with a strategic vision.

See the results from performance assessments on page 63.

## TRAINING AND EDUCATION

103 | 404

Our Organizational Education programs are guided by training policies and work procedures, and include competencies, awareness and training pathways for both direct and third-party employees.

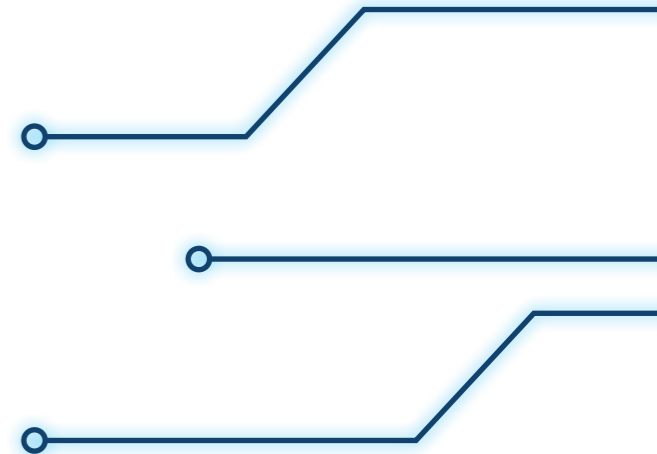
Training programs undergo internal and external audits on quality and compliance.

Training needs are identified based on audits, customer needs, regulatory requirements, job role requirements and performance assessments. Our training and development program comprises:

- Quality Training;
- Operational Excellence;
- Occupational Safety Training;
- Management Development;
- Performance Training;
- English as a second language.



Lean Seis Sigma - Green Belt training



We have an online platform, called *Pra.VC* ("For You"), that encourages employees to own their personal and professional development. The platform supports cultural change, digital transformation, autonomy, flexibility, performance management, and reskilling. More than 150 training courses and seven personal and professional development pathways are available on the platform.

In 2019, more than 14,000 courses were completed by more than 4,000 employees.

Our organizational education and talent management model enables us to identify and develop employees with the potential to fill management positions at Randon Companies, including execu-

tive, manager and coordinator positions, as part of our succession management process.

In 2019, employees in leadership positions attended specific behavioral development programs and initiatives including coaching, in-person training, benchmarking visits to other companies in Brazil and abroad, and participation in trade fairs, conferences and events. Leadership development initiatives are organized by a partner institution. For data on training hours, see page 64.

Employees attended an average of 17.35 hours of training in the year.



### TOP COURSES IN 2019

- Lean thinking
- Time management matrix: task management methodology
- 5W2H action plans
- How to create relevant KPIs
- Time planning



### Randon Companies Summit

In 2019 we held a Randon Companies Summit with a week of workshops, lectures and experience-based activities about Digital Transformation.



### Qualificar

Our Qualificar program in partnership with the industry-led training service, SENAI, continued to provide technical training for young apprentices in Caxias do Sul (RS), with complete infrastructure including classrooms, a library, a computer laboratory, and a large workshop at Company headquarters. Students participated in recruiting processes at Randon Companies and other companies in our industry. The program offers the following courses:

- Automotive, auto parts, trailer and railcar manufacturing operator;
- Automotive, trailer and truck body assembler;
- Industrial maintenance mechanic.

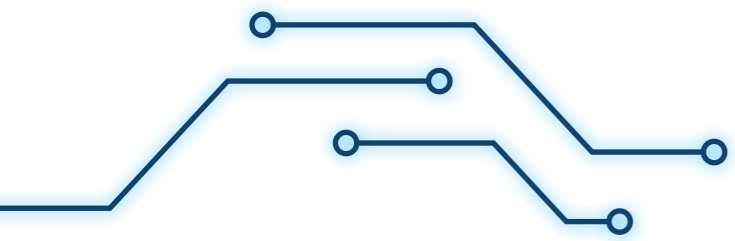


### Leadership Meeting

With more than 200 Randon Companies leaders in attendance, the 2019 edition of our Leadership Meeting reinforced our organizational culture among executives, managers and coordinators, with a focus on people management, culture and the Randon Way, as well as providing an environment for discussion about the future of the business.



# CREATING **SOCIAL VALUE**



Every two years we conduct a joint survey with the Union of Community Associations of Caxias do Sul (RS), the city hosting our headquarters, to identify our community's needs and expectations.

We manage our social investment through the Elisabetha Randon Institute (IER). Founded in 2003, IER, a Public-Interest Civil Society Organization (OSCIP), supports civic engagement and social development for children and adolescents by teaching traffic-safety, providing access to culture, delivering social assistance and engaging Randon Companies' employees and the community in volunteering.

IER runs donation campaigns involving Randon Companies' employees, as well as the following programs.

**LEARN MORE ABOUT THE ELISABETHA RANDON INSTITUTE**



### **POLICIES ON LOCAL COMMUNITY ENGAGEMENT 103 | 413**

The Elisabetha Randon Institute (IER) is independently audited and audit opinions are published on the institute website. The impacts from our industrial activities on neighboring communities are monitored by our Health, Safety & Environment (HSE) department. We also have a channel available for responding to complaints and requests for information from surrounding communities, available at [www.randon.com.br/pt/contato#-fale-conosco](http://www.randon.com.br/pt/contato#-fale-conosco).

We monitor and assess the social impacts of our programs on communities based on surveys of beneficiaries and their families conducted by our *Florescer* program. The program is also audited by government authorities, such as the municipal Foundation for Social Assistance, the Municipal Council for Social Assistance and the Municipal Counsel on Children and Adolescent Rights.

More than 80% of Randon Companies' operations are assessed on social impacts using participatory processes, and the results from these assessments are publicly available. Our operations undertake local development programs based on the needs of communities, which are engaged in the process. **413-1**

We monitor critical local development needs through dialog and engagement with communities.





### Florescer

Randon's *Florescer* program helps children and adolescents in socially vulnerable communities to exercise civic engagement and improve their quality of life. The Program, which is recognized as a social assistance organization in the Social Interaction- and Bond-Building Service (SCFV) category, benefits children and adolescents aged 6 to 15 with free, out-of-school-hours educational, cultural and sporting activities from Monday to Friday.

We also have a program, called *Florescer IP*, that equips youth aged 15 to 16 years old to enter the job market by building technical and soft skills through Professional Initiation administration courses.

The two initiatives have a goal of reaching 360 children with social interaction- and bond-building activities, and 78 adolescents with professional initiation courses.



[LEARN MORE ABOUT THE FLORESCER PROGRAM](#)



# 60,000

people, on average, participate in Vida Sempre program initiatives each year.



### Vida Sempre

Traffic safety is a social issue. The Elisabetha Randon Institute (IER) organizes educational activities for our employees and their families, and for drivers in general, in which we distribute materials, show educational videos and run campaigns to raise awareness about traffic safety.

In 2019, our *Vida Sempre* ("Life First") touring theater staged 126 performances in cities in Rio Grande do Sul, Santa Catarina and Paraná. We also publish monthly press releases and videos about Traffic Safety for both internal and external audiences, in partnership with the National Road Safety Observatory—IER is a certified Yellow Ribbon organization.

We also held four workshops on fuel-efficient driving and defensive driving for truck drivers at trucking companies in Brazil.



[LEARN MORE ABOUT OUR VIDA SEMPRE PROGRAM](#)



### Volunteering Program

This program engages employees in activities at community charities and public schools that are partnered with the *Florescer* Program, such as building maintenance. In 2019 the program carried out a total of nine initiatives at partner schools and charities.

## PROGRAMMING THE FUTURE

In 2020 Randon will launch Programming the Future, a program developed in partnership with UNIFTEC that uses programming language and robotics to develop creativity, a sense of innovation and cooperation among children and adolescents in socially vulnerable communities receiving support from the Caxias do Sul (RS) Social Assistance Referral Center (CRAS).

Students will participate in activities designed to develop a programming skill set and proficiency in new technologies, as well as developing the soft skills required for their overall development and to strengthen their interpersonal, family and community bonds.



# 20,000

different items,  
approximately, form the  
Randon Memorial collection



## RANDON MEMORIAL

In 2019 we held the groundbreaking ceremony for the new Randon Memorial facility, and a 12-hour workshop on Preservation and Storage of Historical Documents, attended by academics in the Caxias community.

Once completed, the Randon Memorial will have a corporate space for preserving and sharing the history of cargo transportation in Brazil—partly through the history of Randon Companies themselves—with internal and external audiences. The Randon Memorial collection currently has more

than 20,000 items, including documents, photographs, reports, videos, oral accounts, digital media, advertising campaigns, magazines, newsletters, newspapers and other communication materials.

The space will also have a small library with works related to the history of cargo transportation in Brazil and around the world. The book collection will also include works describing government and economic historiography.



# APPENDIXES

## ANTI-CORRUPTION TRAINING

### GOVERNANCE BODY MEMBERS THAT HAVE RECEIVED COMMUNICATIONS AND TRAINING ON ANTI-CORRUPTION, BROKEN DOWN BY REGION\* 205-2

Region**	Governance body members	2017		2018		2019	
		Informed	Trained	Informed	Trained	Informed	Trained
SOUTH	number	18	0	18	0	17	1
	%	100	0	100	0	100	5.88

\*Members of Boards of Directors (Randon, Fras-Le, Banco Randon) and the Executive Committee. Governance body members who have not received training, but are responsible for approving anti-corruption policies.

\*\*There are no governance body members in the Southeast.

### BUSINESS PARTNERS THAT HAVE RECEIVED COMMUNICATIONS AND TRAINING ON ANTI-CORRUPTION, BROKEN DOWN BY REGION 205-2

Region	Business Partners	2017		2018		2019	
		Informed	Trained	Informed	Trained	Informed	Trained
SOUTH	number	3,450	0	4,127	0	4,453	0
	%	100	0	100	0	100	0

\*Business partners (suppliers, service providers) have not been segregated by region as they serve the company at the corporate level.

### EMPLOYEES WHO HAVE RECEIVED COMMUNICATIONS AND TRAINING ON ANTI-CORRUPTION, BROKEN DOWN BY REGION 205-2

Region	Employees	2017*		2018**		2019	
		Informed	Trained	Informed	Trained	Informed	Trained
Rio Grande do Sul (Caxias do Sul, São Leopoldo and Erechim)	number	7,334	7,334	8,687	8,687	8,881	3,690
	%	100	100	100	100	100	40.68
Santa Catarina (Joinville and Chapecó)	number	133	133	231	231	864	598
	%	100	100	100	100	100	69.21
São Paulo (Sorocaba and Araraquara)	number	0	0	125	125	429	42
	%	0	0	100	100	100	9.79
Espírito Santo (Linhares)	number	0	0	0	0	7	7
	%	0	0	0	0	100	100
<b>TOTAL</b>	number	<b>7,467</b>	<b>7,467</b>	<b>9,043</b>	<b>9,043</b>	<b>10,181</b>	<b>4,337</b>
	%	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>42.60</b>

\*In 2017 we had no operations in Erechim, Joinville, Sorocaba, Araraquara and Linhares.

\*\*In 2018 we had no operations in Erechim and Linhares. Our Fremax (Joinville) and Randon Araraquara sites had no integrity program in place in 2018.

## EMPLOYEES WHO HAVE RECEIVED COMMUNICATIONS AND TRAINING ON ANTI-CORRUPTION, BROKEN DOWN BY EMPLOYEE CATEGORY 2015-2

Employee category	Employees	2019	
		Informed	Trained
Executive Board (Including the CEO)	number	21	9
	%	100	42
Managers	number	55	44
	%	100	80
Coordinators	number	101	91
	%	100	90
Administrative (including leaders)	number	3,541	2,594
	%	100	73
Production/Operational	number	6,381	1,577
	%	100	24
Interns	number	119	59
	%	100	49
Apprentices	number	199	1
	%	100	0.5
<b>TOTAL</b>	<b>number</b>	<b>10,417</b>	<b>4,375</b>
	<b>%</b>	<b>100</b>	<b>42</b>



\*Data by employee category were unavailable in 2017 and 2018.

# EMPLOYEES

## WORKFORCE BY EMPLOYMENT CONTRACT AND GENDER\* 102-8

Contract type	2017			2018			2019		
	M	W	T	M	W	T	M	W	T
Definite term	0	0	0	0	0	0	0	0	0
Indefinite term	6,222	1,200	7,422	8,287	1,350	9,637	8,681	1,489	10,170
<b>TOTAL</b>	<b>6,222</b>	<b>1,200</b>	<b>7,422</b>	<b>8,287</b>	<b>1,350</b>	<b>9,637</b>	<b>8,681</b>	<b>1,489</b>	<b>10,170</b>

\*Data for Brazil sites only, including apprentices.  
M = Men W = Women T = Total



## WORKFORCE BY EMPLOYMENT CONTRACT AND REGION\* 102-8

Region	2017		2018		2019	
	TD	TI	TD	TI	TD	TI
<b>SOUTH</b>						
Caxias do Sul - RS	0	6,826	0	8,127	0	8,303
São Leopoldo - RS	0	418	0	446	0	373
Erechim - RS	0	0	0	0	0	203
Chapecó - SC	0	131	0	225	0	243
Joinville - SC	0	0	0	562	0	569
Total SOUTH	0	7,375	0	9,360	0	9,691
<b>SOUTHEAST</b>						
Sorocaba - SP	0	0	0	122	0	124
Araraquara - SP	0	4	0	117	0	312
Linhares - ES	0	0	0	0	0	7
Resende - RJ	0	17	0	18	0	19
Guarulhos - SP	0	26	0	20	0	17
Total SOUTHEAST	0	47	0	277	0	479
<b>TOTAL</b>	<b>0</b>	<b>7,422</b>	<b>0</b>	<b>9,637</b>	<b>0</b>	<b>10,170</b>

\*Data for Brazil sites only, including apprentices.

## WORKFORCE BY EMPLOYMENT TYPE\* 102-8

Employment type	2017			2018			2019		
	M	W	T	M	W	T	M	W	T
Full time	6,222	1,200	7,422	8,287	1,350	9,637	8,681	1,489	10,170
Part time	0	0	0	0	0	0	0	0	0

\*All employees are direct employees. Data are for Brazil sites only, including apprentices.  
M = Men W = Women T = Total

**EMPLOYEES BY AGE GROUP** 102-8

	2017	2018	2019
< 30	2,273	3,076	3,264
30 to 50	4,451	5,754	6,054
> 50	698	807	852
<b>TOTAL</b>	<b>7,422</b>	<b>9,637</b>	<b>10,170</b>

\*Data for Brazil sites only, including apprentices.

**WORKFORCE BY EMPLOYEE CATEGORY\*** 102-8

	2017		2018		2019	
	M	W	M	W	M	W
Executive Board (including the CEO)	25	0	28	0	32	0
Managers	48	7	57	8	51	6
Coordinators	77	11	91	10	94	13
Administrative (including leaders)	1,031	532	1,230	595	1,339	667
Production/Operational	4,933	603	6,753	700	7,020	741
Interns	60	30	75	49	66	68
Apprentices	108	47	128	37	145	62
Total by gender	6,282	1,230	8,362	1,399	8,747	1,557
<b>TOTAL</b>	<b>7,512</b>		<b>9,761</b>		<b>10,304</b>	

\*Data for Brazil sites only, including apprentices.  
M = Men W = Women

**MEMBERS OF GOVERNANCE BODIES** 102-8

	2017	2018	2019
Board of Directors	10	10	11



## WORKFORCE BY EMPLOYMENT CONTRACT AND REGION - OTHER COUNTRIES\* 102-8

	2017	2018	2019
US	69	69	80
United Arab Emirates	1	1	0
Mexico	3	3	12
Africa	2	0	0
Chile	3	2	1
Argentina	143	229	277
Uruguay	0	190	204
India	0	389	332
China	168	154	126
Germany	8	9	10
Colombia	6	8	7
Netherlands	0	0	11
Peru	0	23	21
<b>TOTAL</b>	<b>403</b>	<b>1,077</b>	<b>1,081</b>

\*All contracts are for an indefinite term.

## WORKFORCE BY AGE GROUP\* 401-1

	2017		2018		2019	
	No.	Rate (%)	No.	Rate (%)	No.	Rate (%)
< 30	970	3.56	1,691	4.58	1,518	3.88
30 to 50	664	1.24	1,554	2.25	943	1.30
> 50	14	0.17	45	0.46	33	0.32
<b>TOTAL</b>	<b>1,648</b>	<b>1.85</b>	<b>3,290</b>	<b>2.84</b>	<b>2,494</b>	<b>2.04</b>

\*Data for Brazil only, including apprentices. The rate of new hires is the average of hires divided by the total no. of employees in each category.

## WORKFORCE BY GENDER\* 401-1

	2017		2018		2019	
	No.	Rate (%)	No.	Rate (%)	No.	Rate (%)
Men	1,382	1.85	2,774	2.79	2,038	1.96
Women	266	1.85	392	2.42	456	2.55
<b>TOTAL</b>	<b>1,648</b>	<b>1.85</b>	<b>3,166</b>	<b>2.74</b>	<b>2,494</b>	<b>2.04</b>

\*Data for Brazil only, including apprentices. The rate of new hires is the average of hires divided by the total no. of employees in each category.

### WORKFORCE BY REGION\* 401-1

Region	2017		2018		2019	
	No.	Rate (%)	No.	Rate (%)	No.	Rate (%)
<b>SOUTH</b>						
Caxias do Sul - RS	1,520	1.86	2,607	2.67	1,885	1.89
São Leopoldo - RS	87	1.73	135	2.52	50	1.12
Erechim - RS	0	-	0	-	94	3.86
Chapecó - SC	36	2.29	169	6.26	95	3.26
Joinville - SC	0	-	89	1.32	104	1.52
Total SOUTH	1,643	1.86	3,000	2.67	2,228	1.92
<b>SOUTHEAST</b>						
Sorocaba - SP	0	-	29	1.98	18	1.21
Araraquara - SP	3	6.25	131	9.33	234	6.25
Linhares - ES	0	-	0	-	9	10.71
Resende - RJ	1	0.49	6	2.78	5	2.19
Guarulhos - SP	1	0.32	0	0.00	0	0.00
Total SOUTHEAST	5	0.89	166	4.99	266	4.62
<b>TOTAL</b>	<b>1,648</b>	<b>1.85</b>	<b>3,166</b>	<b>2.74</b>	<b>2,494</b>	<b>2.04</b>

\*Data for Brazil only, including apprentices. The rate of new hires is the average of hires divided by the total no. of employees in each category.

### TURNOVER BY AGE GROUP\* 401-1

	2017		2018		2019	
	No.	Rate (%)	No.	Rate (%)	No.	Rate (%)
< 30	567	2.08	787	2.13	983	2.51
30 to 50	511	0.96	658	0.95	905	1.25
> 50	100	1.19	101	1.04	139	1.35
<b>TOTAL</b>	<b>1,178</b>	<b>1.32</b>	<b>1,546</b>	<b>1.34</b>	<b>2,027</b>	<b>1.66</b>

\*Data for Brazil only, including apprentices. The turnover rate is the average of terminations divided by the total no. of employees in each category.



### TURNOVER BY GENDER\* 401-1

	2017		2018		2019	
	No.	Rate (%)	No.	Rate (%)	No.	Rate (%)
Men	963	1.29	1,260	1.27	1,709	1.64
Women	215	1.49	286	1.77	318	1.78
<b>TOTAL</b>	<b>1,178</b>	<b>1.32</b>	<b>1,546</b>	<b>1.34</b>	<b>2,027</b>	<b>1.66</b>

\*Data for Brazil only, including apprentices. The turnover rate is the average of terminations divided by the total no. of employees in each category.

### PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS (%)\* 404-3

	2017			2018			2019		
	M	W	T	M	W	T	M	W	T
Executive Board (including the CEO)	16	0	100	16	0	100	19	0	100
Managers	39	5	100	41	5	100	43	5	100
Coordinators	61	7	100	67	8	100	80	10	100
<b>TOTAL</b>	<b>116</b>	<b>12</b>	<b>100</b>	<b>124</b>	<b>13</b>	<b>100</b>	<b>142</b>	<b>15</b>	<b>100</b>

Note: From 2017 to 2019, 100% of management employees received performance reviews.  
M = Men W = Women T = Total

### TURNOVER BY REGION\* 401-1

Region	2017		2018		2019	
	No.	Rate (%)	No.	Rate (%)	No.	Rate (%)
<b>SOUTH</b>						
Caxias do Sul - RS	1,049	1.28	1,307	1.34	1,708	1.71
São Leopoldo - RS	54	1.08	107	2.00	123	2.75
Erechim - RS	0	-	0	-	27	1.11
Chapecó - SC	61	3.88	75	2.78	78	2.67
Joinville - SC	0	-	28	0.42	21	0.31
Total SOUTH	1,164	1.32	1,517	1.35	1,957	1.68
<b>SOUTHEAST</b>						
Sorocaba - SP	0	-	0	0.00	22	1.48
Araraquara - SP	0	0.00	18	1.28	39	1.04
Linhares - ES	0	-	0	-	2	2.38
Resende - RJ	4	1.96	5	2.31	4	1.75
Guarulhos - SP	10	3.21	6	2.50	3	1.47
Total SOUTHEAST	14	2.48	29	0.87	70	1.22
<b>TOTAL</b>	<b>1,178</b>	<b>1.32</b>	<b>1,546</b>	<b>1.34</b>	<b>2,027</b>	<b>1.66</b>

\*Data for Brazil only, including apprentices. The turnover rate is the average of terminations divided by the total no. of employees in each category.

# TRAINING AND PERFORMANCE

## AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY GENDER \* 404-1

	2017	2018	2019
Men	15.87	20.94	17.73
Women	14.31	17.12	15.22
<b>TOTAL</b>	<b>15.63</b>	<b>20.39</b>	<b>17.35</b>

\*Employees in Brazil only.

## AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY EMPLOYEE CATEGORY\* 404-1

	2017	2018	2019
Executive Board (including the CEO)	2.78	2.20	7.36
Managers	16.73	12.14	30.4
Coordinators	30.99	48.68	68.59
Administrative (including leaders)	21.94	24.70	19.18
Production/Operational	14.02	19.64	17.63
Interns	10.29	17.07	18.90
Apprentices	4.33	3.97	16.04
<b>TOTAL</b>	<b>15.63</b>	<b>20.39</b>	<b>17.35</b>

\*Employees in Brazil only.







# HEALTH & SAFETY

## WORK-RELATED INJURIES\* 403-9

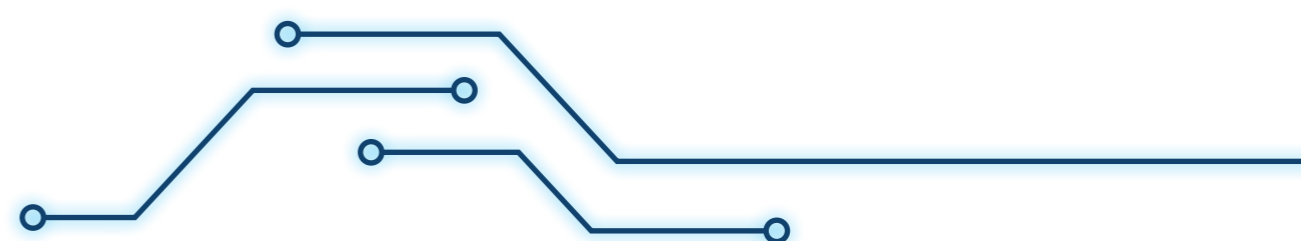
	2017**		2018***		2019****	
	Employees	Workers who are not employees, but whose work and/or workplace is controlled by the organization	Employees	Workers who are not employees, but whose work and/or workplace is controlled by the organization	Employees	Workers who are not employees, but whose work and/or workplace is controlled by the organization
Number of hours worked	12,932,501.24	0.00	19,023,481.49	0.00	19,586,198.57	0.00
Basis for numbers of hours worked (200,000 or 1,000,000)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Number of fatalities as a result of work-related injury	0	0	0	0	0	0
Rate of fatalities as a result of work-related injury	0	0	0	0	0	0
Number of serious work-related injuries (excluding deaths)	2	0	2	0	6	0
Rate of serious work-related injuries (excluding deaths)	0.155	0	0.105	0	0.306	0
Number of recorded work-related injuries (including deaths)	240	0	302	0	230	0
Rate of recorded work-related injuries (including deaths)	18.56	0	15.87	0	11.74	0

\*The calculation includes all lost time and no-lost-time injuries.

\*\*Companies included: Fras-le Caxias, Implementos Caxias, Randon Chapecó, Master, Jost, Suspensys, Castertech, Controil and Vehicles

\*\*\* Companies included: Implementos Caxias, Randon Chapecó, Randon Araraquara, Randon Argentina (from February), Vehicles, Master, Jost, Suspensys, Castertech, Fras-le, CTR, Controil, Jurid, FNAI and FASIA.

\*\*\*\*Fremax added to the calculation.



# ENVIRONMENTAL MANAGEMENT

## TOTAL VOLUME OF WATER CONSUMED ACROSS ALL AREAS AND IN AREAS WITH WATER STRESS (ML)\* 303-5. A. E. B.

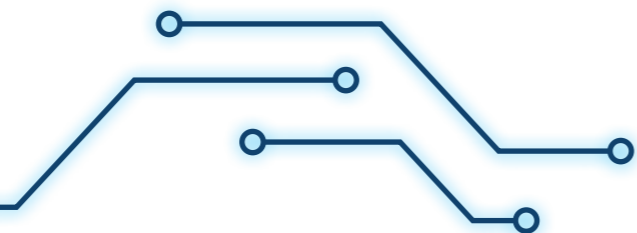
	2017**	2018***	2019****
	All areas	All areas	All areas
Auto parts	132.53	134.28	150.42
Assembly	65.11	81.78	92.76
Services	0.22	0.22	0.83
<b>TOTAL VOLUME OF WATER CONSUMED ACROSS ALL AREAS AND IN AREAS WITH WATER STRESS (ML)</b>	<b>197.86</b>	<b>216.28</b>	<b>244.01</b>

\*The companies included in this indicator are not in areas with water stress according to the local utility (SAMAE).

\*\*Companies included: Randon Implementos Caxias, Randon Chapecó (TRAILERS DIVISION), Fras-le, Jost, Suspensys, Master and Castertech (AUTO PARTS DIVISION), Banco Randon (SERVICES DIVISION).

\*\*\* Companies included: Randon Implementos Caxias, Randon Chapecó, Randon Veículos (ASSEMBLY DIVISION), Fras-le, Jost, Suspensys, Master and Castertech (AUTO PARTS DIVISION), Banco Randon (SERVICES DIVISION).

\*\*\*\*Companies included: Randon Implementos Caxias, Randon Chapecó Randon Linhares (from April 2019), Randon Veículos (ASSEMBLY DIVISION), Fras-le, Jost, Suspensys, Master and Castertech (AUTO PARTS DIVISION), Randon Consórcio and Banco Randon (SERVICES DIVISION).



## WATER DISCHARGE BY DESTINATION (ML)\* 303-4

	2017	2018	2019	
	All areas	All areas	All areas	
Surface water	77.13	93.67	81.09	
Water sent for use to other organizations (if applicable)	21.90	17.90	82.27	
Water reused by the organization	40.71	97.73	99.94	
Total water withdrawal (ML)	58.32	13.84	63.42	
By type of water discharged	Freshwater (≤1000 mg/l of Total Dissolved Solids)	58.32	13.84	63.42
	Other water (>1000 mg/l of Total Dissolved Solids)	0.00	0.00	0.00

## TOTAL VOLUME OF WATER WITHDRAWAL ACROSS ALL AREAS AND IN AREAS WITH WATER STRESS, BY SOURCE (ML)\* 303-3

	2017		2018		2019	
	All areas		All areas		All areas	
	Ground-water	Third-party water (purchased)	Ground-water	Third-party water (purchased)	Ground-water	Third-party water (purchased)
Auto parts	84.27	48.27	63.53	70.75	66.27	84.14
Assembly	9.58	55.52	11.50	70.28	24.40	68.36
Services	0.00	0.22	0.00	0.22	0.00	0.83
<b>TOTAL BY SOURCE</b>	<b>93.85</b>	<b>104.01</b>	<b>75.03</b>	<b>141.25</b>	<b>90.67</b>	<b>153.33</b>

\*All water withdrawals are freshwater (≤1000 mg/l of Total Dissolved Solids). No water withdrawals occurred in areas with water stress.

### NONHAZARDOUS WASTE DISPOSAL (T)\* 306-2

		2017	2018	2019
Recycling (ferrous and non-ferrous scrap, paper and cardboard, plastic)	Auto parts	16,870.00	21,036.09	26,269.62
	Trailers	8,303.99	7,633.32	10,954.63
	Total	25,173.99	28,669.41	37,224.25
Composting (biological sludge from WTP, gardening trimmings)	Auto parts	77.72	85.31	76.13
	Trailers	0.00	0.00	0.00
	Total	77.72	85.31	76.13
Foundry sand and slag	Auto parts	5,500.41	9,367.64	13,239.98
	Trailers	0.00	0.00	0.00
	Total	5,500.41	9,367.64	13,239.98
External reprocessing (plasma sludge, blasting grit and used oil)	Auto parts	806.87	124.81	2,472.92
	Trailers	74.21	662.24	759.87
	Total	881.08	787.05	3,232.79
Co-processing (Class II Waste)	Auto parts	3,462.53	4,242.64	968.93
	Trailers	142.54	253.73	269.53
	Total	3,605.07	4,496.37	1,238.46
Toilet paper and cafeteria waste	Auto parts	313.40	373.90	420.70
	Trailers	35.27	109.40	338.35
	Total	348.67	483.30	759.05
<b>TOTAL</b>		<b>35,586.94</b>	<b>43,889.08</b>	<b>55,770.66</b>

\*The Auto Parts Division includes our Fras-le, Suspensys, Jost, Castertech and Master operations; the Assembly Division includes: Randon Implementos, Randon Chapecó, Randon Veículos.

### HAZARDOUS WASTE DISPOSAL (T)\* 306-2

		2017	2018	2019
Recycling (contaminated metallic and plastic packaging—decontamination and subsequent recycling—wood)	Auto parts	12.58	112.07	112.69
	Trailers	17.87	19.55	57.02
	Total	30.45	131.62	169.71
External reprocessing (waste treatment plant sludge, used oil, burnt lamps)	Auto parts	290.53	367.52	473.61
	Trailers	763.27	144.43	133.27
	Total	1,053.80	511.95	606.88
Co-processing (paint sludge and contaminated filters, machining sludge and contaminated materials, sweepings, used PPE, exhaust filter bags, oil-contaminated waste, paint sludge, impregnation bath)	Auto parts	700.74	770.73	878.71
	Trailers	183.87	257.94	232.73
	Total	884.61	1,028.67	1,111.44
Composting	Auto parts	0.00	0.00	0.00
	Trailers	38.09	21.20	0.00
	Total	38.09	21.20	0.00
<b>TOTAL</b>		<b>2,006.95</b>	<b>1,693.44</b>	<b>1,888.03</b>

\*The Auto Parts Division includes: Fras-le, Suspensys, Jost, Castertech, Master; the Assembly Division includes: Randon Implementos, Randon Chapecó, Randon Veículos.



# GRI CONTENT INDEX

 GRI 102-55

## GENERAL DISCLOSURES

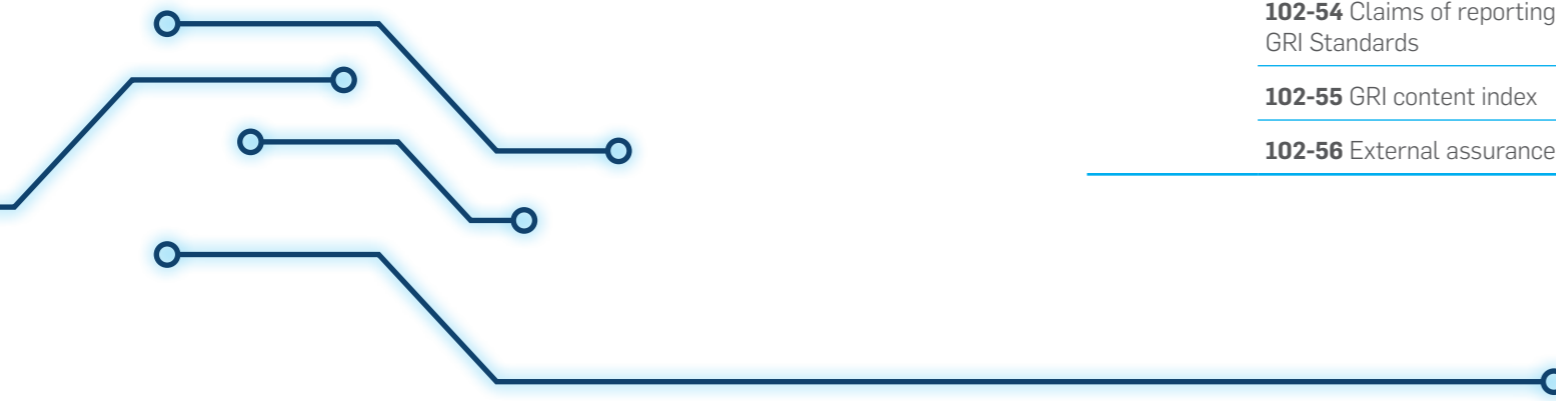
GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
<b>GRI 101: Foundation 206</b>				
	GRI 101 contains no disclosures			
<b>Organizational profile</b>				
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	<b>102-2</b> Activities, brands, products, and services	9, 10		
	<b>102-3</b> Location of headquarters	10		
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GRI 102: General disclosures 2016	<b>102-16</b> Values, principles, standards, and norms of behavior	11		16
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	<b>102-22</b> Composition of the highest governance body and its committees	21		5, 16
	<b>102-23</b> Chairman of the highest governance body	21		16
	<b>102-24</b> Nominating and selecting the highest governance body	21		5, 16
<b>102-35</b> Remuneration policies	23			



GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
<b>Stakeholder engagement</b>				
GRI 102: General disclosures 2016	<b>102-40</b>	List of stakeholder groups	8	
	<b>102-41</b>	Collective bargaining agreements	97.75% of the total workforce is covered by collective bargaining agreements. The data is for all operations in Brazil other than executives and directors.	8
	<b>102-42</b>	Identifying and selecting stakeholders	5	
	<b>102-43</b>	Approach to stakeholder engagement	5, 8	
	<b>102-44</b>	Key topics and concerns raised	6, 7, 45	

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
<b>Reporting practices</b>				
GRI 102: General disclosures 2016	<b>102-45</b>	Entities included in the consolidated financial statements	5	
	<b>102-46</b>	Defining report content and topic Boundaries	6, 7	
	<b>102-47</b>	List of material topics	6, 7	
	<b>102-48</b>	Restatements of information	There were no restatements of information.	
	<b>102-49</b>	Changes in reporting	There were no changes in reporting.	
	<b>102-50</b>	Reporting period	5	
	<b>102-51</b>	Date of most recent report	5	
	<b>102-52</b>	Reporting cycle	5	
	<b>102-53</b>	Contact point for questions regarding the report	5	
	<b>102-54</b>	Claims of reporting in accordance with the GRI Standards	5	
	<b>102-55</b>	GRI content index	68	
<b>102-56</b>	External assurance	5		



**MATERIAL TOPICS**

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
<b>Anti-corruption</b>				
GRI 103: Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary	24, 25, 26, 27		
	<b>103-2</b> The management approach and its components	24, 25, 26, 27		
	<b>103-3</b> Evaluation of the management approach	24, 25, 26, 27		
GRI 205: Anti-corruption 2016	<b>205-1</b> Operations assessed for risks related to corruption	26		16
	<b>205-2</b> Communication and training on anti-corruption policies and procedures	26, 57, 58		16
	<b>205-3</b> Confirmed incidents of corruption and actions taken	26		16
<b>Water &amp; effluents</b>				
GRI 103: Management approach 2018	<b>103-1</b> Explanation of the material topic and its Boundary	38, 46		
	<b>103-2</b> The management approach and its components	38, 46		
	<b>103-3</b> Evaluation of the management approach	38, 46		

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 303: Water and effluents 2018	<b>303-1</b> Interactions with water as a shared resource	46, 47		6, 12
	<b>303-2</b> Management of water discharge related impacts	47		6
	<b>303-3</b> Water withdrawal	66		6
	<b>303-4</b> Water discharge	47, 66		6
	<b>303-5</b> Water consumption	47, 66		6
<b>Effluents and waste</b>				
GRI 103: Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary	48		
	<b>103-2</b> The management approach and its components	48		
	<b>103-3</b> Evaluation of the management approach	48		
GRI 306: Effluents and waste 2016	<b>306-2</b> Waste by type and disposal method	48, 67		3, 6, 12



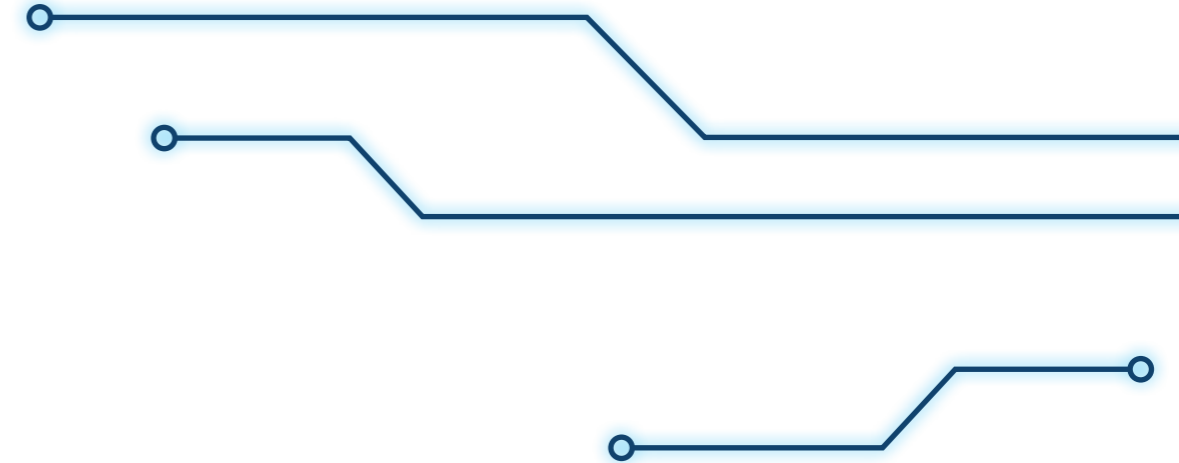


GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
<b>Employment</b>				
GRI 103: Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary	50, 51		
	<b>103-2</b> The management approach and its components	50, 51		
	<b>103-3</b> Evaluation of the management approach	50, 51		
GRI 401: Employment 2016	<b>401-1</b> New employee hires and employee turnover	61, 62, 63		5, 8, 10
<b>Occupational health and safety</b>				
GRI 103: Management approach 2018	<b>103-1</b> Explanation of the material topic and its Boundary	38		
	<b>103-2</b> The management approach and its components	38		
	<b>103-3</b> Evaluation of the management approach	38		
GRI 403: Occupational health and safety 2018	<b>403-1</b> Occupational health and safety management system	39, 42		8
	<b>403-2</b> Hazard identification, risk assessment, and incident investigation	42		8
	<b>403-3</b> Occupational health services	39, 41		8
	<b>403-4</b> Worker participation, consultation, and communication on occupational health and safety	41		8, 16
	<b>403-5</b> Worker training on occupational health and safety	41		8
	<b>403-6</b> Promotion of worker health	39, 40, 44		3

GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 403: Occupational health and safety 2018	<b>403-7</b> Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	44		8
	<b>403-8</b> Workers covered by an occupational health and safety management system	39		3, 8, 16
	<b>403-9</b> Work-related injuries	42, 65		
	<b>403-10</b> Work-related ill health	42		
<b>Training and education</b>				
GRI 103: Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary	51		
	<b>103-2</b> The management approach and its components	51		
	<b>103-3</b> Evaluation of the management approach	51		
GRI 404: Training and education 2016	<b>404-1</b> Average hours of training per year per employee	64		4, 5, 8, 10
	<b>404-3</b> Percentage of employees receiving regular performance and career development reviews	63		5, 8, 10
<b>Local communities</b>				
GRI 103: Management approach 2016	<b>103-1</b> Explanation of the material topic and its Boundary	54		
	<b>103-2</b> The management approach and its components	54		
	<b>103-3</b> Evaluation of the management approach	54		



GRI Standard	Disclosure	Page/URL	Omission	Sustainable Development Goals
GRI 413: Local communities 2016	<b>413-1</b> Operations with local community engagement, impact assessments, and development programs	54		
<b>Customer health and safety</b>				
	<b>103-1</b> Explanation of the material topic and its Boundary	44		
GRI 103: Management approach 2016	<b>103-2</b> The management approach and its components	44		
	<b>103-3</b> Evaluation of the management approach	44		
GRI 416: Customer health and safety 2016	<b>416-2</b> Incidents of non-compliance concerning the health and safety impacts of products and services	44		16
<b>Customer privacy</b>				
	<b>103-1</b> Explanation of the material topic and its Boundary	45		
GRI 103: Management approach 2016	<b>103-2</b> The management approach and its components	45		
	<b>103-3</b> Evaluation of the management approach	45		
GRI 418: Customer privacy 2016	<b>418-1</b> Substantiated complaints regarding breaches of customer privacy and losses of customer data	45		16







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