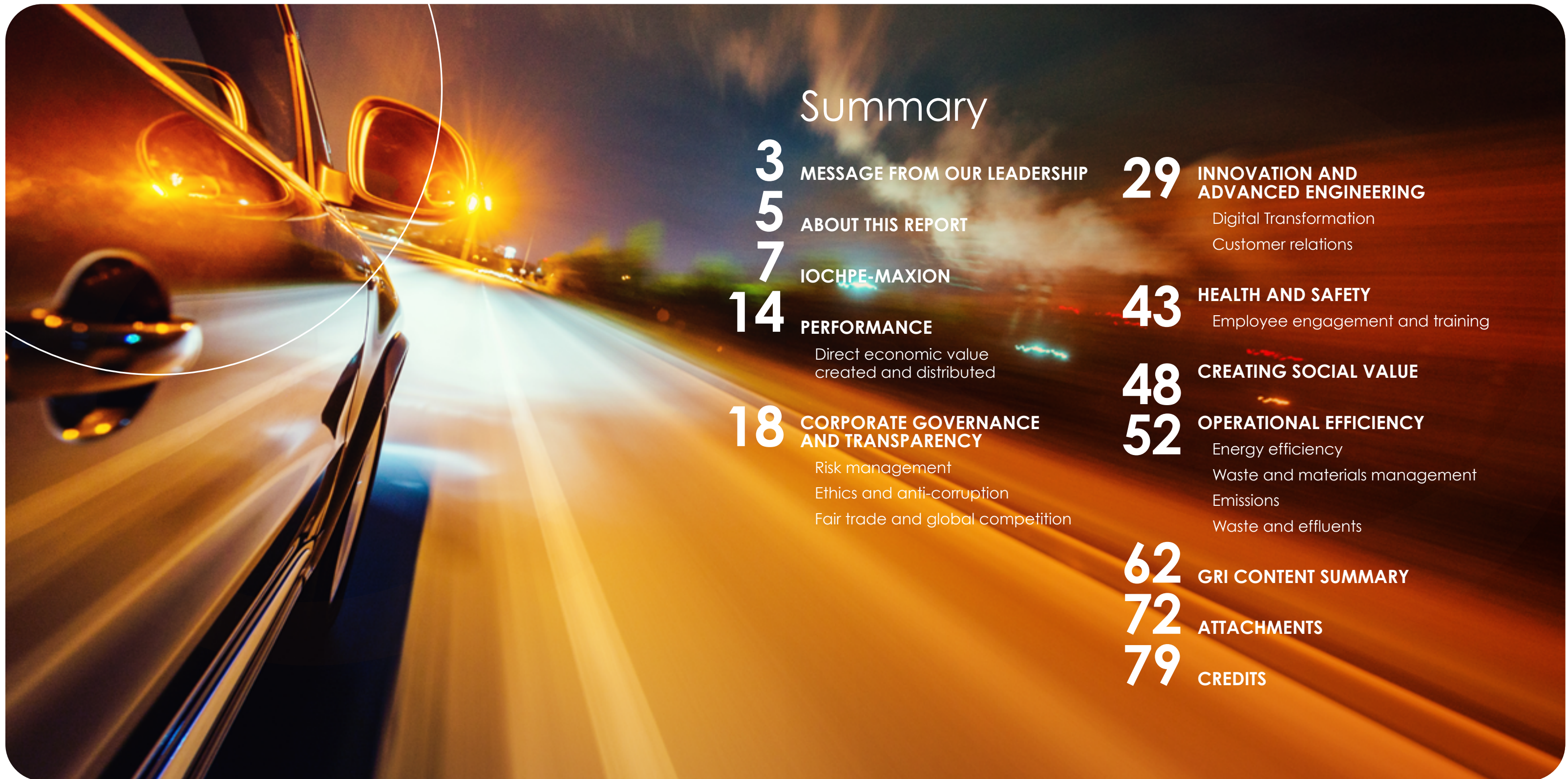


2019
Sustainability
Report
lochpe-Maxion



Summary

3	MESSAGE FROM OUR LEADERSHIP	29	INNOVATION AND ADVANCED ENGINEERING Digital Transformation Customer relations
5	ABOUT THIS REPORT	43	HEALTH AND SAFETY Employee engagement and training
7	IOCHPE-MAXION	48	CREATING SOCIAL VALUE
14	PERFORMANCE Direct economic value created and distributed	52	OPERATIONAL EFFICIENCY Energy efficiency Waste and materials management Emissions Waste and effluents
18	CORPORATE GOVERNANCE AND TRANSPARENCY Risk management Ethics and anti-corruption Fair trade and global competition	62	GRI CONTENT SUMMARY
		72	ATTACHMENTS
		79	CREDITS



Message from our leadership

GRI 102-14

The year of 2019 was very rewarding for our business and operation, with results consolidating us as a global company, the largest producer of wheels in the world and one of the leading manufacturers of structural components in the Americas. We are truly pleased to present our first-ever Sustainability Report establishing a position of transparency for the market and society.

All the investments accomplished last year have enabled the Company to grow its footprint in the markets where it operates, enhancing the synergy of its operations and establishing a position that is transparent for the market and society following the publication of our first-ever Sustainability Report, which presents the results of our environmental, social and economic performance.

Our expansion strategy included starting up a new aluminum wheels facility in Pune, India and building a stamping part factory for commercial vehicles in Monclova, Mexico, which will diversify the product portfolio for commercial vehicles.

We increased aluminum wheel production in Saraburi, Thailand, by more than 300 thousand units a year. We struck a partnership with Dongfeng to build a facility in Suizhou, China, with the capacity to produce 2 million aluminum wheels.

In order to provide Iochpe-Maxion with operational economies of scale and ensure workers have a salubrious workplace, our environmental health and safety committee created and rolled out initiatives involving all the company's global leaders. We therefore bolstered environmental, health and safety procedures related to ESG issues (environmental, social and governance).

We set up our Ethics Committee in November 2018, which works in tandem with the Executive Board to bolster our control and compliance barriers. We published and disseminated our Code of Conduct in nine languages and 15 countries, after reviewing the latest regulations. All of our employees have been trained to practice our ethics and anti-corruption guidelines at all facilities.

We will continue investing in our social programs and the programs of Iochpe Foundation, OSCIP (Organização da Sociedade Civil de Interesse Público), a foundation that assists more than 12,500 people a year. Investing in the professional training of socially vulnerable young people in partnership with the Foundation, the Formare program alone has seen 22,500 young people graduating since its introduction 30 years ago.

Our market practices remain competitive, in order to make sure we are around for a long time. Our net operating revenue amounted to R\$ 10,016.4 million in 2019, an increase of 4.2% compared to 2018. We close the year with EBITDA of R\$ 1,095.8 million¹ in 2019, an increase of 3.7% compared to 2018.

Our strategic planning will continue to focus on the optimization of our production capacity, health and safety and expansion of our product portfolio, with investments in innovation and R&D. We will therefore continue offering profitable products, delivering competitiveness to our clients and providing growth in conjunction with our business partners.

Marcos Oliveira
Iochpe-Maxion CEO



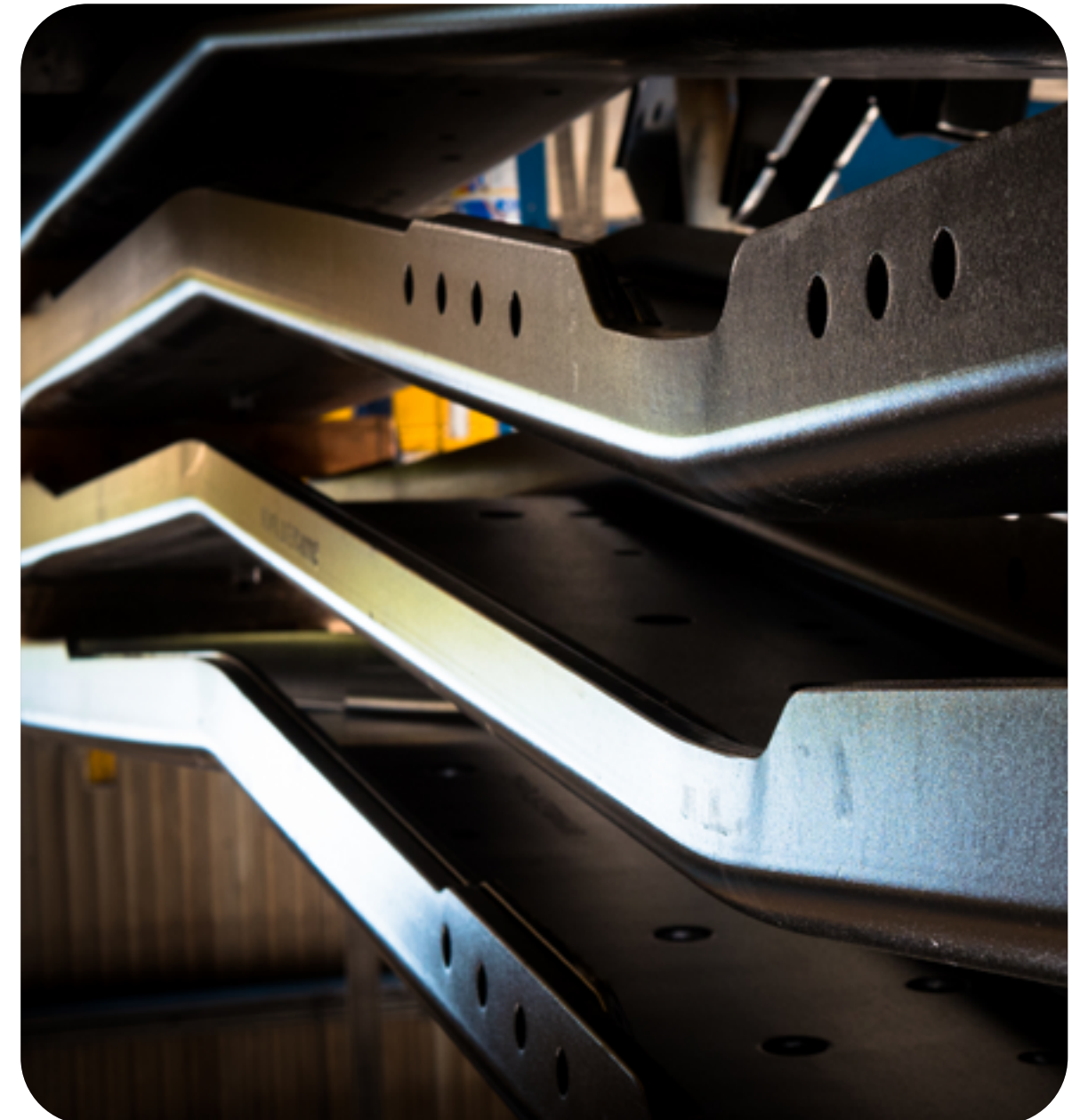
About this Report

This 2019 Sustainability Report is the first such report published by Iochpe-Maxion and marks the start of the Company's annual reporting cycle. This report has been prepared in accordance with the GRI Standards: Core option. Its qualitative and quantitative data embraces the operation from January 01 to December 31, 2019, published without an independent assurance. The financial statements embrace all of the company's business units and operations. **GRI 102-45 102-50, 102-51, 102-52, 102-54, 102-56**

Iochpe-Maxion's priority issues were

determined in a materiality process in 2019, which entailed interviews with senior leadership and company officers; consulting managers and investors (Perception Study); analyzing internal documents, market benchmarks and sector studies such as the 2019 Sustainability Development Yearbook (Auto Components), Sustainable Development Framework: ICMM (International Council on Mining & Metals) Principles, AIAG (Automated Industry Action Group), The Aluminum Association (USA) and European Aluminum (4 focus areas). **GRI 102-40, 102-46**

The materiality study identified the following issues as priorities for the Company's business and operations.



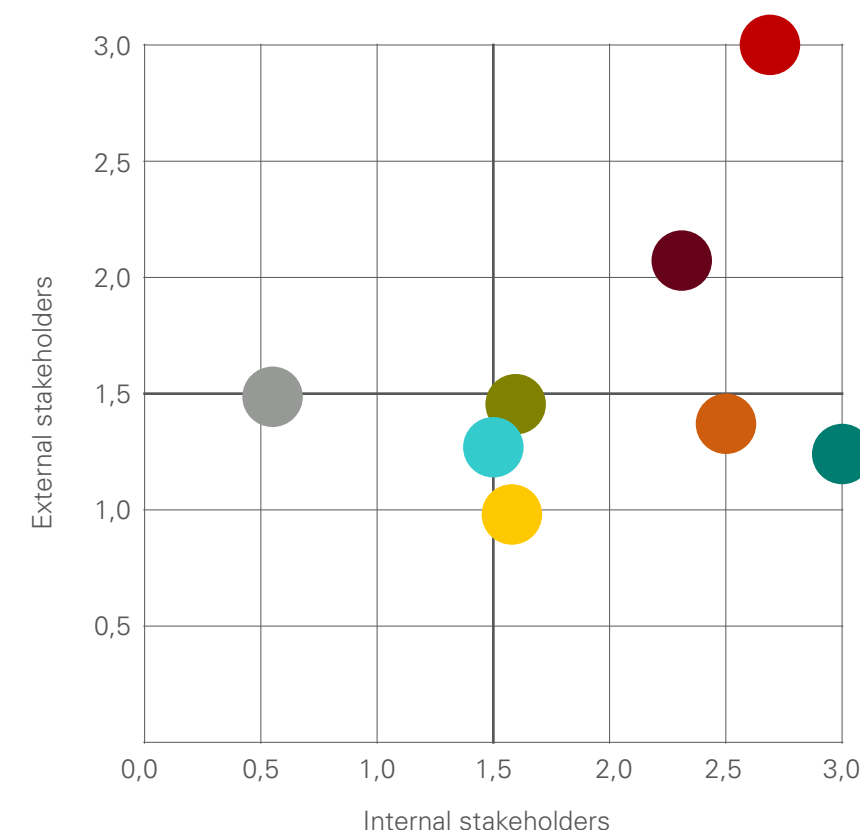
MATERIAL TOPIC GRI 102-44, 102-47

	SCOPE	TOPIC BOUNDARIES AND AFFECTED STAKEHOLDERS ¹ GRI 102-40, 102-46, 103-1
Innovation & technology	Invest in research & development, digitization, artificial intelligence and new models for vehicles; Collaborate and develop skills to pursue innovative solutions, including partnering with research institutions, universities and renowned automobile sector leaders.	Collaborators (internal) and clients (external)
Corporate governance and transparency	Encourage ethical conduct, integrity and anticorruption mechanisms; including adequate and transparent reporting, with audits and efficient decision-making.	Collaborators and suppliers (internal). Clients, investors and society (external).
Organizational culture and people management	Promote Iochpe-Maxion's culture, emphasizing talent retention and diversity; a feeling of belonging and nurturing a positive workplace.	Collaborators (internal).
Health & safety	Foster a safe workplace, including fire protection, occupational health, property protection and worker safety; assure ergonomics, safe services, asset protection and achievement of objectives focused on zero injuries.	Collaborators (internal).
Developing products focused on sustainability	Develop products excelling in safety, quality and efficiency, in addition to guaranteeing positive social and environmental features; address the circular economy concept, in the pursuit of recycling and reusing metals and minerals.	Collaborators (internal) and clients (external).
Training, development and education	Nurture future skills, including advanced manufacturing methods; nurture leadership, succession and personal career planning; encourage the formation of a strong and experienced management team.	Collaborators (internal).
Fair trade and global competition	Carry out transparent mergers and acquisitions; Strengthen associations and defend trust and dumping practices with responsibility and in accordance with fair rules.	Clients and investors (external).
Customer relations	Nurture long-term relations with clients; Monitor changes in client behavior and meet new demands.	Collaborators (internal) and clients (external).

¹ The public impacted by the company's business model and operations were identified as core stakeholders. **GRI 102-42**

² The material topics are those considered priorities according to both publics, internal and external stakeholders. As shown on the matrix and its higher quadrants.

MATERIALITY²



- Innovation & technology
- Corporate governance and transparency
- Organizational culture and people management
- Health & safety
- Developing products focused on sustainability
- Training, development and education
- Fair trade and global competition
- Customer relations

Please send any doubts, suggestions and comments about the 2019 Sustainability Report to ri@iochpe.com.br. **GRI 102-53**

lochpe-Maxion

lochpe-Maxion

lochpe-Maxion plays a meaningful role globally, as part of the automotive segment, and is one of the leading manufacturers of wheels in the world and one of the largest manufacturer of structural components in the Americas. **GRI 102-1, 102-2, 102-3, 102-5**

It has an enviable market share for structural components in the USA, Canada and Mexico and a material market share in the wheel sectors in all continents. The Company is structured around two main business units: **GRI 102-2**

MAXION WHEELS (MX)

Production and sale of steel wheels for light and commercial vehicles and agricultural machinery and aluminum wheels for light vehicles.

MAXION STRUCTURAL COMPONENTS (MSC)

Production of rails, side rails and assembled chassis for commercial vehicles and structural sets for light vehicles.

lochpe-Maxion also produces railway components and freight cars through AmstedMaxion (associate), in which it has a stake of 19.5%.



Ebitda
of R\$ 1,095.8
million¹ in 2019



Net income of
R\$ 337.4
million in 2019



Present in
14
countries



15,853
employees²

¹ Favorable impact due recognizing the exclusion of ICMS from the PIS and COFINS tax base.

² Figure does not include trainees and apprentices. The total number including these categories is 16,238.



Vision

Be a global leader, growing in a sustainable manner through innovation and inspiring our people to take part in shaping the automotive world with us.



Mission

Provide components and automotive systems profitably while enhancing the competitiveness of our customers' products on a global basis through continued innovation, process improvement and outstanding people.



Values

GRI 102-16

- Conduct ourselves ethically and be socially and environmentally responsible.
- Develop, trust, empower and respect our people.
- Drive results through commitment, ownership mentality, continuous improvement and teamwork.
- Utilize our resources efficiently and achieve highest levels of customer satisfaction.
- Foster innovation and unleash the creativity of all of our people.

Over 100 years of history!

1918

Creation of the first venture by the Ioschpe Family in Brazil, a logging operation in RGSL.

1940

The Company enters the financial sector and industrial sector.

1984

We go public, with shares traded on B3, the São Paulo stock exchange (SP).

1990

We focused our operations on the development and manufacturing of auto parts and railway equipment in the 1990s, with the disposal of a major portion of the assets and equity interests not linked to these segments.

2000

Formation of the joint venture Amsted Maxion, restructuring the Company's railway business via AmstedMaxion – and Wheels, Chassis and Automotive Components with Maxion Sistemas Automotivos.

2008

Entry into the B3 Novo Mercado. We converted our preferred shares into common shares in order to enter the Novo Mercado trading segment of BM&FBOVESPA, the São Paulo Stock Exchange, currently known as B3.

2009

Acquisition of the wheels business of ArvinMeritor in Brazil, Mexico and the United States, creating the "Fumagalli Division".

2010

Acquisition of the assets relating to the wheels business of Nugar S.A.P.I. de C.V., a Mexican subsidiary of CIE Automotive group, thereby increasing production capacity in Mexico.

2011

Acquisition of 50% of the shares of Montich S.A., an Argentine manufacturer of side rails, chassis and stamped parts for commercial vehicles, through the creation of Maxion Montich S.A. (joint-venture)

2012

Acquisition of Galaz Group, a Mexican manufacturer of steel side rails for commercial vehicles, and Hayes Lemmerz, a US global manufacturer of steel wheels for light, commercial and off-road vehicles and aluminum wheels for light vehicles.

2018

Iochope-Maxion turns 100, operating in two main divisions, Maxion Wheels – steel wheels for light and commercial vehicles, agricultural machinery, and aluminum wheels for light vehicles – and Maxion Structural Components – rails, side rails and chassis for commercial vehicles and structural sets for light vehicles.

2019

Iochope-Maxion seals a partnership with Dongfeng Motor Parts and Components to build a factory to produce aluminum wheels in China. Aluminum wheels plant in India launched, and new investments aiming at increasing capacity in aluminum wheels plants in Mexico, Thailand and Brazil. Construction of stamped components unit in Mexico.

AWARDS AND RECOGNITION IN 2019

Logistics

Logistics Excellence at the 27th Mercedes-Benz Interaction Awards.

Supplier

General Motors supplier award for South America for the 5th time.

Governance

2nd best company in the Corporate Governance category in the Época Negócios 360° ranking.

HR practices

4th place in the HR practices category in the Época Negócios 360° ranking.

Diversity

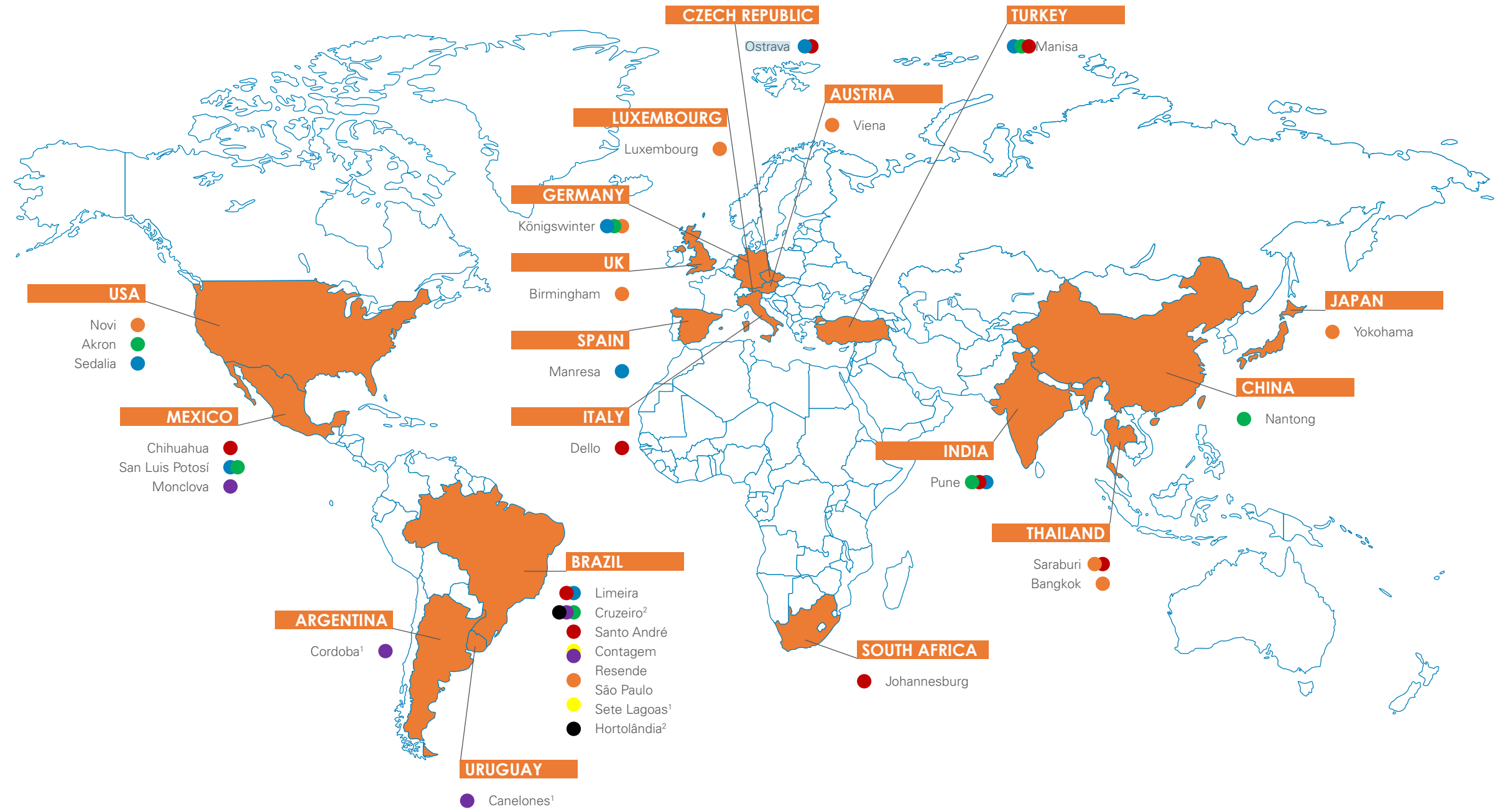
Maxion Structural Components received a distinction in the category Best Practices - Gender of the ABDiversidade (ABDiversity) Awards, promoted by the Automotive Business Magazine. It aims to give visibility to organizations that have concentrated efforts to foster plural and inclusive environments.

MAXION
Structural Components

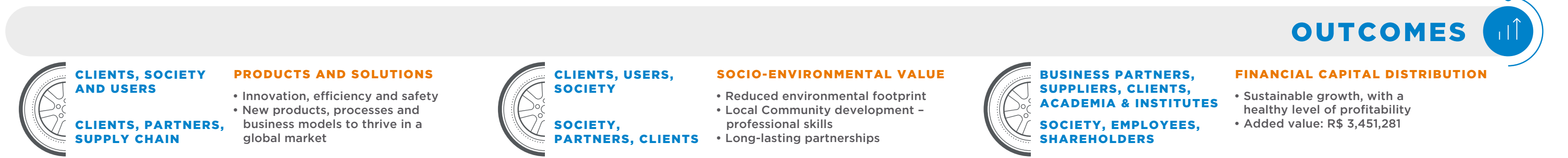
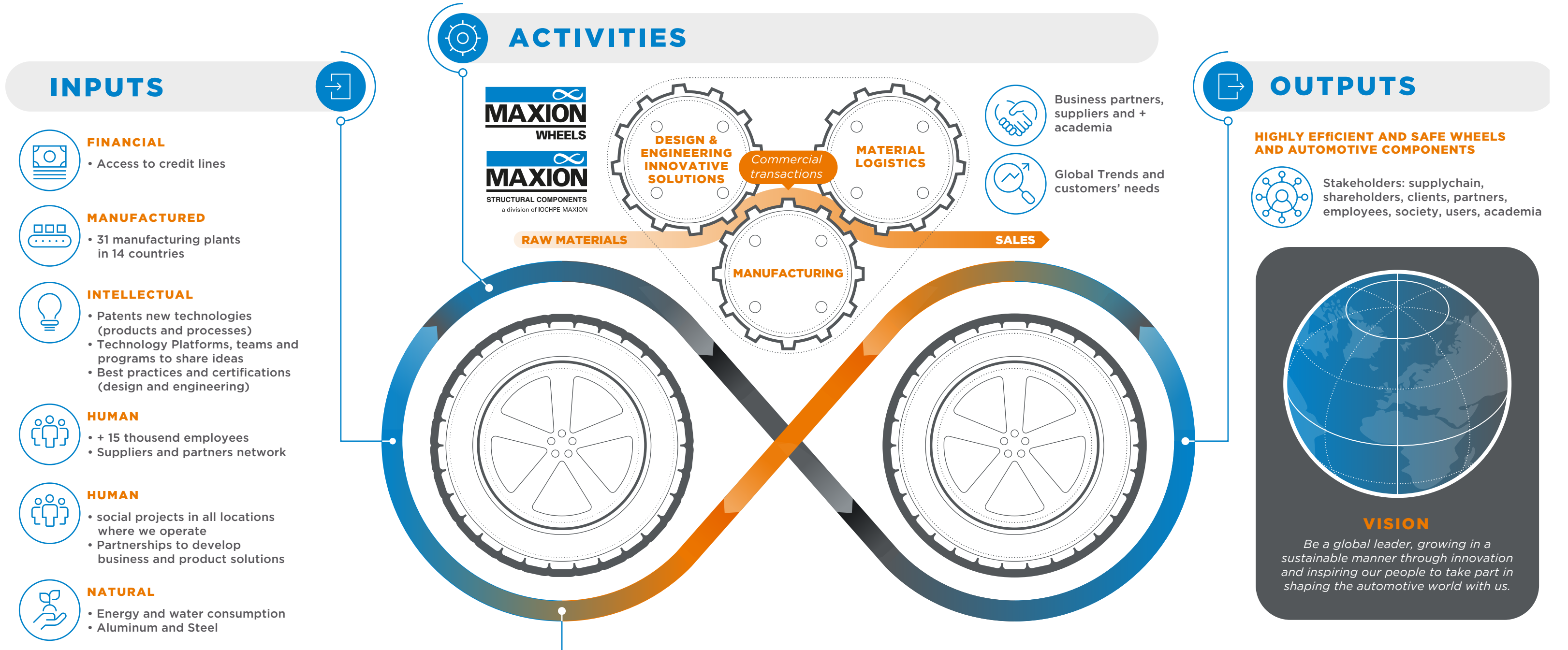


Footprint in 14 countries and 32 production facilities world-wide GRI 102-4, 102-6, 102-7

IoChpe-Maxion provides innovative solutions in its operating segments, by following global macro trends to develop new products, processes and technologies either independently or in cooperation with strategic partners. **GRI 102-8**



- Steel wheels - light vehicles
 - Steel wheels - commercial vehicles
 - Aluminum wheels - light vehicles
 - Offices – Sales, Eng. and Corporate
 - Structural Components - light vehicles
 - Structural Components - commercial vehicles
 - Railway Components and Railway wagons
- ¹ Maxion Montich's units
² AmsterdMaxion and Greenbrier Maxion's units



VISION

Be a global leader, growing in a sustainable manner through innovation and inspiring our people to take part in shaping the automotive world with us.

Performance



Performance in 2019: global expansion with higher domestic sales

GRI 102-6

IoChpe-Maxion's business strategy prioritizes growing our core business and making operational efficiency gains. The Company invests to expand its market share on two fronts: raising production capacity in regions with growing demand and entering new markets.

It also makes contributions to gain operational efficiency, prioritizing investments in production technology to increase manufacturing capacity and centralizing administrative duties in order to expedite internal processes. It invests in R&D and the acquisition of assets from companies operating in related segments to manage expansion of the product portfolio.

In 2019 IoChpe-Maxion invested R\$ 500 million in automating and expanding the production capacity of its facilities and started up the aluminum plant in India.

POSITIVE FINANCIAL RESULTS ACHIEVED IN 2019

Despite the adversities of the industry, net revenue increased by 4.2% reaching R\$ 10.0 billion, with an EBITDA of R\$ 1.096 billion (expansion of 3.7% compared to the previous year) and an EBITDA margin of 10.9% (compared to 11.0% in 2018). Net income reached R\$ 337.4 million, an increase of 67.6% over the previous period, driven by some non-recurring events.

In relation to the capital structure, we ended the year with a net financial leverage of 2.2x (net debt/EBITDA), maintaining a positive trend as observed in recent years. We continuously improved our debt profile, by issuing two debentures in the Brazilian capital markets, a syndicated loan in Europe as well as a facility renegotiation in North America, among other transactions. As a result, we were able to reduce the cost of debt, increase the average maturity, and eliminate almost all collaterals from our loans.



THE FOLLOWING INITIATIVES WERE IMPLEMENTED IN 2019 AS PART OF IOCHPE-MAXION'S EXPANSION STRATEGY

Creation the Dongfeng Maxion – China

Partnership to build a plant with a production capacity of 2 million aluminum wheels. Dongfeng Motor Parts and Components Group specializes in research and development, manufacturing and the sale of car parts, including chassis, brakes, smart driving systems and thermal management, light technologies and transmission systems.

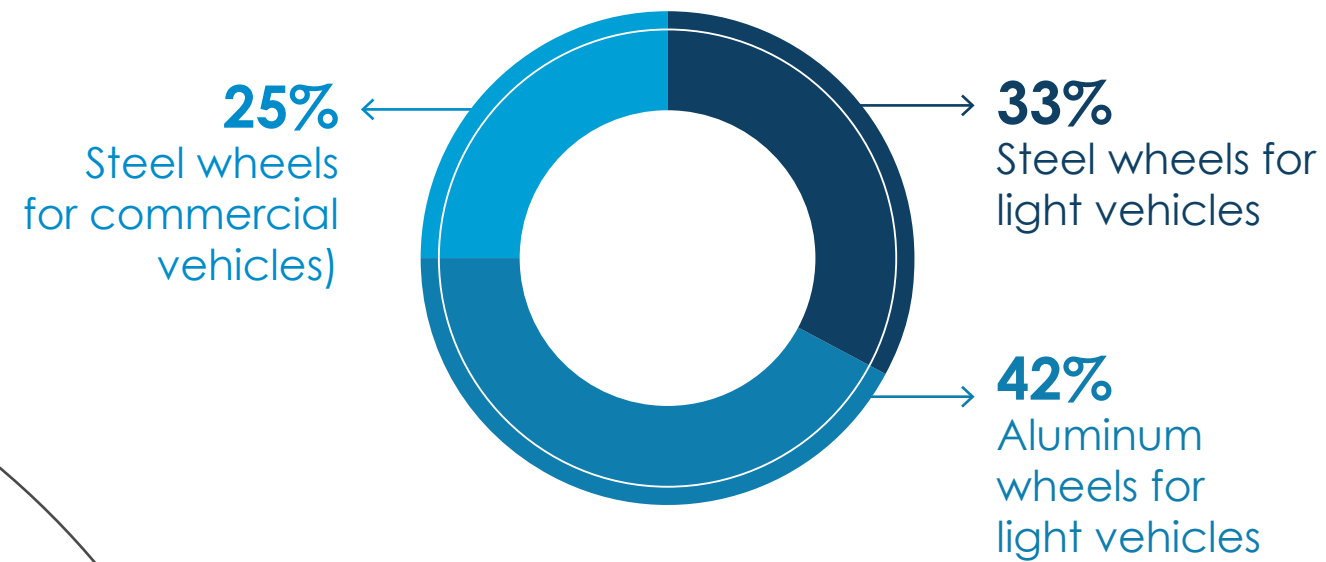
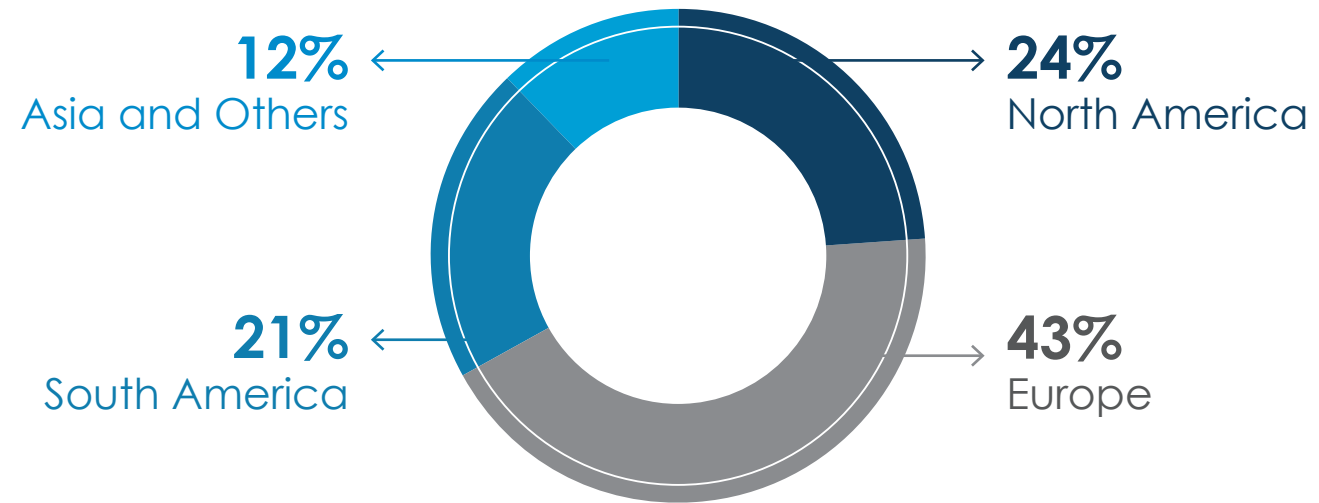
Operational start-up of the new aluminum wheel plant - India

Located in the region of Pune, this plant began operating. In the third quarter of 2019, with an initial capacity of 2 million wheels a year, this is the Company's third plant in the country and the first that produces aluminum wheels.

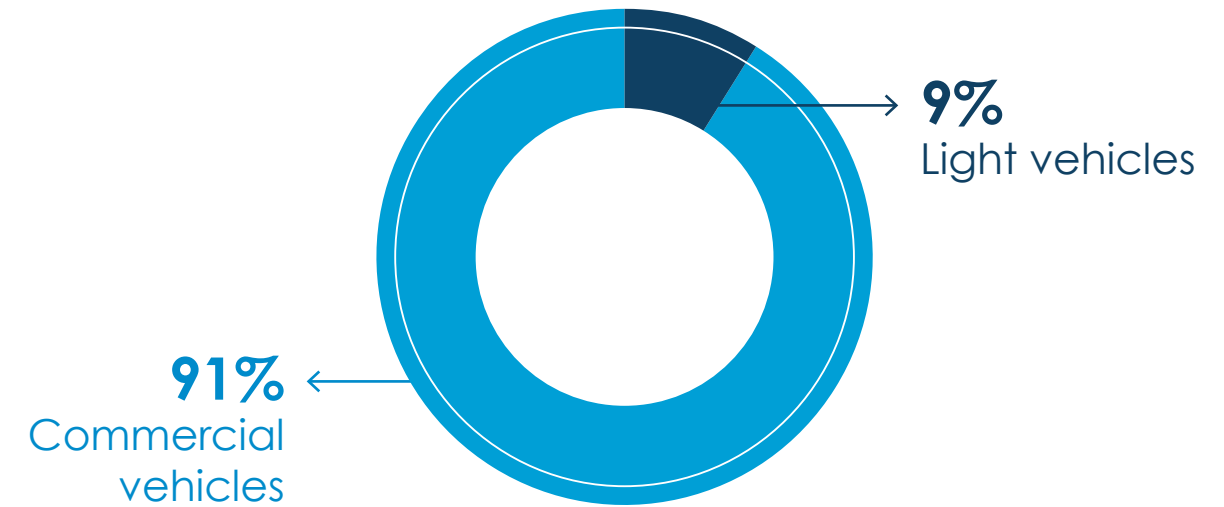
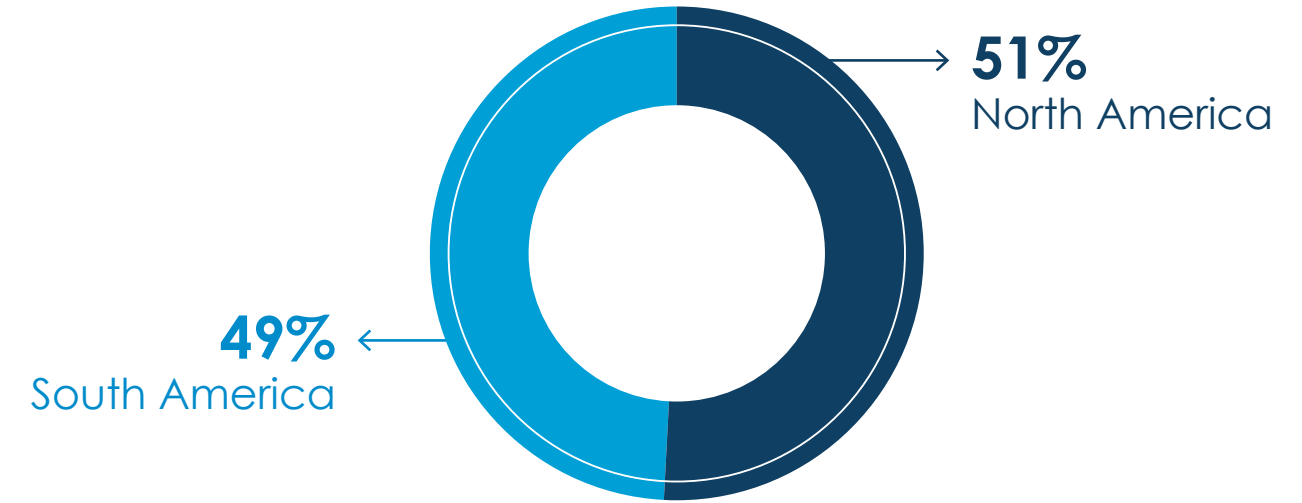
Organic growth: increase capacity at existing plants

- **Chihuahua, Mexico:** + 400 thousand wheels a year
- **Saraburi, Thailand:** + 300 thousand wheels a year
- **Limeira, Brazil:** + 200 thousand wheels a year. Additional stage projected for a further 1 million wheels
- **Construction of stamped parts plant – Mexico:** Located in the city of Monclova.

MAXION WHEELS – REVENUE BY REGION AND PRODUCT



MAXION STRUCTURAL COMPONENTS – REVENUE BY REGION AND PRODUCT



Direct economic value created and distributed

GRI 201-1
103|201



lochpe-Maxion's business model also has a positive social impact by creating distributed direct economic value.

There are compensation incentives to perform the Company's short and long-term economic targets. This depends on hierarchical level: for executive officers and managers the compensation is based on the accomplishment of specific short-term goals, such as net income. For the remaining employees incentive compensation is based on annual negotiations with unions. Additionally, in order to meet the long-term goals, key executives have a long-term incentive linked to the performance of the Company's shares and based on the period they work for the Company and the Company's performance (measured by ROIC).

2019 was a challenging year for the entire automotive industry – impacts of the trade war, sluggish economies and uncertainties around the future of cars (innovation, electric cars, carpooling etc) affected the performance of short-term economic goals. In order to achieve those goals in the long term, the Company started to adjust its structure to cater for this new level of demand. This reaffirms the Company's long-term strategy of sustainability growth, with a healthy level of profitability.

The Board of Directors is tasked with managing the long-term incentive plan (ILP), to define which key executives will be eligible and measure the Company and the individual's goals.

The HR department may use consultancy firms to evaluate compensation and benefits for the employees, based on the market and negotiations with the unions.

Corporate Governance and Transparency

Corporate Governance and Transparency

GRI 102-18

lochpe-Maxion's commitment is to conduct its business and operations with transparency, equity and accountability to shareholders and other stakeholders. The Company is therefore listed on the B3 Novo Mercado (São Paulo Stock Exchange), a special segment that, along with the obligations imposed by Brazilian legislation, requires compliance with requisites such as:

- Maintaining a minimum free float, accounting for 25% of the capital;
- The share capital is comprised of common shares only;
- Board of Directors formed by at least two members or 20% of independent members.
- 100% Tag Along in the event the share control is sold.

lochpe-Maxion is managed by its Board of Directors and Executive Board. Members are elected for a period of two years and may seek re-election.

The Board of Directors consists in 2019 of nine members, including a chairman and deputy chairman, and holds monthly meetings.

Its mission is to protect and value the Company's equity and to maximize shareholder returns sustainably and over time, with full knowledge of lochpe-Maxion's values and shareholder intentions and beliefs, striving for the enhancement thereof.

The positions of Chairman of the Board of Directors and Company CEO cannot be held by the same person, unless one of the positions is vacant, in due accordance with the Novo Mercado regulations.

The Board of Directors should establish the Company's general business guidelines and decide strategic issues, for the following purposes:

- Promote and fulfill the core activities of the Company and its subsidiaries;
- Strive for shareholders' interests without overlooking other stakeholders;
- Ensure the Company's long-term future as a sustainable going concern, with economic, social, environmental and good corporate governance practices underpinning its business and operations;
- Adopt an agile management framework, consisting of qualified and reputable professionals.
- Formulate guidelines and policies for managing the Company and its subsidiaries.

BOARD OF DIRECTORS MEMBERS

NAME	ELECTION DATE	TERM	POSITION
Dan Ioschpe 102-23	4/26/2019	Until April 2021	BD Chairman
Nildemar Secches	4/26/2019	Until April 2021	BoD Deputy Chairman Independent Member – according to the terms of B3 standards of corporate governance (Novo Mercado)
Alexandre Gonçalves Silva	4/26/2019	Until April 2021	Serving Independent Member of BoD
Gustavo Berg Ioschpe	4/26/2019	Until April 2021	Serving Member of BoD
Iboty Brochmann Ioschpe	4/26/2019	Until April 2021	Serving Member of BoD
Israel Vainboim	4/26/2019	Until April 2021	Serving Independent Member of BoD
Luiz Antônio Corrêa Nunes Viana de Oliveira	4/26/2019	Until April 2021	Serving Independent Member of BoD
Mauro Litwin Ioschpe	4/26/2019	Until April 2021	Serving Member of BoD
Sergio Luiz Silva Schwartz	4/26/2019	Until April 2021	Serving Independent Member of BoD

Ioschpe-Maxion also has the following alternate directors: Claudia Ioschpe; Debora Berg Ioschpe; Leandro Kolodny; Mauro Knijnik; Ronald John Aldworth; and Salomão Ioschpe.

The Board of Directors is supported by three committees.

STATUTORY AUDIT COMMITTEE

Consists of three members with the following main duties:

- Expressing opinions on the appointment and dismissal of the independent auditor to carry out the independent audit or any other service;
- Overseeing the independent auditors' work, in order to assess their independence and quality of the services provided;
- Monitoring the quality and integrity of the Company's internal controls, quarterly information, internal statements and financial statements, amongst other things.
- Assessing and monitoring the Company's risk exposure, where it may also request detailed information about related policies and procedures;
- In conjunction with management and the internal audit department, assessing and monitoring the adequacy of related-party transactions carried out by the Company and respective supporting documents.

MEMBERS OF THE AUDIT COMMITTEE STATUTORY

NAME	ELECTION DATE	TERM	POSITION
Edward Ruiz	5/31/2017	2027	Member of the Audit Committee – Coordinator – independent
Edmilson Baraldi	5/31/2017	2027	Member of the Audit Committee
Luiz Antônio Corrêa Nunes Viana de Oliveira	5/31/2017	2027	Member of the Audit Committee - independent

FINANCIAL COMMITTEE

Consists of three members, with the responsibility of making recommendations to the Board about:

- Short-term investment policies;
- Capital structure and debt profile;
- Dividend payments;
- Meeting covenants;
- Tax structuring;
- Issuance, buyback or redemption of debt securities or securities;
- Financing of new businesses, mergers, spin-offs or acquisitions.

MEMBERS OF THE FINANCE COMMITTEE

NAME	ELECTION DATE	TERM	POSITION
Israel Vainboim	5/29/2019	2 years	Member of the Finance Committee
Nildemar Secches	5/29/2019	2 years	Member of the Finance Committee
Sergio Luis Silva Schwartz	5/29/2019	2 years	Member of the Finance Committee

APPOINTMENTS AND COMPENSATION COMMITTEE

This has the following roles and responsibilities:

- Reviewing and recommending to the Board of Directors the compensation for Company executives, including salary, variable short-term compensation and long-term incentives;
- Periodically revising and recommending the changes necessary to the compensation programs and policies for Company executives, in order to ensure they are compatible with market standards and the level of challenges and performance expected of executives;
- Revising and recommending to the Board of Directors the compensation for Company's directors;
- Revising and recommending to the Board of Directors the hiring of an independent consultant to assist the Appointments and Compensation Committee and the Board of Directors defining policies, programs and amounts for the compensation of the Company's executives and directors; **GRI 102-35**
- Analyzing the Company's talent management process and assessing leading executives in terms of succession, so as to recommend people to the Board of Directors for the Company's main executive positions.

MEMBERS OF THE APPOINTMENTS AND COMPENSATION COMMITTEE

NAME	ELECTION DATE	TERM	POSITION
Luiz Antônio Corrêa Nunes Viana de Oliveira	5/29/2019	2 years	Member of the Appointments and Compensation Committee
Alexandre Gonçalves Silva	5/29/2019	2 years	Member of the Appointments and Compensation Committee
Sergio Luis Silva Schwartz	5/29/2019	2 years	Member of the Appointments and Compensation Committee

Business is also conducted by the Executive Board consisting of three members in 2019 - a CEO, a CFO and Investor Relations Officer and an Officer without specific designation. The Chief Executive Officer has the duty and authority to:

- Call and preside over Executive Board meetings;
- Submit to the Board of Directors the Annual and Multi-year Plans and the financial statements required by law needing appreciation or resolution;
- Provide the Board of Directors with all information necessary to resolve issues within the Board of Directors' remit, as established in the Company's bylaws.

MEMBERS OF THE EXECUTIVE BOARD

NAME	ELECTION DATE	TERM	POSITION
Marcos Sergio de Oliveira	4/26/2019	2 years	Chief Executive Officer
Elcio Mitsuhiro Ito	12/2/2019	2 years	CFO and Investor Relations Officer
Paulo Marcio Almada dos Santos	4/26/2019	2 years	Officer

The Officers are responsible for:

- Carrying out the activities specified by the CEO;
- Carrying out the management acts authorized by the Company's bylaws.

In November 2019, Augusto Ribeiro Junior, the Company's CFO and Investor Relations Officer since June 2016, was appointed CEO of the Company's Structural Components division, as resolved by the Board of Directors. Elcio Mitsuhiro Ito was appointed CFO and Investor Relations Officer effective as of December 2, 2019.

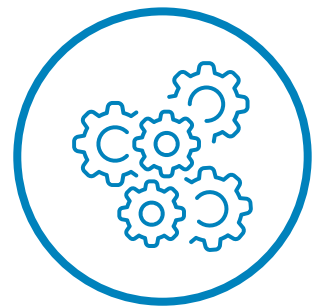
Risk management

GRI 102-11

The Board of Directors approved Iochpe-Maxion's Corporate Risk Management Policy on December 20, 2017 and revised it on May 29, 2019. The document sets out guidelines, standards, procedures and actions already comprising the Corporate Risk Management process, embracing the operating, financial and strategy risks.

Iochpe-Maxion's Corporate Risk Management practice follows the "COSO Enterprise Risk Management – Integrated Framework" methodology and was adapted to our business and operational characteristics and specifics. The risk matrix is reviewed periodically based on the probability of occurrence and magnitude of the impact of the following risks:

- Operational;
- Financial;
- Strategic;
- Legal;
- And compliance.



5

categories in
the risk matrix



The Corporate Risk Management Framework embraces all levels of the Company.

The Corporate Risk Management Framework embraces all levels of the Company. The Risk Management Committee monitors the management process and interacts with the Internal Audit department and the Governance, Risks and Compliance department. It:

- Guarantees compliance with the risk management guidelines established by the Board of Directors;
- Analyses risk management policies;
- Advises the Executive Board;
- Support in identifying risks;

- Propose measures to solve, mitigate or accept the risks;
- Monitor the Company's risk management activities;
- Periodically review the risk matrix and respective plans of action to monitor the mitigation of these risks;
- Approve the methodology to be used to conduct the corporate risk management process;
- Change the scale of the impact and probability used in risk assessment;
- Proactively identify new types of risk facing the Company.

RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE GRI 201-2

With increasingly unpredictable natural risks, the Company needs to be prepared to ensure business continuity in the face of the climate crisis. Industry 4.0 supports the company's management in measuring these risks, by collecting better quality data and managing its operations more effectively.

In the context of the impact of climate change on business, Iochpe-Maxion considers risks such as the scarcity of natural resources which could aggravate social inequality, with a negative impact on the economy.

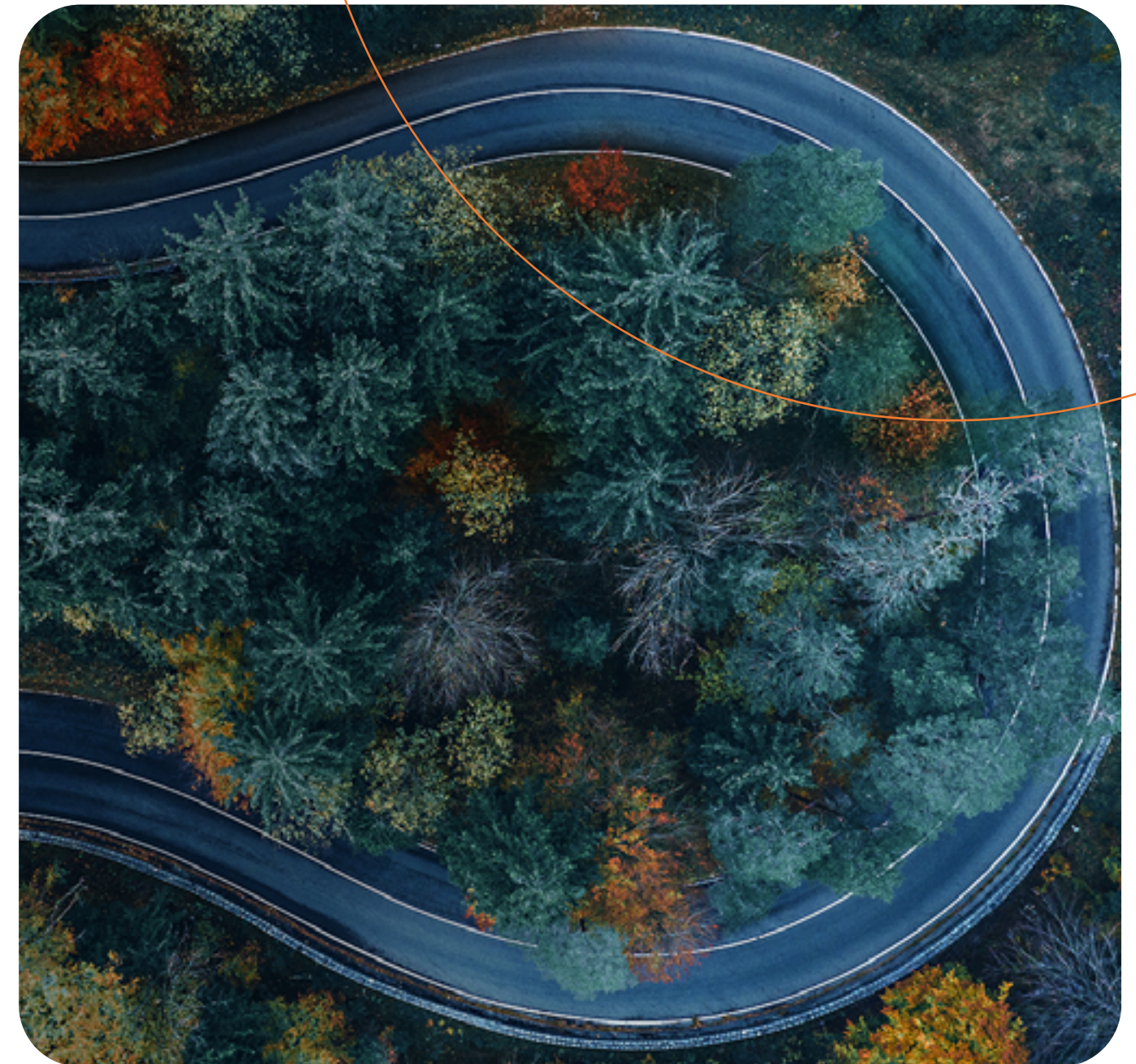
Limited access to water and certain materials, such as metals used in manufacturing, will also impact the usage targets for these resources, resulting in diminished productivity, operational stoppages and requiring the creation of energy efficiency projects, CO₂ footprint calculations (or exposing the Company to the risk of taxation on CO₂ emissions) and tools that manage and monitor the risk of limited access to water, thereby raising operational costs.

The scarcity of natural resources could also impact business by triggering changes in consumer habits, the introduction of energy rationing and diminishing the use of transportation vehicles.

Other risks include higher temperatures inside the plants, the proliferation of respiratory diseases and new diseases affecting employee health and well-being in the workplace.

Opportunities include bolstering the Company's sustainability strategy with its clients and developing solutions that reduce our environmental footprint in conjunction with these business partners across all the Company's operations. Examples of this include new technologies that reduce energy consumption and greenhouse gas emissions, and new materials driving down costs and consumption.

The opportunity will also exist to charge less taxes on companies that help mitigate global warming, by using renewable energy sources and reusing recyclable materials internally, at a lower cost.



Ethics and anti-corruption GRI 103/205,205-1, 103/206, 206-1

lochpe-Maxion created its Ethics Committee in 2018. The governance body answers to the Executive Board and holds meetings every two months, as needed and depending on the type of resolution.


To ensure its compliance with the legislation, internal and external regulations and standards, and best practices and ethical principles, the Company relies on:

- Code of Conduct;
- Whistleblowing hotline;
- Information disclosure and share trading policy;
- Ethics and anticorruption policy addressing contributions and donations, in addition to issues related to preventing and detecting crimes;
- Corporate Risk Management Policy, amongst other mechanisms;
- Structured GRC area
- Structured internal audit area (third line of defense);

lochpe-Maxion's Code of Conduct sets out a group of principles and guidelines that reflect the organization's expectations regarding ethical conduct standards, inspired on the Company's vision, mission and values.

The Board of Directors reviewed and approved the reformulated code on September 26, 2018, and it applies to all employees, officers, and members of the Audit Committee and Board of Directors.

The Code of Conduct was disclosed to 15 countries in nine languages in 2019. lochpe-Maxion administers annual Code of Conduct training to all employees, officers, and members of the Audit Committee and Board of Directors. Training embraces policies and procedures around ethics and anti-corruption, free gifts and entertainment, amongst other issues. The standards apply to the supply chain, embracing suppliers, service providers, intermediate agents, clients, and other Company stakeholders. The company did not have any confirmed cases of corruption in 2019. **GRI 205-3**



The Code of Conduct was disclosed to 15 countries in nine languages in 2019



100%

of employees, officers, and members of the Audit Committee and Board of Directors must follow the Code of Conduct

GOVERNANCE, RISKS AND COMPLIANCE (GRC)

lochpe-Maxion's economic compliance policy, which embraces its entire operation, instructs the Company's team to report all daily nonconformities. The Company has undertaken to enable financial contributions to fulfill this objective, and to address all conformity issues in all operations. **GRI 103 | 419**

In 2017 lochpe-Maxion accordingly set up its Governance, Risks and Compliance (GRC) practice, which ensures the existence of a robust framework of internal controls based on the following initiatives:

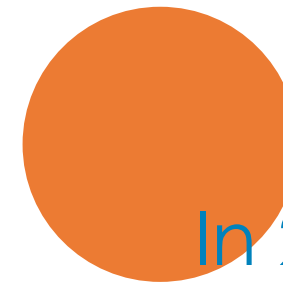
- Enhancing processes by rolling out and monitoring internal controls;
- Creating security and audit mechanisms based on the Sarbanes-Oxley Act;
- Maintaining and managing corporate policies and procedures;
- Conducting risk management;
- Implementing the Compliance Program in 2020.

lochpe-Maxion has a compliance risk matrix, where potential corruption risks were identified by the Company's executives and directors. Additionally, the company has an ongoing risk management process which detects all types of risk during interviews, including corruption risks. The main business risks were reviewed, including visits to many units during 2019. **GRI 205-1**

The Company also has a corporate policy in place regarding conflicts of interest and the internal audit also looks for these conflicts during site evaluations. It also has an established process for donations, where all entities must be approved by the Ethics Committee before any transactions go ahead. **GRI 205-3**

In 2019 all employees underwent training to reinforce Code of Conduct guidelines and corporate policy around compliance and anti-corruption. **GRI 205-2 206-1**

Every year IMSA requests all employees attend Information Security training in order to enhance overall information and IT security. **GRI 205-2 206-1**



In 2019 all employees underwent compliance and conduct training

ETHICS COMPLAINT AND CLAIM MANAGEMENT GRI 205-1 206-1

In 2019, lochpe-Maxion improved the channel for registering suspected breaches of its Code of Conduct, the legislation and corporate policy, which is available on the site <https://hotline.iochpe.com.br>, telephone – +55 11 5508 3817 – and e-mail ethics@iochpe.com.br.

This service can interact anonymously with the Internal Audit, which is tasked with investigating reported cases. A protocol number and password are created for each incident, so that the whistleblower can keep abreast of developments.

Incidents related to lochpe-Maxion's Internal Audit Department should be referred to the Coordinator of the Statutory Audit Committee to the e-mail address cae@iochpe.com.br.

Complaints are handled by the internal audit department and after analysis are assigned to the responsible departments, such as HR, Internal Audit, among others. After further analysis they are then reported to the Ethics Committee for discussion and action is subsequently taken (when needed) by the responsible department, with the whistleblower receiving an answer via the ethics hotline. In 2019, 43 complaints were identified/addressed through the hotline and 100% complaints resolved. **GRI 103-2**

TYPES OF COMPLAINT RECEIVED IN 2019 GRI 103-2

- Inappropriate relationship between employee and supervisor;
- Inappropriate relationship between employee and supplier;
- Moral Harassment.



Fair trade and global competition

To remain competitive Iochpe-Maxion makes ongoing investments in its plants, sales channels, support and post-sales assistance for its customers.

In the firm belief that free and unrestricted competition encourages creativity and ongoing improvement, Iochpe-Maxion is committed to operating in strict compliance with anti-trust laws and regulations. The Company's standards prohibit practices or acts that aim to get around or defraud fair competition.

The Company's commitments and objectives coalesce around full and unrestricted compliance with the competition laws and regulations applicable to Iochpe-Maxion's businesses wherever they may be.

The topic of Anti-competitive Behavior is covered by Iochpe-Maxion's Code of Conduct, which states: In the firm belief that free and unfettered competition stimulates creativity and drives continuous improvement, Iochpe-Maxion is committed to fully complying with the competition laws and regulations that will underpin the

conduct of its employees, directors and officers, as well as third parties who legitimately and directly represent the Company, with all of the aforementioned parties being prohibited from carrying out practices or acts that are designed to undermine or defraud the competitive process.

The topic is monitored and evaluated by the Compliance and Legal practices, which from time to time advise on and recommend best practices and conduct to ensure that the Company's commitment to full compliance with competition laws and regulations is upheld at all times. **GRI 206-1**

In addition to the above, in 2020 the organization plans to administer Anti-competitive Behavior awareness and training sessions with targeted employees who are most often exposed to the topic. **GRI 206-1**

To the best of our knowledge, in the relevant period the organization has not been found to be party to any lawsuits filed for unfair competition, anti-trust, and/or monopolistic practices. **GRI 206-1**

Innovation and Advanced Engineering

Innovation and Advanced Engineering

As a world leader in the production of automotive wheels and a leading producer of automotive structural components in the Americas, Iochpe-Maxion has since the very beginning of automobile transportation, been expertly crafting high-quality automotive wheels and structural components.

It begins with a thorough understanding of vehicles and how they need to perform. This combined with more than 100 years of industry experience ensures that our product offerings tackle today's industry challenges, meet our customers' needs, and position the company with a competitive advantage.

Our global network of strategically-located manufacturing facilities and state-of-the-art technical centers, keep us close to our customers who seek creative solutions, flexible operations, and responsive and agile teams ready to quickly and smoothly support their needs. At our core

is a strong innovation culture that empowers our workforce to engage in the global business and through their participation produce the ideas that drive our future.

The fundamentals of our global product strategy are:

- To generate solutions that will attract customers (current, new or potential);
- To enable new revenue streams;
- To establish the divisions of Iochpe-Maxion, Maxion Wheels and Maxion Structural Components, as their customers' innovative partner of choice.

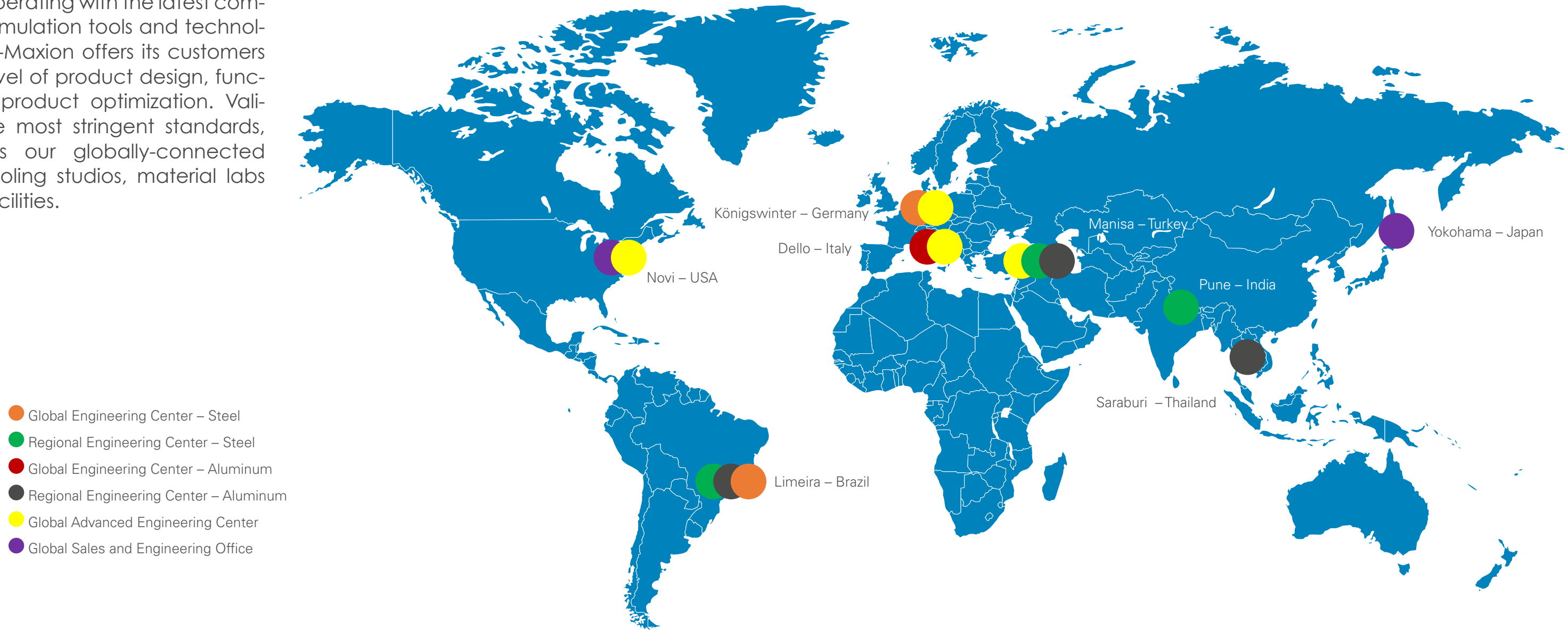


Strong innovation culture
empowers our workforce

GLOBAL PRODUCT DEVELOPMENT

With highly-skilled engineers and product technicians operating with the latest computer-aided simulation tools and technologies, Iochpe-Maxion offers its customers the highest level of product design, functionality and product optimization. Validation, to the most stringent standards, occurs across our globally-connected network of tooling studios, material labs and testing facilities.

GLOBAL ENGINEERING FOOTPRINT



MAXION WHEELS

At Maxon Wheels, Innovation is a company-wide endeavor that engages the entire organization. The work aims to make discoveries and develop ideas that will drive advances in performance, sustainability and style for future vehicle generations – and stimulate the development of new business models and ways of working.

Among one of the first automotive Tier One suppliers to implement an innovation strategy in 2013, our entire global workforce of more than 10,000 people is involved in the innovation community and culture.

Ideation is at the core of our structured approach with five strategic innovation focus areas: cost, design, weight, functionality and digitalization, organizing our efforts. Through cross-functional and cross-regional collaboration, we engage our employees in Ideation sessions where internal and external insights, combined with a deep understanding of customer needs, produce concepts that are vetted for commercialization and industrialization value. The result is a select

group of viable solutions that move onto Advanced Engineering. Acknowledging the results and employee commitment is essential to our culture, with leadership regularly recognizing our innovation “warriors” through local and global channels.

The company also partners with start-ups, research institutes, universities and other multinational corporations on early-stage ideas with the potential to impact the future of mobility by building a powerful open innovation ecosystem.

Maxon Wheels’ Advanced Engineering function is responsible for the technical feasibility assessment and development of the product solutions deemed customer critical, and where our solution, can produce a strong competitive advantage.

The automotive industry is facing many challenges, with one of the most critical, the need to reduce greenhouse gas emissions (CO₂). CO₂ emissions could be the single largest contributor of global warming – and since much of it is caused by the transportation sector, legislation

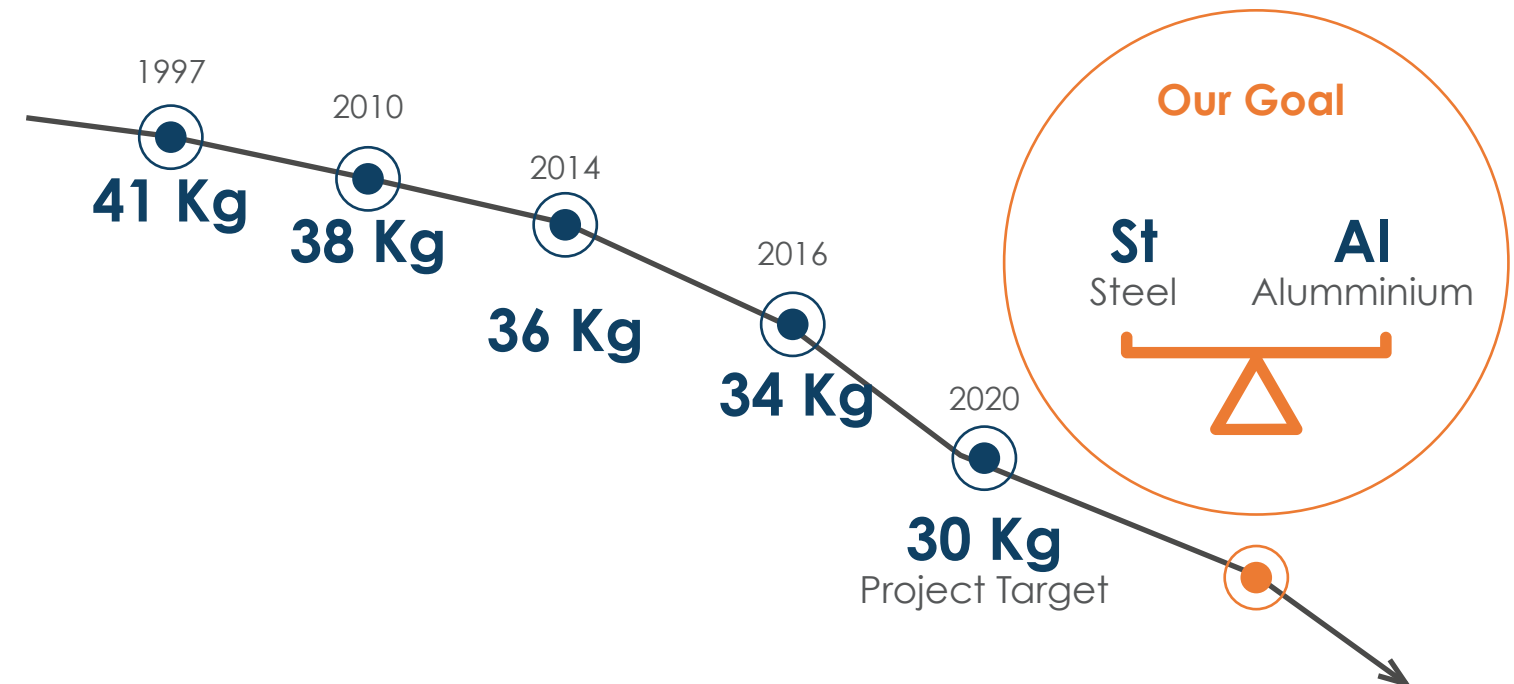
targeting vehicle emissions are in place all over the world to address the issue.

Reducing vehicle weight and fuel consumption are two ways OEMs and suppliers can address these regulatory requirements. Therefore, the critical challenge for manufacturers becomes finding the

right balance between weight reduction and cost, while retaining or improving vehicle or component performance.

Maxon Wheels ability to produce cost-effective weight reduction in a wheel is possible in every region, and for every application.

THE LIGHTWEIGHT EVOLUTION



Here are two Advanced Engineering light-weight wheel concepts addressing this important customer need:

GEN30 for the European and ASEAN markets is a game-changer – through sophisticated design and global advanced manufacturing techniques, this commercial vehicle steel wheel weighs significantly less than its predecessors without sacrificing either reliability or durability. Expected time to market is 2021.



Tall & Narrow light vehicle aluminum wheels utilize the latest simulation tools to create a wheel that weighs only 8.7kg and has a wheel load capacity of 495kg. This technology was recently adopted by a customer for the ASEAN market.



The safe delivery of people and cargo is another global challenge as governments pursue new mobility models to address urban congestion and distracted driving, while OEMs continue to add costly safety content in keeping with varied legislation. The wheel, one of several safety components on a vehicle, is also an ideal product for safety innovation. Here are two Advanced Engineering smart wheel concepts to address this important industry need:

Announced in late 2019 with our co-development partner, ZF, the Smart Wheel Connectivity Solution is the industry’s first, fully-integrated mechanical and sensing solution capable of measuring vehicle load, humidity, temperature, and tire pressure, as well as wheel position, speed and vibration. This connectivity solution will complete concept testing in 2020.



The Maxion Flexible Wheel with Michelin ACORUS Technology, is a patented “flexible” wheel that absorbs impact from road hazards preventing wheel and tire deformation and keeping drivers and passengers safe. In addition to improving ride comfort, ACORUS eliminates costly tire and wheel damage. And with fewer damaged tires going to the landfill, ACORUS is reducing the environmental impact. This technology was recently adopted for a premium brand going on sale in China in 2021.





3
product launches
in 2018 using aluminum
in one of our products

MAXION STRUCTURAL COMPONENTS

Maxion Structural Components created a dedicated Innovation and Advanced Engineering group in 2019 with the aim to develop new products for its customers, especially in the heavy commercial vehicles (approximately 90% of the division's revenue in 2019).

The global auto trends for structural components are very similar to the ones from the wheels segment, expect for the design solutions as the components are the crucial parts of the vehicle body or platform. Projects with our customers have increased over the years as the expertise of new composites and other materials are key for weight reduction.

Maxion Structural Components develops new solutions with partnerships in Brazil and Mexico as well as development programs with Embrapii and research institutes.

A patent was filed in Brazil in 2018 for a 3D printed solution for soft tooling (rapid prototyping). The Company had 3 product launches in 2018 (three commercial vehicle chassis cross members) using aluminum in one of our products (VW - Delivery 3.5- and 4-Ton truck).

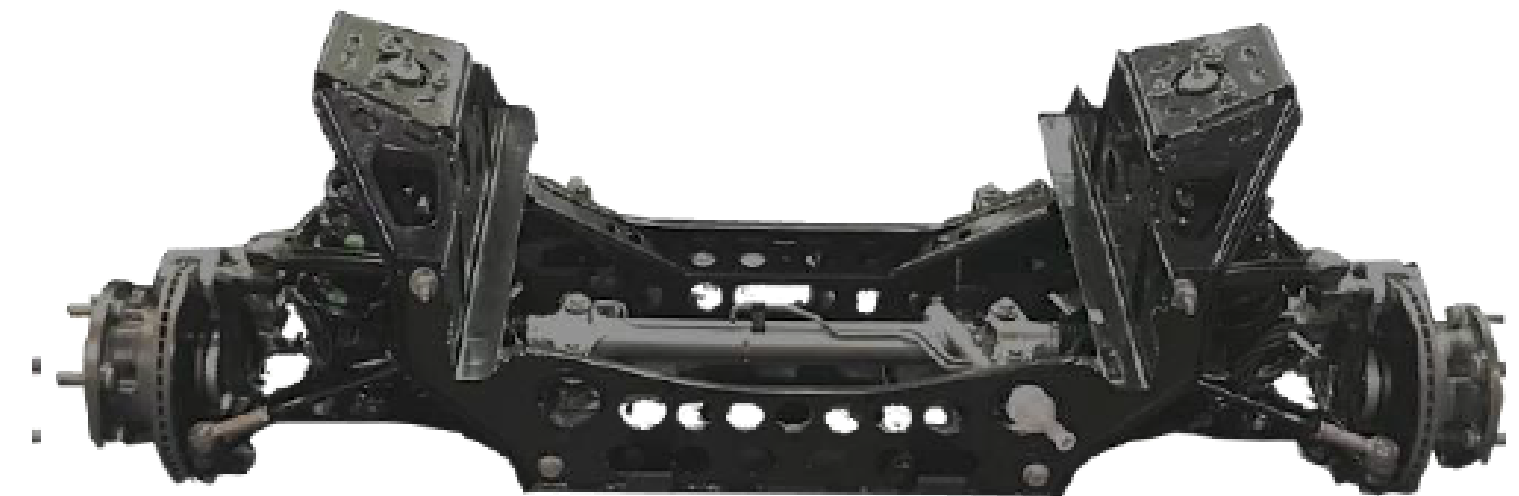
10 TONS CHASSIS

Reduction of approximately 35% of weight using different types of materials, such as aluminum side rails, carbon fiber cross-members and fiberglass crossmembers.



CODESIGN CONCEPT

Development of an independent front suspension for a 13-tonne truck. Weight and cost reduction



IoChpe-Maxion (MSC) innovation targets for 2020

- Consolidate the dedicated structure Expand the partnership network in North America
- Development of new products in the codesign concept and outsourcing.

MAXION ADVANCED TECHNOLOGIES

As the automotive industry undergoes a major transformation, IoChpe-Maxion is keen to actively participate in this disruption so we can capitalize on new growth opportunities while also remaining relevant to our customers. To effectively participate in this dynamic future arena, it requires a focused structure to ensure Maxion keeps its eyes on the future while the wheels and structural components operations continue to drive their businesses to achieve sustaining financial results, growth, customer satisfaction and the development of innovative and advanced solutions for their respective products. To accomplish this we formed, in November 2019, a new strategic innovation initiative called, Maxion Advanced Technologies (“MAT”).

MAT is an IoChpe-Maxion strategic innovation initiative designed to think beyond today by connecting our current business with the future of mobility. It is made up of a small, dedicated team responsible for connecting Maxion to the global new mobility ecosystem. The team will be located in The Drivery, Europe’s largest mobility innovation community and marketplace located in Berlin, Germany.

MAT’s success will ultimately be measured by its value generation for IoChpe-Maxion’s

businesses. As such a detailed mission is in place to ensure this:

Assessment of Trends & Insights - Monthly Steering Board Report with key mobility ecosystem learnings to identify potential new opportunities Trends, insights, early identification of potential new opportunities;

Startups – Identification of at least 3 start-up business opportunities, including SWOT analysis presented to the Steering Committee (Goal: 1 to be approved in 2020);

Material Science Technologies – Identification of at least 2 material innovations with feasibility-to-prototype phases defined and presented to the Steering Board (Goal: 1 to be approved in 2020);

Digitalization Technologies – Identification of at least 2 new digital technology innovations with SWOT analysis presented to the Steering Board (Goal: 1 to be approved in 2020).

A governing steering board oversees the initiative chaired by Marcos Oliveira, President and CEO of Iochpe-Maxion. Board members include:

- Elcio Mitsuhiro Ito, Iochpe-Maxion CFO;
- Pieter Klinkers, Maxion Wheels CEO;
- Augusto Ribeiro, Maxion Structural Components CEO;
- Kai Kronenberg, Maxion Wheels VP of Global Innovation and Business Development;
- Ralf Duning, Maxion Wheels VP of Global Engineering;
- Renato Brighenti, Maxion Structural Components Operations Director.

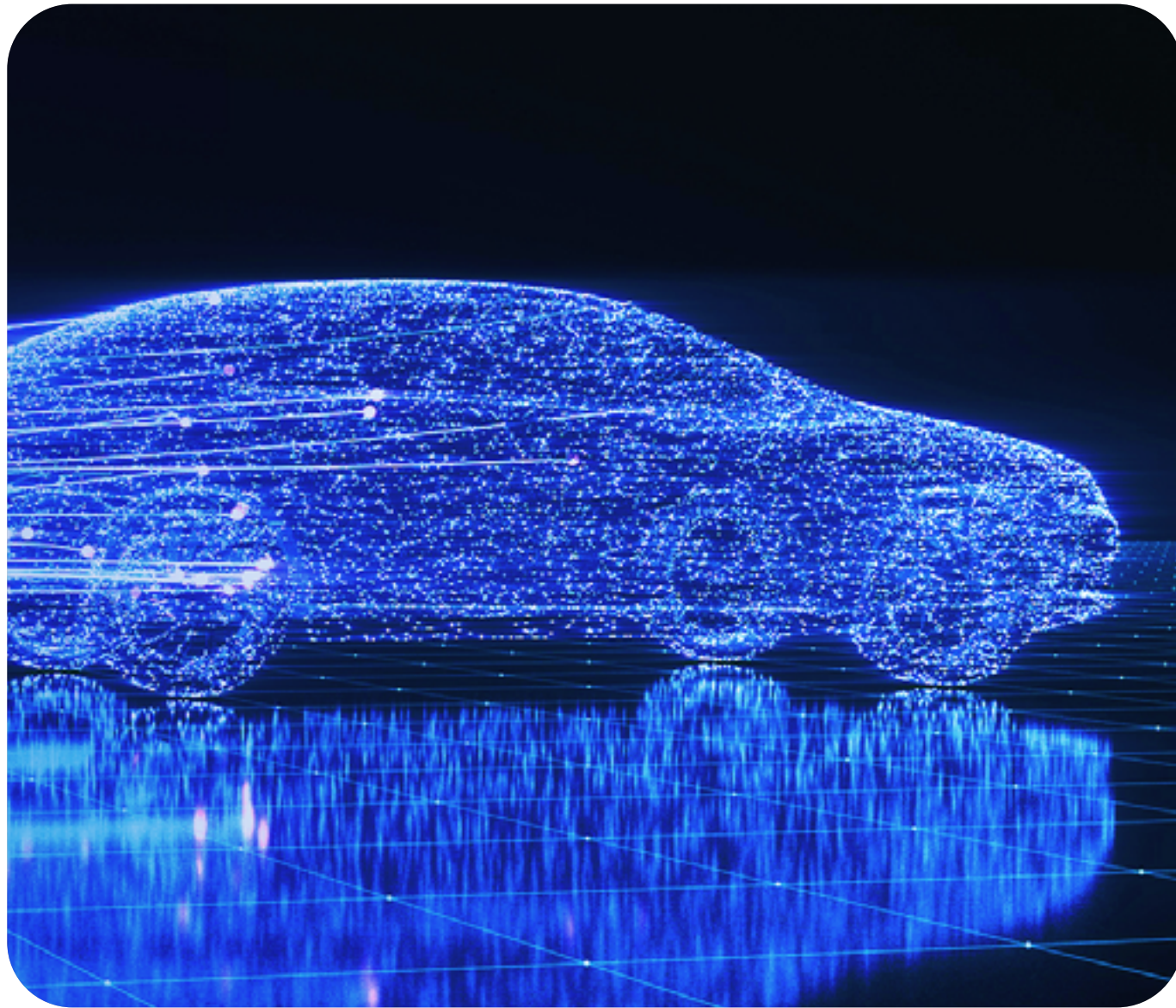
Product development conducive with mitigating environmental impact

Iochpe-Maxion makes an ongoing effort to create products that stand out for being environmentally friendly, for example by reducing the weight of wheels and structural components made of steel and aluminum, or using materials such as carbon fiber, fiberglass and plastics.

All these initiatives of the innovation engineering teams also aim to have lower environmental impacts in terms of CO₂ emissions, whilst yielding energy efficiency gains and reducing fuel consumption.

Examples of weight reductions developments:

- Gen 34 and Gen 30 – weight reduction over the years for commercial vehicles;
- New composites on trucks side rails – reduction of up to 35% of weight.



Digital Transformation

lochpe-Maxion embarked on its Digital Transformation (DT) journey in 2018 as an internally-driven program focused on the smart, global adoption of the right digital tools and technologies for the improvement and transformation of our business. From Manufacturing and Supply Chain to Sales and Marketing and all functions in between, DT is focused on solving real business issues, creating value and improving lochpe-Maxion's financial results through a culture of speed, agility and flexibility.

A global network of regional and local DT champions collaborate and foster the initiative, with a governing steering board chaired by Marcos Oliveira, President and CEO of lochpe-Maxion overseeing the strategy and its execution. Board members include :

- Esteban Remecz, VP and CIO;
- Kai Kronenberg, VP of Innovation;
- Wald Westerlinck, VP of Quality and Opex;
- Mark Sinar, VP Global Human Resources, HSE and Legal Services;
- Juan Lorenzo-Morcillo, President Business Unit EMEA;
- Renato Brighenti, Operations Director;
- Ali Altinkaya, Plant Manager Jantas Turkey aluminum wheels plant.

Our Digital Transformation
is focused on solving real
business issues

KEY PROGRAMS IN 2019

Turkey wheels plant

Digitally transform one manufacturing line enabling multiple Industry 4.0 technologies, such as Augmented Reality (AR) for training and remote maintenance, traceability with analytics for fallout reduction and quality improvement, asset monitoring and energy analytics.

North America wheels plant

Reduce manufacturing costs by increasing Operational Equipment Efficiency (OEE) and preventing unexpected machine downtime using connected sensors and machine learning Artificial Intelligence (AI) algorithms.

Brazil wheels plant

Reduce scrap by 20%, improving production efficiency and increasing quality through machine learning AI algorithms applied to data collected from sensors generating optimized recipes for the casting process.

Brazil structural components plants

Increase machine availability and accelerate machine maintenance by using AR to connect the local maintenance team to internal global and vendor specialists.

Using Machine Learning (ML) algorithms, reduce by 30% the consumables utilized in our Waste Water Treatment Station in the Cruzeiro plant, in Brazil.

2019 ACHIEVEMENTS

- 25 plants nominated one DT Champion to promote the digital transformation initiative within the organization;
- 25 plants started at least one pilot/project during the year;
- All approved projects based on an 18-month payback.

2020 TARGETS

- Through eight task force teams, foster the use of enabling technologies (e.g., AI, Smart Image Recognition, Robotic Process Automation and Traceability);
- Scale 2019 proven solutions through Proof of Concept (PoC) and Proof of Value (PoV) exercises;
- Develop roadmap for all other confirmed-value DT technologies to ensure alignment with business needs and available resources.

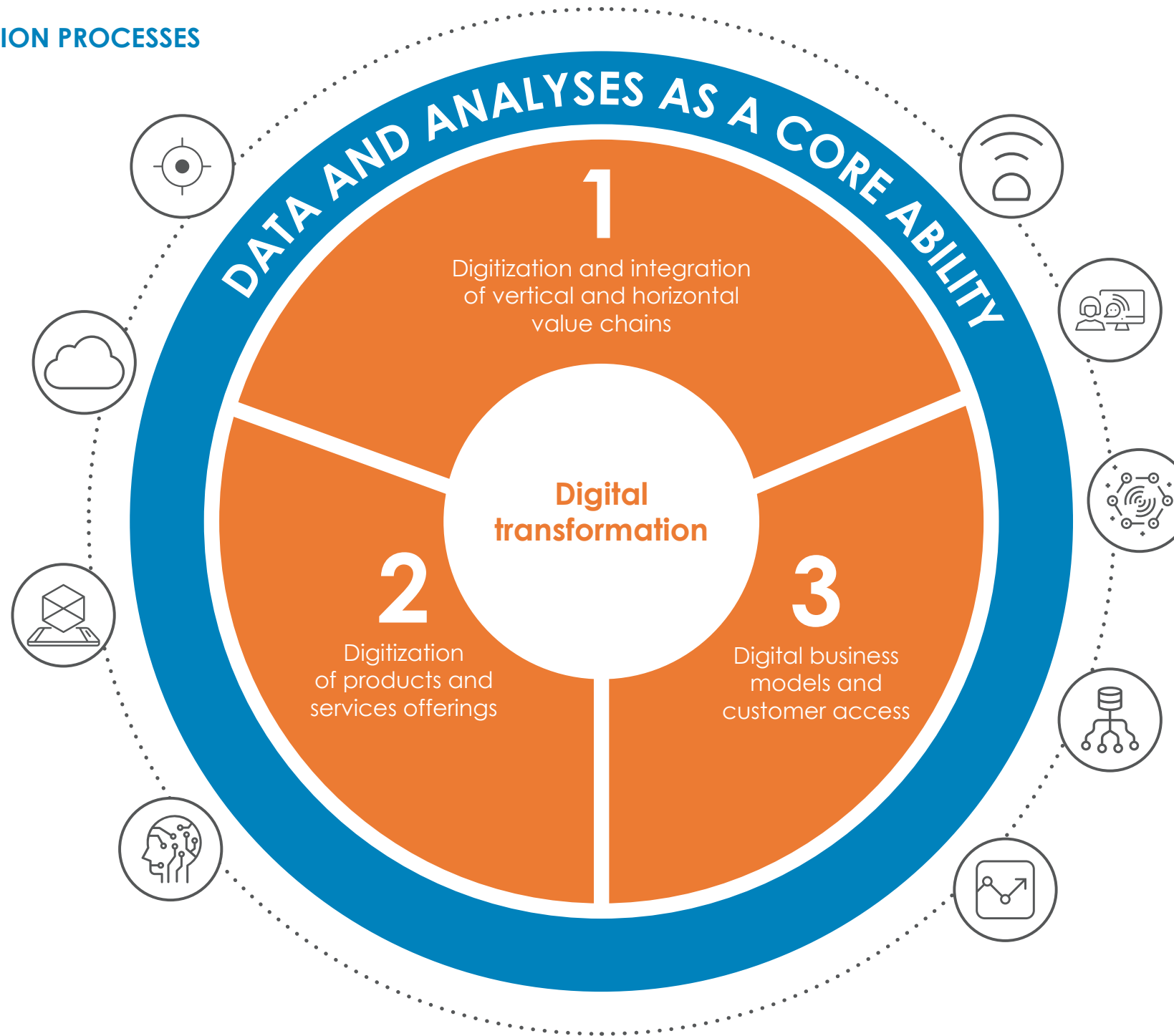
IOCHPE-MAXION'S DIGITAL TRANSFORMATION PROCESSES

LOCATION SERVICES
Remotely identifying items providing traceability, machinery integration and a foundation for stand-alone processes.

CLOUD-BASED COMPUTING
Infrastructure, systems and platforms such as services. Elastic and scalable.

AUGMENTED AND VIRTUAL REALITY
Simulated training and digital interaction with the environment.

ARTIFICIAL INTELLIGENCE
Sets of mined data for business opportunities, faster decisions and greater process autonomy.



SMART SENSORS
Temperature, humidity, voltage, pressure, vibration and movement sensors supporting an environment where man and machine can interact.

ADVANCED HUMAN MACHINE INTERFACE
Smart systems that can interact with humans through speech and text, learning and adapting to enhance interactions.

INTERNET OF THINGS
Data collection and interactions between any small and large, simple and complex devices.

BIG DATA
Collecting and analyzing big data

DATA ANALYSIS
Finding patterns in aggregate data to reveal new insights and knowledge



Dollignist, cone pliquas
itibus ex es di aut et
moluptas

Customer relations **GRI 102-43 102-44**

lochpe-Maxion develops its products with extreme attention to meeting customer requirements. These requirements include efficiency gains in the production process – to reduce our environmental footprint, for instance, using less material in manufacturing and reducing emissions from client products – and competitiveness, with products displaying innovation, performance and safety as differentials (read more about product development on page 36).

To fulfill this objective the Company monitors and evaluates market trends, carries out client surveys and does business amidst a culture of creation and joint development of solutions for the challenges facing the sector and the business, working closely alongside suppliers and clients.

Organizational culture entails clients and suppliers attending meetings about operational and business challenges conducted by lochpe-Maxion senior leadership. These meetings address opportunities for making efficiency gains in the manufacturing process, creating open innovation and strategic decisions with a view to business longevity.

lochpe-Maxion's expertise in transforming steel, for example, is a differential for clients when recommending improvements to the manufacturing process, design and functionality of products and creating new aluminum alloys not yet available in the market. These are a few examples of the solutions proposed to clients in light of the challenges they face and share with the Company, which also require the support of the supply chain in order to become feasible.

Since 2019 the process of meeting client expectations has been shared with suppliers as part of the planning to prepare and organize the supply chain for making improvements to products and processes (read more about supplier management on page 42).

Having a transparent operation and business and the close relations with the stakeholders has helped bolster the value chain of lochpe-Maxion and its business partners in a challenging economy and market for the sector.

In recent years the Company has made strategic investments, in areas including automation, innovation, industry 4.0 and product nationalization, jointly producing customized solutions with clients in Brazil, which yielded performance and competitiveness gains for the products of the Company itself and its clients. A strength of the business strategy in light of falling exports in 2019 (read more about the results for the year on page 14).

This is how we have been meeting client requirements with comprehensive solutions complying with legal and regulatory requirements in all countries where products are sold, with a view to reducing environmental footprints, stoking innovation and looking to the sector's future (read more about innovation on page 29).

Long-lasting partnerships and an open-door policy with suppliers and clients are part of lochpe-Maxion's organizational culture.

Consumer health and safety

GRI 103 | 416, 416-1

At Maxon Structural Components, 100% of the categories of products and services that could impact consumer health and safety are assessed for improvement. The Data of management impact was not available until this sustainability report releasing.

Consumer health and safety management is addressed as part of the product safety and quality pillar at Maxon Wheels. External testing and IATF audits are conducted regularly. Each launched product is certified and all safety checks approved.

Maxon Structural Components has an open channel for all clients who can contribute HSE (Health, Safety and Environment) solutions. In respect of consumers, this topic does not address targets, actions and specific tasks that are monitored.

SUPPLIER MANAGEMENT GRI 102-9

lochpe-Maxion's procurement chain includes materials and raw material suppliers, such as aluminum and steel, followed by services such as logistics, paintwork, maintenance, and other consumables such as gas and electricity used in the manufacturing process (read more on page 52).

The supplier management processes check that business partners are complying with quality and safety standards, legal requirements and good social and environmental practices, such as the prohibition on child and slave labor. Suppliers are also evaluated for issues related to business longevity and the risk of the products and services they supply being suspended due to issues such as operational and economic unfeasibility. The financial health of business partners is also assessed.

Aluminum suppliers are located in a range of regions, with the four main suppliers being located in the Gulf, Russia, Brazil and Europe, which the Company uses based on their proximity. A number of suppliers are also located in Mexico.

The operations of Macion-Wheels and Macion Structural Components are currently working together to unify processes and service guidelines for product development, by creating the same network of key suppliers to ensure all demands for operational efficiency are met and risks controlled. This also ensures that all supplier agreements in both operations address terms and conditions of best management practices for environmental, social and corporate governance issues (ESG).

The Company has a lengthy relationship with aluminum and steel suppliers, who have been in the chain for at least ten years, are large companies consolidated in the market with good practices, recognized globally, with complete compliance with lochpe-Maxion's requirements for ESG and its Code of Ethics.

In 2019 we evaluated some 30 suppliers for these matters, as part of the yearly process, on which contractual renewal depends, there being no significant changes in the procurement chain in the year. Suppliers inactive for 12 months have their contracts canceled and are no longer authorized to provide products

and services to lochpe-Maxion. In loco audits are also conducted on business partners whose activities have social and environmental impacts, which evaluate quality, safety and legal compliance.



Health and safety



Health and safety GRI 103 | 403

The Company is committed to international health and safety standards and has a world-class safety rating of 1.37, considered a benchmark in the segment.

Around 85% of health, safety and environmental topics are similar and found in operations around the world. The other 15% are specific matters customized according to the specifics of each plant, which follows its standard guidelines.

As is the case with environmental issues, lochpe-Maxion's health and safety topics follow the determinations of the M2S. Management System and HSE (Health, Safety and Environment) Policy. 50% of Maxion Wheels' plants are OHSAS 18001 or ISO 45001 certified. In 2019, Maxion Wheels' incident rate was 1.37, considered a world-class level of safety. All plants will be ISO 45001 certified by July 2021.

In addition to providing a safer and healthier workplace for employees, this solution reduces the costs of corrective actions by preventing the need for them.

Maxion Structural Components' operations have their HSE systems monitored and assessed in accordance with OHSAS 18001 and ISO45001. The HSE Department frequently monitors performance, reporting to the operation leader. The processes are also audited internally and externally.

The Company's overarching commitment is to perform the target of Zero Accidents and Zero Fires in the next 5 years. To achieve this it introduced the standard incident and accident investigation process in 2019.

Guidelines and processes will be implemented in 2020 that bolster the culture of safety amongst personnel. Next year's targets are aiming for a lost-time injury. Target of zero accident.

Employees report all cases of illness to the medical center and campaigns are carried out about issues of importance to fostering health and preventing disease

ASSESSING OPERATIONAL RISK

GRI 403-2 103 | 403

In day-to-day operations, Maxion Wheels carries out a process to identify risks, assess risks and impose controls at all facilities, activities, processes or services that it directly develops, influences and controls. Managing these risks aims to prevent or mitigate impacts on staff, suppliers, clients, communities and the Company's facilities.

The management applies to the various facilities, activities, processes and services, taking into account:

- The real and potential risks posed by the present and future activities in normal, abnormal and emergency operating conditions, in routine and nonroutine activities for all staff accessing the workplace, including suppliers, clients and visitors;
- The nature of the process and work being carried out;
- Conduct, capacities and other human factors;

- Changes or modifications to the organization, workstation or materials;
- The project of work departments, processes, facilities, machinery, equipment, operating procedures and organization in the workplace;
- Applicable legislation and standards of Maxion Wheels.

The Stop Work process also takes place at Maxion-Wheels plants. This is a formal method to suspend individual tasks or group operations when the HSE risk control is not clearly established or understood. The obligation to interrupt work is an essential HSE practice and mandatory across the Company.

The main risk management process at Maxion Structural Components is based around ISO 14001 and ISO45001, whose guidelines determine the risk management practices.

In the case of important accidents and incidents the operation's risks are reviewed and updated, if necessary. After the review, the control is reinforced to

eliminate the risks. There is also an incident reporting process for operations and a tool so that staff members can report accidents and manufacturing and operational issues.

Safety dialogs are also conducted to reinforce safe conduct and attention to operational risks.

Safety and Sustainability Committee

Consisting of all the Company's global leaders, this Committee implements practices and monitors environmental health and safety matters, reinforcing better practices for managing environmental, social and corporate governance issues in Iochpe-Maxion's operations.

Employee engagement and training **GRI 103 | 401, 103 | 404**

Every 2 years the company conducts an engagement survey on all employees that are consulted about themes such as Performance, Recognition, Career Opportunities Leadership, Brand and Company Practices. The survey is rolled out separately by business unit, plant and department. The results are shared with the employees and analyzed by the organization. Action plans are put together in order to bring in improvements and solutions for increase the employee engagement.

IoChpe-Maxion also has a strong focus on developing its people. Several development programs are in place with the objective to nurture specific abilities and expertise that creates values for employees and for the business such as the young talent acceleration program and leadership training for all levels. Internal academies are in place to develop specialists in specific processes like foundry, machining, painting and welding. On the education front the company has partnerships with universities and other educational institutes (business schools) to develop content and deliverables in order

to identify new talents, retain them and develop careers paths. Examples include:

- Mentoring;
- Coaching, 360;
- English Acceleration Program;
- Development-focused assessment.

Training also comprises short assignments for some employees taking opportunities for international experiences and exposures.

The company has invested in acquiring a modern and robust tool to support the Talent Management process known internally by the employees as MyTalent. Since 2019 the company has been using the SAP Success Factors platform, where employees and managers are able to track, with an integrated approach, their annual goals, performance reviews, career discussions, feedback and development plans. Every year the company discusses all employees' potential and succession in order to get prepared for the future. A new learn-

ing system has been implemented and will allow employees to manage trainings as well as to take online courses at their own pace.

In the Maxion Wheels division, 1,727 employees were evaluated, or 17% of the total (1,308 men and 419 women). In the Maxion Structural Components division, 937 employees received performance reviews in 2019, or 15.8% of the total (713 men and 224 women). There is currently no formal and structured system for

evaluating blue-collar employees, which is managed locally, with some plants doing complete evaluation. As for monthly-paid employees (white collar) in both divisions, 100% of them engage in performance review process. **GRI 404-3**

With regard to the total turnover recorded from the period, it was 1.37% for women and 11.14% for men in Maxion Wheels. As for Maxion Structural Components, both indicators were respectively 2.16% and 22.37%.



At the end of the year,
IoChpe-Maxion had
15,853 employees.

People with disabilities

IoChpe-Maxion encourages diversity as a way to strengthen its culture and create value through innovation possibilities resulting from diversity. This can be seen in all units around the world and particularly in Brazil, where the company develops programs in partnership with schools and public entities to promote the inclusion of disabled people. In these programs, IoChpe-Maxion researches the regions where its plants operate seeking to understand the profile and the number of people who can take part in our selection processes and are interested in doing so. Secondly, preparatory training programs are promoted specifically for this group in order to give consistency to the process of including people along with their specific needs, with the reality of each unit in its most diverse processes. Lastly, people join the company either temporarily or permanently to adapt to their workplaces, which are often modified in order to adapt to this situation and its particularities. **GRI 405-1**

AVERAGE TRAINING 2019 (HOURS OF TRAINING PER EMPLOYEE IN 2019)¹ **GRI 404-1**

EMPLOYEE CATEGORY	MX		MSC*	
	WOMEN	MEN	WOMEN	MEN
White collar ²	26	25	8	12
Blue collar ³	10	42	4	7
Total average training hours	20	40	6	7

¹The company is currently engaged in a major endeavor to consolidate a single database to map and concentrate all training initiatives across the organization. This does not include: Others (Trainees, Co-ops and Apprentices)

² White collar: President and Vice-Presidents, Directors and Plant Managers, Managers and Regional Managers, Supervisors and Administrative and Technical staff

³ Blue collar: Operational (Direct and Indirect)

Creating social value

Creating social value

lochpe-Maxion carries out social programs and actions in its sustainability strategy that are developed in order to create a positive social impact for employees, the community and the company itself. The main headlines in 2019 are the investments in initiatives promoting ethics and compliance amongst employees, investments in innovation, in addition to projects developed focusing on communities in the regions where the company operates. The Company is absolutely committed to acting ethically, responsibly, fully, proactively and transparently when conducting its operations and in its relationships with all stakeholders. The relationship with the community, representative entities and the government is based in ongoing dialog and transparency (learn more about ethics, compliance and innovation on pages 18 and 29). **GRI 206-1**

The Company runs several corporate citizenship initiatives, such as supporting and sponsoring development in the cities hosting its manufacturing plants in Brazil and overseas. The initiatives range from

good operating practices to preventing, reducing or mitigating environmental impacts (read more about operational efficiency on page 52), to initiatives that aim to create social value for the community, promote diversity and encourage voluntary work, which are promoted and disseminated amongst staff.

In partnership the lochpe Foundation, the Company has also been running a technical training program for public students suffering from social economic deprivation that is managed internally by the Human Resources department and administered by staff voluntarily (learn more about lochpe Foundation on page 51). The program is Formare School. It started in 1996 in some units in Brazil and in 2015 in Mexico.

The Program's scopes and impacts are connected to lochpe-Maxion's business model and generate results that create value for participating students preparing them for the market and the Company, as it can potentially hire the professionals after they have completed the course.



Initiatives range from good operating practices to preventing, reducing or mitigating environmental impacts

WORLDWIDE RESPONSIBILITY

lochpe-Maxion addresses different initiatives on all foreign sites to accomplish value creation goals. Mainly, the initiatives are focused on:

Technical education

The Company provides technical education for local communities, enabling students to work in the automotive industry. The courses address theoretical and practical classes in cooperation with other educational organizations, in some cases:

- Electrical & Mechanical Technician, Tool Maker and Machine Operator in the industrial area for young people throughout a learning period of 2 to 3.5 years – in 2019, 10 students were benefited and continue in 2020, and they are also hired as opportunities arise; lochpe-Maxion has internally trained employees (licensed) who act as facilitators for any of the disciplines.
- Technical capacitation of young people at the Educational Center – the students participate in a 4-year-learn-

ing-process to work as a computer numeric control (CNC) operator; lochpe-Maxion has established a partnership with Turkey's Ministry of Education that provides formal teachers who teach classes at the company facilities. In 2019, 20 students were benefited with the initiative and 11 in 2020.

- Educational program for young apprentices which provides an educational-work-experience for young people in a non-privileged financial situation.

Local community assistance

lochpe-Maxion conducts donation campaigns for collecting food, clothing and medication to help people from regions affected by natural disasters and who live under social vulnerability circumstances. The Company engages employees and the local community through blood donation campaigns as well.

For calling attention for climate change, the company engaged employees to celebrate World Environment Day 2019 to plant trees on local community spaces.

The Company also promotes Open House Events, Celebration of Women's Day, Breast Cancer Awareness Day using the events to address themes that promote value creation among stakeholders. Education is also a platform for social value creation. The Instituto Inmagusa, founded in 1997, in Mexico, is a non-profit institution that offers preschool, primary, secondary, and high secondary education to employees' children. It currently has 1,096 students and 55 teachers.

Besides regular courses, students have access to language classes, as well as a series of talent programs that help the young develop a clear vision about the

skills they need to achieve success.

The institutional program records high academic performance and includes activities such as daily group tasks and the development of abilities related to logical-mathematical intelligence and verbal and written thinking. There is also the "Biblioteca circulante" (Mobile Library), an initiative that makes sure each student reads at least four books during each school cycle. Another highlight is the acceleration of study programs by educational level, by which gifted students are fast tracked through subjects.

Support to physically and psychologically disabled people

lochpe-Maxion also provides psychological and physical support for employees with disabilities. The main purpose is to respect diversity and inclusion as an important value in our organization.

FOSTERING CITIZENSHIP AND AN INNOVATIVE CULTURE

lochpe Foundation: 31 years fostering social inclusion through education

lochpe-Maxion shares the values and culture promoted by the lochpe Foundation, which is why it contributes monthly to the organization through financial resources.

The Foundation is an independent entity, with management autonomy. Founded in 1989, also by the founders of lochpe-Maxion, the lochpe Foundation conducts, in addition to Formare, a technical education program (learn more on page 49), other initiatives such as the Art in Schools Program, which offers teachers from across the public

education spectrum in Brazil ongoing lessons in contemporary Brazilian culture and art.

The Foundation's programs directly impact more than 12,500 people per year in Brazil and virtually impact 52,000 people per year.

- To find out more about the social impact of lochpe Foundation's program please see: <http://fiochpe.org.br>

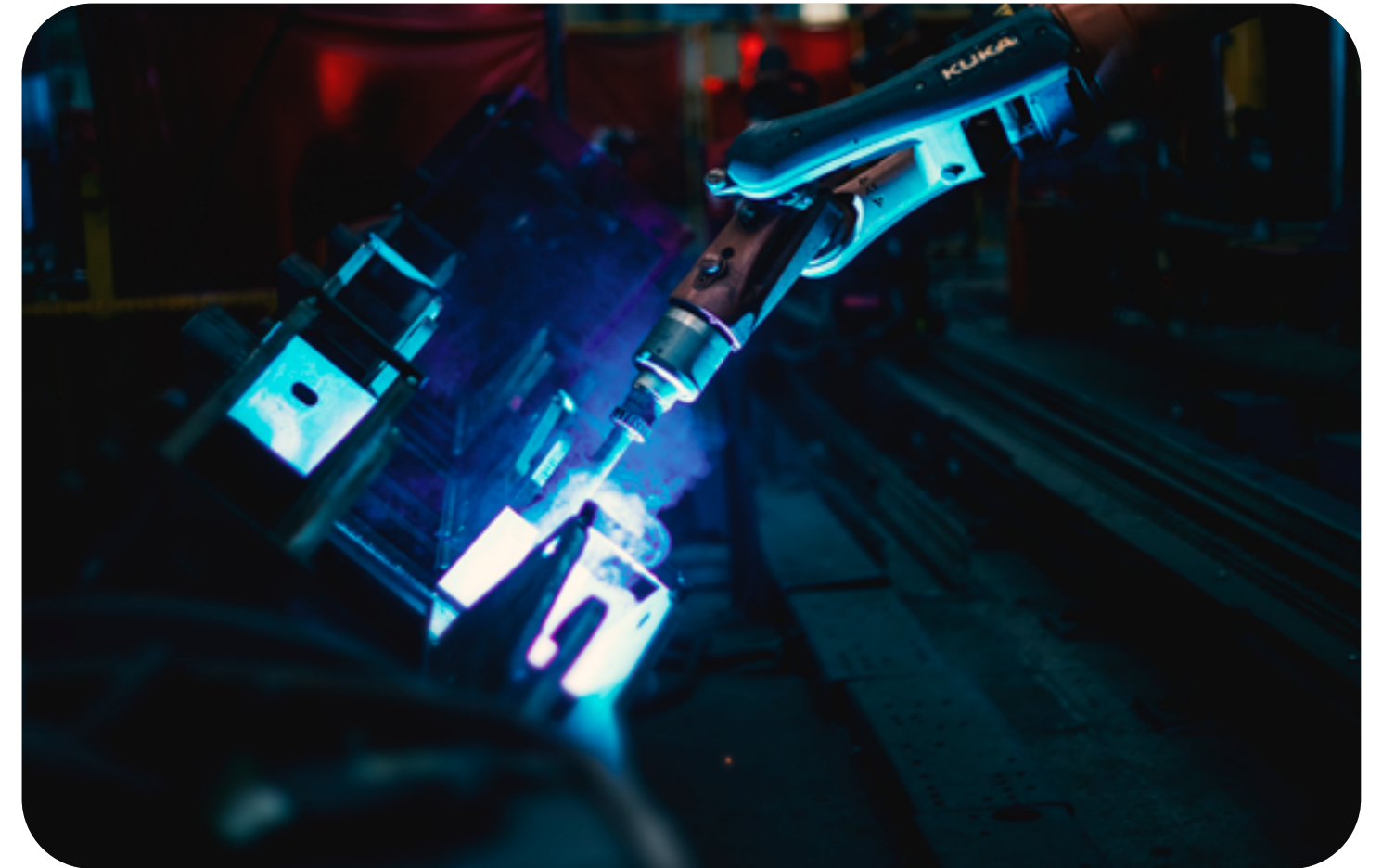
Operational Efficiency

Operational Efficiency

lochpe-Maxion's plants follow practices and processes driven by operational efficiency. The efficiency gain has targets for both performance and reducing the consumption of energy and water, emissions, and waste and effluent. Two of the Company's core standards are used to manage these issues at the plants of Maxion Wheels and Maxion Structural Components:

- The sanitation, environmental and quality safety policy which informs management processes and procedures in compliance with Brazilian legislation and countries where the plants are located;
- The Maxion Management System (M2S), owned by lochpe-Maxion, is the key policy that guides energy efficiency management is the Health, Environmental and Quality Safety Policy, which embraces the topic of resource management.

This matter is also part of the M2S Management System and operations are ISO 14001 certified, in addition to undergoing external and internal audits on a regular basis. In the field of environmental management, M2S internal system considers the matter in management by assessing engineering aspects in quality and production, safety and sustainability (learn more about waste management on the page 59).



Maxion Wheels units are ISO 14001 certified and manage this resource according to HSEQ Policy guidelines and the M2S management system, which holds frequent assessments. These processes are also audited externally.



Environmental management either references or is certified in ISO 14001 and all operations undergo internal and independent audits.

Of the 32 Maxon plants, 10 are ISO 45001:2018 certified. The standard's new requirements help enhance overall health and safety. All personnel underwent training in the standard in 2019.

lochpe-Maxon now faces the challenge of defining a global operational management strategy, creating a culture and technical standards for environmental management and safety systemically, that involves senior leadership down to the factory floor.

All plants are advised by the Environmental Management Committees formed by employees from several departments, especially those directly involved in the production process.

These Committees are tasked with adopting and standardizing the process in accordance with best-of-class environmental practices, detecting and solving nonconformities, creating and developing educational and engagement campaigns for internal staff, in addition to enhancing structured Selective Collection Programs rolled out at all of lochpe-Maxon's manufacturing plants and offices.

In 2019 the Company mapped out operational risks, analyzed a score sheet and presented heat maps of the main risks. As it is a continuous improvement process, we follow up all actions until their due dates.

lochpe-Maxon now presents details about operational efficiency management, broken down by matter, presenting the main data for the last three years.

Energy efficiency¹ **GRI 103 | 302**

Energy efficiency management in Maxion Structural Components' operations analyses and recommends process improvements to reduce consumption and identify opportunities to replace equipment with more efficient items.

The Company is currently developing a project to integrate all electricity meters and thereby enable the sharing of electricity costs by identifying the consumption of each stage of the production process, a procedure performed by software. We have also replaced metal vapor, mercury and sodium bulbs with LED bulbs and rolled out initiatives among staff promoting conscientious consumption.

At Maxion Wheels, energy efficiency management is led by a multifunctional team, including maintenance, production, safety and sustainability staff.

In 2019 all operations endeavored to make electricity savings when machinery was idle. An automated shut-off system was implemented at the Manisa plant in Turkey.

A study carried out in the year identified which stages of the manufacturing process have the highest consumption, with data gathered for around 30% of the plant using online measurement tools.

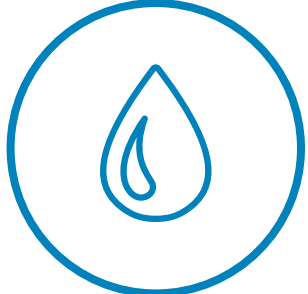
ENERGY CONSUMPTION WITHIN THE ORGANIZATION **GRI 302-1**

TOTAL FUEL CONSUMPTION WITHIN THE ORGANIZATION FROM NON-RENEWABLE SOURCES, AND INCLUDING FUEL TYPES USED¹ (GJ) GRI 302-1	MAXION WHEELS	MAXION STRUCTURAL COMPONENTS
Natural Gas	3,020,704.7	1,471.0
Total	3,020,704.7	1,471.0

¹ There is no energy consumption outside the organization in Maxion Structural Components and Maxion Wheels. 302-2

ENERGY CONSUMED (PURCHASED) FROM RENEWABLE SOURCES (GJ) **GRI 302-1**

	MAXION WHEELS	MAXION STRUCTURAL COMPONENTS
Hydropower	252,495.6	446,632.4
Wind	29,803.5	NA
Unclassified, Renewable	32,607.6	NA
Total	314,906.7	446,632.4



3,022,175.7
GJ Our fuel consumption in 2019

ENERGY CONSUMED (PURCHASED) FROM NON-RENEWABLE SOURCES (GJ) GRI 302-1

	MAXION WHEELS	MAXION STRUCTURAL COMPONENTS
Non-Renewable, unclassified	630,291.0	NA
Natural Gas	1,015,250.1	NA
Nuclear	82,490.3	NA
Total	1,728,031.3	NA

TOTAL ENERGY CONSUMPTION (GJ) GRI 302-1

	MAXION WHEELS	MAXION STRUCTURAL COMPONENTS
Fuel consumption (non-renewable sources)	3,020,704.7	1,471.0
Fuel consumption (renewable sources)	NA	NA
Energy consumed (purchased) from non-renewable sources	1,728,031.3	NA
Energy consumed (purchased) from renewable sources	314,906.7	446,632.4
Total	5,063,642.7	448,103.4

ENERGY INTENSITY GRI 302-3

	MAXION WHEELS	MAXION STRUCTURAL COMPONENTS
Energy consumption within the organization (GJ)	5,063,642.7	448,103.4
Energy consumption outside of the organization (GJ)	0	0
Total	5,063,642.7	448,103.4
Organization-specific metric chosen to calculate the ratio: ton produced	(881,042.43)	(676,715.15)
Energy Intensity	5.75	0.66

In 2019 all operations endeavored to make electricity savings when machinery was idle.

Waste and materials management **GRI 103/301**

Maxion-Wheels' operations manage materials in accordance with European REACH Legislation and legislation from other regions with similar normative scopes. The management practices also comply with the Conflict Mineral Regulation, a regulatory standard that is mandatory from 2021 across the European Union and which aims to monitor the trading of minerals – tin, tantalum, tungsten, and gold – which in certain cases are linked to adverse impacts in conflict-affected areas or areas that use slave labor.

Based on the requirements of this legislation, Maxion-Wheels prepares a Conflict Mineral Report used in the supplier management process to ensure respect for human rights and to prohibit forced labor, amongst other good practices in the supply chain (regulated internally by the Supplier Manual), a process conducted by the safety and sustainability department. The company also uses the automotive IMDS database, managed by the engineering department.

In Maxion Structural Components' operations, materials are managed by the procurement department and coordinated by the plant's Environmental Committee. It aims to create the smallest environmental impact possible, through measures such as:

- Reusing packaging or returning it to the original destination;
- Reducing consumption of unrecycled or unrecyclable products;
- Reducing waste sent to landfills;
- Correct disposal of materials not used for sales;
- Reusing materials in other manufacturing processes.

MATERIALS USED IN PRODUCTION AND PACKAGING (MAXION STRUCTURAL COMPONENTS) **GRI 301-1**

MATERIAL NAME	USED IN FINAL PRODUCT OR PACKAGING	RENEWABLE SOURCE OR NON-RENEWABLE	UNIT OF MEASUREMENT	2019
Steel	Final product	Non-renewable	Tons	673,356.2
Paint	Final product	Non-renewable	Liter	900,884
Welding wire	Packaging	Non-renewable	Tons	1,816
Pre treatment	Final product	Non-renewable	Tons	430
Wooden pallet	Packaging	Renewable source	Tons	756
Plastics	Packaging	Renewable source	Tons	258
Cardboard	Packaging	Renewable source	Tons	433

MATERIALS USED IN THE PRODUCTION AND PACKAGING (MAXION WHEELS)¹ **GRI 301-1**

MATERIAL NAME	USED IN FINAL PRODUCT OR PACKAGING	RENEWABLE SOURCE OR NON-RENEWABLE	UNIT OF MEASUREMENT	2019
Steel	Final product	Non-renewable	Tons	712,821.5
Aluminum	Final product	Non-renewable	Tons	168,713.6
Packaging	Packaging	Renewable source	Tons	25,228.6

¹ At Maxion Wheels there are no used materials that come from recycling. GRI 301-2

MATERIALS USED THAT ARE RECYCLED INPUT MATERIALS (MAXION WHEELS STRUCTURAL COMPONENTS) **GRI 301-2**

PERCENTAGE OF RECYCLED INPUTS USED IN THE MANUFACTURE OF MAIN PRODUCTS AND SERVICES. GRI 301-2	
Steel	8.91%

Emissions **GRI 103 | 305**

Emissions management practices comply with the legislation in each country where the operations are located and the plants have specific targets. In 2019, the monitoring scope for most plants' emissions prioritized those resulting from the Company's activities and operations.

In 2020, the target will be to measure and calculate 100% of Iochpe-Maxion's CO₂ footprint (scope 1, scope 2 and scope 3 emissions), including the emissions of suppliers, logistics and all supporting parties. After this mapping, reduction targets will be set for the Company.

Emissions management in Maxison Wheels operations is performed in accordance with the Company's chief HSEQ policy and the M2S Management System External audits are also part of the process, such as verifying conformity of processes and controls with ISO 14001 and health and safety compliance topics, with internal assessments also carried out regularly under the M2S Management System.

In Maxison Structural Components' operations, the management process controls primary and secondary emissions. The matter is not managed at plants because the production process does not release emissions.

In plants making emissions, stationary sources are monitored annually in accordance with the environmental licensing terms. Analytical results are compared with DN COPAM n° 187/2013. The Company's exhaustion system is approved by the regulatory agency as part of the environmental licensing process.

GREENHOUSE GAS EMISSIONS (SCOPES 1, 2 AND 3) **GRI 305-1 305-2 305-3**

GREENHOUSE GAS EMISSIONS (T CO ₂ EQUIVALENT)	MAXION WHEELS ¹	MAXION STRUCTURAL COMPONENTS ^{1,2}
Scope 1 (Electricity, heat or steam generation)	157,326.5	NA
Scope 2	484,063.3	NA
Total	641,389.8	NA

¹ For 2020 it is a target to measure and calculate the whole CO₂ Footprint of the companies (Scope 1, scope 2 and scope 3 emissions) which includes our suppliers, our logistics and all support areas as well.

² Maxison Structural Components does not have CO₂ equivalent measurements.

NO_x, SO_x, AND OTHER SIGNIFICANT AIR EMISSIONS **GRI 305-7^{1,2}**

	MAXION WHEELS
NO _x	515,235.0
Sox	90.5

Note: Maxison Structural Components does not measure emissions.

¹ Hazardous air pollutants (HAP) and Persistent organic pollutants (POP)* These substances (HAP, POP) are not produced during the production of aluminum or steel wheels.

² Volatile organic compounds (VOC), and Particulate matter (PM), the relevant data not available in required quality from most plants. There is an initiative for 2020 and further to have a system for Maxison Wheels on place for those data capturing.

Waste and effluents GRI 103 | 306

Effluent and waste management follows the HSEQ policy and the M2S Management System. The processes are audited externally under ISO 14001 and investigated for compliance with health and safety requirements. health and safety compliance topics. They are regularly assessed internally by the M2S Management System.

Waste data is monitored regularly by the PD metric system. The main indicator managed is the volume of waste sent to landfills and all of Maxison Wheels’s plants have waste generation targets.

In Maxison Structural Components’ operations, manufacturing effluent is monitored in relation to the volume generated by hydrometers at strategic points and quality is analyzed by an independent laboratory. This process is carried out in waste management and the periodical verification of the volume generated and its quality. This monitoring data is submitted to the environmental authorities (CETESB and IBAMA) and is audited internally and externally, also being verified in the ISO 14001 and OHSAS

18001 certification processes.

The wastewater treatment plant (ETE) can handle all of the operation’s wastewater, including domestic waste and industrial wastewater. The ETE was expanded in 2019. This investment enabled the mixed treatment of sanitary and industrial wastewater, with a single outflow for wastewater discharged into the river. The Company also has an oil treatment station, which refines all of the oil collected at the plant for reuse.

The industrial waste center manages the environmentally appropriate disposal of all waste generated. The Environmental Committee (CMA) monitors waste management, which conducted the project “Conscientious waste disposal” in 2019, led by the human resources team, which aims to raise awareness amongst plant employees of the matter. In 2020 we aim to reduce effluent and wastewater by 2%.

WASTE BY TYPE AND DISPOSAL METHOD GRI 306-2

TOTAL WEIGHT OF HAZARDOUS WASTE IN 2019 (TON.)	MAXION WHEELS		MAXION STRUCTURAL COMPONENTS	
	WASTE TYPE	QUANTITY (TON.)	WASTE TYPE	QUANTITY (TON.)
Industrial Landfill and Auto-clave	Overall amount of hazardous waste	23,500.0	Overall amount of hazardous waste	3,071.0
Recycling	NA	NA	Oil sludge, Ink sludge, solvent, Metallic Drum, Electronic Waste, Batteries, Used Oil.	299.5
Recovery, including energy recovery	NA	NA	Paint sludge and various materials	569.2
Others (Physical chemical treatment)	NA	NA	Chemical pickling liquor (Hydrochloric Acid)	678.2
Total	NA	23,500.0	NA	4,617.9

WASTE BY TYPE AND DISPOSAL METHOD GRI 306-2

NONHAZARDOUS WASTE DISPOSAL IN 2019 (TON.)	MAXION WHEELS		MAXION STRUCTURAL COMPONENTS	
	WASTE TYPE	QUANTITY (TON.)	WASTE TYPE	QUANTITY (TON.)
Industrial Landfill and Autoclave	Industrial landfill waste without specification on hazardous and non-hazardous waste	4,599.8	Sludge trash, sweeping and civil construction waste	2,977.8
Recycling	NA	NA	Wood, Blasting Powder, Shots, Plasma Cutting Powder, Plastics, Cardboard, Paper, Tires, Scrap Metal and Vegetable Oil	69,279.9
Other (Physical chemical treatment)	NA	NA	Restaurant Fat Box Waste, Sewage Treatment Waste, Effluent Cabin Painting	181.3
Total	NA	NA	NA	72,439.0

Maxion Structural Components manages water usage in accordance with Environmental Management Policy guidelines, which comply with legal requirements. The Company processes evaluate the potential or effective impacts of its activities, procedures, products and services to prevent environmental damage, such as pollution.

The Company's industrial wastewater treatment station has surface water collected from rivers that is used in all production processes. Drinkable water comes from wells and the municipal supply system, treated separately in another station.

Strategically located hydrometers monitor the consumption of drinkable and industrial water. Water quality is also analyzed by a laboratory. The data is submitted to the environmental authorities (CETESB and IBAMA) and audited internally and externally. The management process is also ISO 14001 and OHSAS 18001 certified. **GRI 103 | 303**

In 2019 the Cruzeiro plant (SP) expanded its production. This required a project to expand the Water Treatment Station (ETA) to handle both the production processes and the demand for drinkable water, making the site self-sufficient.

Maxion Wheels' water consumption is monitored monthly by the PD metric system. The operation has reduction targets ranging from 2% to 8%, and the result is indexed to a bonus paid to the employee's leading these projects. In 2019, the target was performed, amounting to total consumption of 2,328,645.6 m³.

Although the new technologies used in the wheel manufacturing process results in higher water consumption per wheel produced, the total volume consumed in the year was 1% lower compared with 2018.

In 2019, Maxion Wheels paid USD 8,154 due to nonconformities, as a result of fines imposed on the Johannesburg aluminum plant. This was due to the high pH in wastewater one month and a low pH another month. The Company installed an online pH measurement system to cut off water discharges when the pH level falls outside the permitted range. **GRI 419-1**

The steel wheel plant in Nantong, China, received a non-monetary sanction. The volume of discharged wastewater exceeded the permitted limit, although it did fall within the required quality standards. For this reason the plant was closed for 15 days. In 2019 the operation began reusing water in the workshop area, reducing consumption by 50% in addition to the discharged volume. **GRI 419-1**

WATER WITHDRAWAL BY SOURCE GRI 303-1

TOTAL VOLUME OF WATER WITHDRAWN, WITH A BREAKDOWN BY THE FOLLOWING SOURCES (M ³) IN 2019	MAXION WHEELS ¹	MAXION STRUCTURAL COMPONENTS
Surface water, including water from wetlands, rivers, lakes, and oceans	0	437,088.0
Ground water	484,181.6	243,215.0
Rainwater collected directly and stored by the organization	0	0
Wastewater from another organization	16,281.0	0
Municipal water supplies or other public or private water utilities	1,828,183.0	56,769.0
Total	2,328,645.6	494,315.0

¹ In 2019 there was a leak of 0.05 m³ (washing fluid) at the Macion Structural Components at Cruzeiro plant, however, there were no leaks at Macion Wheels plants in 2019. 306-3

GRI Content Index

GRI 102-55

GENERAL DISCLOSURES

GRI STANDARD	DISCLOSURE	PAGE NUMBER/URL	OMISSION	SDG LINKAGE TO DISCLOSURE
GRI 101 FOUNDATION 2016				
	GRI 101 Does not have disclosures			
ORGANIZATIONAL PROFILE				
GRI 102: General disclosures 2016	102-1 Name of the organization	8		
	102-2 Activities, brands, products, and services	8		
	102-3 Location of headquarters	8		
	102-4 Location of operations	11		
	102-5 Ownership and legal form	8		
	102-6 Markets served	11,14		
	102-7 Scale of the organization	11		
	102-8 Information on employees and other workers	11, 72 to 74		8, 10
	102-9 Supply chain	42		
	102-10 Significant changes to the organization and its supply chain	There were no significant changes to the organization.		
	102-11 Precautionary Principle or approach	24		
	102-12 External initiatives	lochpe-Maxion operates on a global level. That is the reason why information from external initiatives does not apply to this report.		
	102-13 Membership of associations	lochpe-Maxion is not a member in associations as a global group.		

GENERAL DISCLOSURES

GRI STANDARD	DISCLOSURE	PAGE NUMBER/URL	OMISSION	SDG LINKAGE TO DISCLOSURE
STRATEGY				
GRI 102: General disclosures 2016	102-14 Statement from senior decision-maker	3		
ETHICS AND INTEGRITY				
GRI 102: General disclosures 2016	102-16 Values, principles, standards, and norms of behavior	8		16
GOVERNANCE				
GRI 102: General disclosures 2016	102-18 Governance structure	19		
	102-38 Annual total compensation ratio		Due to differences in calculations and specific regional issues, the required information is not available in a way that allows comparability of the data	
	102-39 Percentage increase in annual total compensation ratio			
STAKEHOLDER ENGAGEMENT				
GRI 102: General disclosures 2016	102-40 List of stakeholder groups	6		
	102-41 Collective bargaining agreements	100% employees are covered by collective agreements		8
	102-42 Identifying and selecting stakeholders	6		
	102-43 Approach to stakeholder engagement	40		
	102-44 Key topics and concerns raised	6,40		

GENERAL DISCLOSURES

GRI STANDARD	DISCLOSURE	PAGE NUMBER/URL	OMISSION	SDG LINKAGE TO DISCLOSURE
REPORTING PRACTICE				
GRI 102: General disclosures 2016	102-45 Entities included in the consolidated financial statements	5		
	102-46 Defining report content and topic Boundaries	5,6		
	102-47 List of material topics	6		
	102-48 Restatements of information		There were no restatements of information.	
	102-49 Changes in reporting		There were no changes in reporting.	
	102-50 Reporting period	5		
	102-51 Date of most recent report	5		
	102-52 Reporting cycle	5		
	102-53 Contact point for questions regarding the report	6		
	102-54 Claims of reporting in accordance with the GRI Standards		This report has been prepared in accordance with the GRI Standards: Comprehensive option	
	102-55 GRI content index	62		
102-56 External assurance	5			

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE	PAGE NUMBER/URL	OMISSION	SDG LINKAGE TO DISCLOSURE
ECONOMIC PERFORMANCE				
GRI 103: Management approach disclosures 2016	103-1 Explanation of the material topic and its Boundary	6, 17		
	103-2 The management approach and its components	17, 27, 72		
	103-3 Evaluation of the management approach	17		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	17, 78		8, 9
	201-2 Financial implications and other risks and opportunities due to climate change	25		13
ANTI-CORRUPTION				
GRI 103: Management approach disclosures 2016	103-1 Explanation of the material topic and its Boundary	6, 26		
	103-2 The management approach and its components	26, 27, 72		
	103-3 Evaluation of the management approach	26		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	26, 27		16
	205-2 Communication and training about anti-corruption policies and procedures	27		16
	205-3 Confirmed incidents of corruption and actions taken	26, 27		16
ANTI-COMPETITIVE BEHAVIOR				
GRI 103: Management approach disclosures 2016	103-1 Explanation of the material topic and its Boundary	6, 26		
	103-2 The management approach and its components	26, 27, 72		
	103-3 Evaluation of the management approach	26		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, antitrust, and monopoly practices	26 to 28, 49		16

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE	PAGE NUMBER/URL	OMISSION	SDG LINKAGE TO DISCLOSURE
MATERIALS				
GRI 103: Management approach disclosures 2016	103-1 Explanation of the material topic and its Boundary	6, 57		
	103-2 The management approach and its components	27, 57, 72		
	103-3 Evaluation of the management approach	57		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	57		8, 12
	301-2 Recycled input materials used	57		8, 12
ENERGY				
GRI 103: Management approach disclosures 2016	103-1 Explanation of the material topic and its Boundary	6, 55		
	103-2 The management approach and its components	27, 55, 72		
	103-3 Evaluation of the management approach	55		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	55, 56		7, 8, 12, 13
	302-2 Energy consumption outside of the organization	55		7, 8, 12, 13
	302-3 Energy intensity	56		7, 8, 12, 13
WATER				
GRI 103: Management approach disclosures 2016	103-1 Explanation of the material topic and its Boundary	6, 60		
	103-2 The management approach and its components	27, 60, 72		
	103-3 Evaluation of the management approach	60		
GRI 303: Water 2016	303-1 Water withdrawal by source	61		6, 7

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE	PAGE NUMBER/URL	OMISSION	SDG LINKAGE TO DISCLOSURE
EMISSIONS				
GRI 103: Management approach disclosures 2016	103-1 Explanation of the material topic and its Boundary	6, 58		
	103-2 The management approach and its components	27, 58, 72		
	103-3 Evaluation of the management approach	58		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	58		3, 12, 13, 14, 15
	305-2 Energy indirect (Scope 2) GHG emissions	58		3, 12, 13, 14, 15
	305-3 Other indirect (Scope 3) GHG emissions	58		3, 12, 13, 14, 15
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	58		3, 12, 14, 15
EFFLUENTS AND WASTE				
GRI 103: Management approach disclosures 2016	103-1 Explanation of the material topic and its Boundary	6, 59		
	103-2 The management approach and its components	27, 59, 72		
	103-3 Evaluation of the management approach	59		
	306-2 Waste by type and disposal method	60		3, 6, 12
	306-3 Significant spills	61		3, 6, 12, 14, 15

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE	PAGE NUMBER/URL	OMISSION	SDG LINKAGE TO DISCLOSURE
EMPLOYMENT				
GRI 103: Management approach disclosures 2016	103-1 Explanation of the material topic and its Boundary	6, 46		
	103-2 The management approach and its components	27, 46, 72		
	103-3 Evaluation of the management approach	46		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	75, 76		5, 8, 10
OCCUPATIONAL HEALTH AND SAFETY				
GRI 103: Management approach disclosures 2016	103-1 Explanation of the material topic and its Boundary	6, 44, 45		
	103-2 The management approach and its components	27, 44, 45, 72		
	103-3 Evaluation of the management approach	44, 45		
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	45, 77		8
TRAINING AND EDUCATION				
GRI 103: Management approach disclosures 2016	103-1 Explanation of the material topic and its Boundary	6, 46		
	103-2 The management approach and its components	27, 46, 72		
	103-3 Evaluation of the management approach	46		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	47		4, 5, 8, 10
	404-3 Percentage of employees receiving regular performance and career development reviews	46		5, 8, 10

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE	PAGE NUMBER/URL	OMISSION	SDG LINKAGE TO DISCLOSURE
DIVERSITY AND EQUAL OPPORTUNITY				
GRI 103: Management approach disclosures 2016	103-1 Explanation of the material topic and its Boundary			
	103-2 The management approach and its components			
	103-3 Evaluation of the management approach			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees		Information not available in a comparable way for all operations. Iochpe-Maxion has operations in different countries and the company's sites are under different legislations. That's the reason why the diversity data is not comparable. In Brazil, Iochpe-Maxion has 149 employees with disabilities, of whom 107 are part of Maxion Wheels operations.	5, 8
CUSTOMER HEALTH AND SAFETY				
GRI 103: Management approach disclosures 2016	103-1 Explanation of the material topic and its Boundary	6, 41		
	103-2 The management approach and its components	27, 41, 72		
	103-3 Evaluation of the management approach	41		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	41		

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE	PAGE NUMBER/URL	OMISSION	SDG LINKAGE TO DISCLOSURE
SOCIOECONOMIC COMPLIANCE				
GRI 103: Management approach disclosures 2016	103-1 Explanation of the material topic and its Boundary	6, 27		
	103-2 The management approach and its components	27, 72		
	103-3 Evaluation of the management approach	27		
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	60, 61		16

SUSTAINABLE DEVELOPMENT GOALS

- | | |
|--|--|
| 1. No poverty | 10. Reduced inequalities |
| 2. Zero hunger | 11. Sustainable cities and communities |
| 3. Good health and well-being | 12. Responsible consumption and production |
| 4. Quality education | 13. Climate action |
| 5. Gender equality | 14. Life below water |
| 6. Clean water and sanitation | 15. Life on land |
| 7. Affordable and clean energy | 16. Peace, justice and Strong institutions |
| 8. Decent work and economic growth | 17. Partnerships for the goals |
| 9. Industry, innovation and infrastructure | |

Attachments

COMPLAINT MECHANISMS GRI 103-2

	HOTLINE		
	2017	2018	2019 ^{1 2}
total number of complaints identified through the hotline	12	16	43
number of complaints that were addressed	12	16	43
number of complaints resolved	12	16	43
number of complaints registered before the reporting period resolved during this period	0	0	0

1 in 2019, the channel was reformulated to reinforce communication with employees - a factor that may have contributed to the increase in complaints.

2 in 2019, 43 complaints were identified/addressed through the hotline and all complaints were resolved.

NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER GRI 102-8¹

BUSINESS UNIT	2019					
	TEMPORARY TIME			PERMANENT TIME		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
MSC	40	0	40	5,477	456	5,933
MX	340	20	360	8,915	605	9,520
Total	380	20	400	14,392	1,061	15,453
Total employees (temporary and permanent)	15,853					

1 It does not include Trainees, Co-ops and Apprentices

NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT, CONTRACT AND REGION GRI 102-8 1

BUSINESS UNIT AND REGION	2019					
	TEMPORARY TIME			PERMANENT TIME		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
MSC (total)	40	0	40	5,477	456	5,933
Americas ²	40	0	40	5,477	456	5,933
MX (total)	340	20	360	8,915	605	9,520
Americas ³	56	3	59	4,313	257	4,570
EMEA ⁴	281	15	296	3,534	265	3,799
ASIA ⁵	3	2	5	1,068	83	1,151
Global – Total by gender and employment contract	380	20	400	14,392	1,061	15,453
Total employees (temporary and permanent)	15,853					

1 It does not include Trainees, Co-ops and Apprentices

2 Brazil and Mexico

3 Brazil, The United States and Mexico

4 Czech Republic, Germany, Italy, Spain, Turkey and South Africa

5 China, India, Japan and Thailand

NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT AND GENDER GRI 102-8¹

	CORPORATE OFFICE			MX			MSC		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
President, Vice-Presidents, Directors and Plant Managers ¹	6	1	7	69	11	80	23	0	23
Managers and Regional Managers	4	1	5	227	50	277	52	8	60
Supervisors	2	3	5	553	56	609	132	10	142
Administrative and Technical	7	12	19	953	340	1,293	444	210	654
Operational (Direct and Indirect)	0	0	0	7,452	169	7,621	4,848	217	5,065
Others (Trainees, Co-ops and Apprentices)	0	1	1	154	88	242	74	68	142
Total	19	18	37	9,408	714	10,122	5,573	513	6,086

¹ Includes CEO and Business Units' CEOs

TOTAL NUMBER OF EMPLOYEE HIRES AND EMPLOYEE DISMISSAL DURING THE REPORTING PERIOD, BY AGE GROUP, GENDER AND REGION¹ GRI 401-1

BY REGION	EMPLOYEE HIRES - 2019						EMPLOYEE DISMISSAL - 2019					
	BY GENDER		BY AGE GROUP			TOTAL	BY GENDER		BY AGE GROUP			TOTAL
	WOMEN	MEN	< 30 YEARS OLD	30 TO 50 YEARS OLD	> 50 YEARS OLD		WOMEN	MEN	< 30 YEARS OLD	30 TO 50 YEARS OLD	> 50 YEARS OLD	
MSC												
Americas ²	191	1,468	750	815	94	1,659	67	946	518	447	48	1,013
MX												
Americas ³	41	402	253	173	17	443	124	916	479	366	195	1,040
EMEA ⁴	38	348	170	194	22	386	27	256	94	120	69	283
ASIA ⁵	23	136	99	60	0	159	17	143	74	80	6	160
Total MX	102	886	522	427	39	988	168	1,315	647	566	270	1,483

1 Does not include Trainees, Co-ops and Apprentices

2 Brazil and Mexico

3 Brazil, the United States and Mexico

4 Czech Republic, Germany, Italy, Spain, Turkey and South Africa

5 China, India, Japan and Thailand

TURNOVER RATES, BY AGE GROUP, GENDER AND REGION¹ GRI 401-1

BY REGION MSC	HEADCOUNT (PERMANENT AND TEMPORARY)	BY GENDER		BY AGE			TOTAL
		WOMEN	MEN	< 30 YEARS OLD	30 TO 50 YEARS OLD	> 50 YEARS OLD	
Americas ²	5,973	2.16%	20.20%	10.61%	10.56%	1.18%	22.37%
BY REGION MX	HEADCOUNT (PERMANENT AND TEMPORARY)	WOMEN	MEN	< 30 YEARS OLD	30 TO 50 YEARS OLD	> 50 YEARS OLD	TOTAL
Americas ³	4,629	1.78%	14.23%	7.90%	5.82%	2.28%	16.01%
EMEA ⁴	4,095	0.79%	7.37%	3.22%	3.83%	1.11%	8.16%
ASIA ⁵	1,156	1.73%	12.06%	7.48%	6.05%	0.25%	13.79%
Total MX	9,880	1.37%	11.14%	5.91%	5.03%	1.56%	12.50%

¹ Does not include Trainees, Co-ops and Apprentices. Turnover calculation: [(employee hires + employee dismissal)/2]/headcount

² Brazil and Mexico

³ Brazil, the United States and Mexico

⁴ Czech Republic, Germany, Italy, Spain, Turkey and South Africa

⁵ China, India, Japan and Thailand

TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES GRI 403-2

EMPLOYEES HEALTH AND SAFETY RATES ^{1 2}	2019	
	MX	MSC
Injury rate ³	1.28	4.84
Occupational disease rate	0.00	0.00
Lost day rate ⁴	0.72	2.25
Work-related fatalities	0.00	1.00

1 For all workers (including employees and those whose work, or workplace, is controlled by the organization). Data by gender will be disclosed on next cycle

2 Our incident rate tracking closely follows the US Occupational, Safety & Health Administration (OSHA) guidelines / regulations for recordkeeping and classifying work-related injuries. First aid injuries, following the US OSHA guidelines for the definition of first aid treatment are not included. Absenteeism rate is total, not controlled only for those who suffered accidents at work

3 Includes typical accidents and fatalities, which were zero in the reporting period

4 Scheduled Work Days. Lost day count begins on first full day of work missed

EMPLOYEES HEALTH AND SAFETY RATES ^{1 2}	2019			
	MX			MSC
	EMEA ⁵	ASIA ⁶	AMERICAS ⁷	AMERICAS ⁸
Injury rate ³	1.75	0.40	1.19	4.84
Occupational disease rate	0.00	0.00	0.00	0.00
Lost day rate ⁴	1.10	0.20	0.58	2.25
Work-related fatalities	0.00	0.00	0.00	1.00

1 For all workers (including employees and those whose work, or workplace, is controlled by the organization)

2 Our incident rate tracking closely follows the US Occupational, Safety & Health Administration (OSHA) guidelines / regulations for recordkeeping and classifying work-related injuries. First aid injuries, following the US OSHA guidelines for the definition of first aid treatment are not included. Absenteeism rate is total, not controlled only for those who suffered accidents at work

3 Includes typical accidents and fatalities, which were zero in the reporting period

4 Scheduled Work Days. Lost day count begins on first full day of work missed

5 EMEA: Czech Republic, Germany, Italy, Spain, Turkey and South Africa

6 ASIA: China, India, Japan and Thailand

7 AMERICAS: Brazil, Mexico and USA

8 AMERICAS: includes Mexico and Brazil

Reduction of incident rates are being achieved through increased engagement, implementation of global standards which improve safety and health conditions and culture along with routine follow up, monitoring and assessments of our locations against the global standards.

In 2019 there were also important learnings in the area of fire protection. 60% of our powder-coated booth was consumed by a fire sparked by an electrical short circuit.

As our operations are equipped with a fire fighting system in accordance with national legislation, we were able to contain the fire with opportunities to improve the detection of the onset of flames in locations that contain flammable products combined with locations with low visibility.

DIRECT ECONOMIC VALUE CREATED (R\$) GRI 201-1

GENERATED (R\$ THOUSAND)	2017	2018	2019
Revenue	8,073,986	10,319,830	10,842,673

ECONOMIC VALUE DISTRIBUTED (R\$) GRI 201-1

DISTRIBUTED (R\$ THOUSAND)	2017	2018	2019
Operational costs	5,586,842.00	7,228,884.00	7,391,392.00
Employee Salaries & Benefits	1,431,562.00	1,774,115.00	1,950,984.00
Payments to capital providers	421,704.00	270,680.00	244,387.00
Government payments	518,573.00	740,009.00	834,495.00
Community Investments	2,090.29	2,147.86	3,949.62
Total	7,960,771.29	10,015,835.86	10,425,207.62

ECONOMIC VALUE RETAINED (R\$) GRI 201-1

RETAINED (R\$ THOUSAND)	2017	2018	2019
'direct economic value generated' less 'economic value distributed'	113,214.71	303,994.14	417,465.38

ECONOMIC VALUE DISTRIBUTED (%) GRI 201-1

	2017	2018	2019
Operational costs	70.18	72.17	70.90
Employee Salaries & Benefits	17.98	17.71	18.71
Payments to capital providers	5.30	2.70	2.34
Government payments	6.51	7.39	8.00
Community Investments	0.03	0.02	0.04
Total	100.00	100.00	100.00

Credits

General coordination

lochpe-Maxion – Investor relations

Integrated editorial design and GRI consulting

grupo report – rpt.sustentabilidade

Reporting and editing

Andressa Malcher

MTb 0073194 SP

GRI Consulting

Camila Limberg

Gabriel Clemente

Project management

Ana Souza

Ricardo Duarte

Photography

lochpe-Maxion and image bank

Translation

Latam Latin American Translations