



IOCHPE-MAXION

SUSTAINABILITY Report
2020



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ABOUT THIS REPORT

This report was developed by lochpe-Maxion and covers the Company’s environmental, social and governance (ESG) structure and performance between January 1, 2020 and December 31, 2020, unless noted otherwise.

In this report, lochpe-Maxion, “we,” “our” or “the Company,” refers to the company globally, while Maxion Wheels and Maxion Structural Components refers to the Company’s divisions. GRI 102-1

The structure and content of this report was developed in alignment with the Global Reporting Initiative (GRI) Standards Core Option, the United Nations Sustainable Development Goals (SDGs) and the Sustainability Accounting Standards Board’s (SASB) material issues for the Auto Parts sector. GRI 102-54

MATERIAL TOPICS

The content of this report is defined based on the Company’s and its stakeholders’ material topics. This report discloses lochpe-Maxion’s management approach, along with a set of the indicators monitored for each material topic.

The Company identified its material topics in 2019 by reviewing internal documents; interviewing senior leadership, Company officers, managers and investors; conducting peer benchmarks; and assessing sector reports and guidelines (i.e. 2019 Sustainability Development Yearbook, Auto Components; The Sustainable Development Framework: International Council on Mining & Metals (ICMM) Principles; Automated Industry Action Group; The Aluminum Association (USA); and European Aluminum).

In 2021, the Company revised its 2019 materiality results to include the SASB’s material issues for auto parts sector, the Morgan Stanley Capital International (MSCI) material topics for the sector and relevant aspects from the Task Force on Climate-Related Financial Disclosure (TCFD). The findings were presented and discussed in a meeting with subject matter experts from each division. The final material topics that guide this report are presented below.

List of material topics GRI 102-47

MATERIAL TOPICS	SCOPE (Description)
HEALTH & SAFETY (H&S)	Asset protection and risk management Occupational health and safety
PRODUCT QUALITY AND SAFETY	Product safety, quality and efficiency Client satisfaction
CLIMATE CHANGE AND ENVIRONMENTAL FOOTPRINT	Carbon footprint Water Energy Materials, circular economy Waste
ORGANIZATIONAL CULTURE AND PEOPLE MANAGEMENT	Promoting Company culture Talent retention Employee engagement Inclusion and diversity Developing career, training and education Future of work
INNOVATION & DIGITAL TRANSFORMATION	Research and development Digitalization Artificial intelligence New vehicles model Innovative solutions Partnership with other institutions
CORPORATE GOVERNANCE AND ETHICS	Business ethics Integrity and anti-corruption
BUSINESS RESILIENCE	COVID-19 Business continuity Employee H&S

CEO LETTER

GRI 102-14

The year of 2020 will always be remembered for the impacts of the coronavirus pandemic.

Since the beginning of the COVID-19 pandemic, our priority has been to take care of the health and safety of our employees, their families and the 32 communities in which our plants operate, in 14 countries. We remain attentive to the pandemic and continue to strengthen our procedures to increase and ensure the safety of our employees and the continuity of our business.

In order to safeguard the health of all employees and their families, and fight the spread of the virus, we followed authority and agency guidelines in each location where we operate. Since the beginning of the pandemic, the Company established frequent leadership for discussion and learning of health and safety best practices, and how to implement them effectively throughout the Company while considering the singularities of each location. We monitor our facilities on a daily basis to adapt our activities to the volume demanded by our customers—meeting their expectations responsibly.

Beyond the basic measures, such as social distancing and masks, we implemented quarantine protocols for employees who had contact with someone infected. We evaluated successes and adopted new measures such as reducing working hours and collective and/or selective vacations. Additionally, domestic and international travel was cancelled; face-to-face meetings were replaced with videoconferences; third-party access to the Company's units was restricted; and the work

regime was adjusted to avoid the assembly of people as much as possible.

In light of the challenges posed by the pandemic, we focused on financial and operational management with the goal of preserving liquidity and recovering operating margins. In 2020, despite the drop in global automotive production of more than 20.0% and the net loss of R\$ 491.8 million, our net operating revenue grew 21.8% in the 4th quarter of 2020, supported by the recovery of the markets where we operate and positively influenced by the exchange rate variation.

Despite the recovery in industry volumes in the second semester of 2020, the Company continued its efforts to reduce costs and maximize cash generation, including the closure of the Akron plant in the United States.

Regardless of the sector scenario, we remain focused on productivity gains and operational efficiency, launching new programs in 2020, strengthening our balance sheet, producing new products in our advanced engineering and promoting continuous digital transformation and innovation to keep adding value to our products.

Our Company holds a high level of technical knowledge, and permanently seeks to provide innovative solutions in the areas it operates, using global macro-trends that guide the development of new products, technologies and processes, whether independently or in cooperation with strategic partners.

During 2020, we increased our participation in new mobility by winning business in wheels and structural components for electric vehicles, with both large

automakers and newcomers in the automotive sector. And overall, our two divisions maintained their new business trends demonstrating the confidence our customers have in the quality of our products, and in our ability to meet their immediate and future needs with competitive and technologically innovative products and solutions.

I would also like to acknowledge what our plant teams accomplished during this very dynamic and challenging year. In spite of all the challenges imposed by COVID-19, our teams remained committed to meeting our customers' expectations and living our core values, while not sacrificing safety and sustainability. We are proud of our teams, and applaud their outstanding performance.



**Marcos
Oliveira**
President
and CEO

ABOUT IOCHPE-MAXION

GRI 102-2, 102-3, 102-4, 102-6, 102-7, 102-9

Iochepe-Maxion is an international company, leading globally in the production of automotive wheels and in the Americas for the production of automotive structural components.

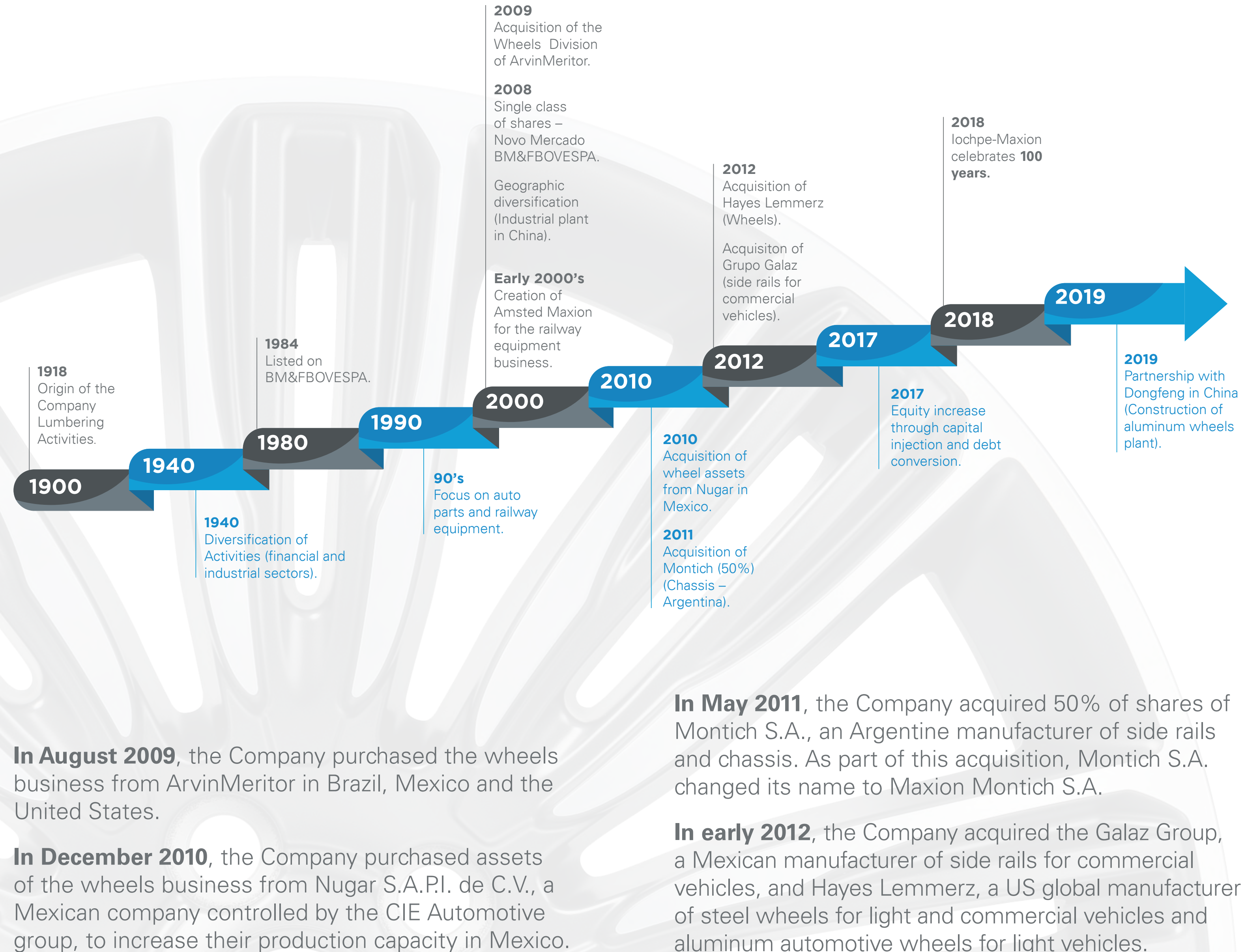
Headquartered in São Paulo, Brazil, we employ approximately 15,000 people across our 32 manufacturing plants in the 14 countries in which we operate. As a result of our international reach, we are equipped to serve our global customers according to their delivery terms, quality standards and competitiveness requirements. GRI 102-2, 102-3, 102-7

Iochepe Family started in 1918 as a lumbering company in the State of Rio Grande do Sul.

Over the years, our activities expanded to the financial sector, and subsequently, to the industrial sector.

In the 1990s, the Company began focusing on auto parts and railway equipment segments, with the disposal of a major portion of assets and equity interest not linked to these segments. In early 2000, 50% of our railway equipment business was transferred to Amsted Industries, which established the joint venture Amsted Maxion.

In January 2008, the Company converted the preferred shares into common shares to enter the Novo Mercado trading segment of B3 (prior BM&F BOVESPA), the São Paulo Stock Exchange.



In August 2009, the Company purchased the wheels business from ArvinMeritor in Brazil, Mexico and the United States.

In December 2010, the Company purchased assets of the wheels business from Nugar S.A.P.I. de C.V., a Mexican company controlled by the CIE Automotive group, to increase their production capacity in Mexico.

In May 2011, the Company acquired 50% of shares of Montich S.A., an Argentine manufacturer of side rails and chassis. As part of this acquisition, Montich S.A. changed its name to Maxion Montich S.A.

In early 2012, the Company acquired the Galaz Group, a Mexican manufacturer of side rails for commercial vehicles, and Hayes Lemmerz, a US global manufacturer of steel wheels for light and commercial vehicles and aluminum automotive wheels for light vehicles.

OUR BUSINESS OPERATIONS

The Company's core business operations are conducted through our two divisions: **Maxion Wheels and Maxion Structural Components**. At Maxion Wheels, we produce and sell a wide range of steel wheels for light and commercial vehicles and agricultural machinery, and aluminum wheels for light vehicles. At Maxion Structural Components, we produce side rails, cross members and full frames for commercial vehicles, and structural components for light and commercial vehicles. In addition, through Amsted Maxion (associated company), we produce railway wheels and castings, industrial castings and freight cars.

MAXION WHEELS

Our wheels allow millions of vehicles to get rolling, ranging from passenger to commercial to military vehicles. We are involved early on during a vehicle's production, both in the design and development phases. Maxion Wheels prides itself on having:

- **24 manufacturing plants in 12 countries across the globe.**
- **Close to 45 million wheels produced annually.**
- **More than 10,000 wheel employees.**
- **A century-long history that rolls right into the future.**
- **An unparalleled portfolio of steel and aluminum wheels.**

We produce steel wheels for light vehicles in our plants in Brazil, Mexico, the USA, Czech Republic, Germany, Spain, Turkey and India. We produce steel wheels for commercial vehicles in our plants in Brazil, Mexico, Germany, Turkey, India and China. We produce aluminum wheels for light vehicles in our plants in Brazil, Mexico, Czech Republic, Italy, Turkey, Thailand and South Africa.

Steel and aluminum wheels for light vehicles



MAXION STRUCTURAL COMPONENTS

We produce side rails and chassis for commercial vehicles and stamped parts for light and commercial vehicles.

- **Leading producer of automotive structural components in the Americas.**
- **8 manufacturing plants in 4 countries.**
- **Over 5,000 employees.**



Side rails and chassis for commercial vehicles



Steel and aluminum wheels for light vehicles



Wheels for commercial and agricultural machinery

Our products are principally distributed via road transport, and are usually delivered directly to the automaker's assembly plant, tire fitter, or aftermarket distribution. Certain automakers utilize the milk-run system, by which they are responsible for collecting products directly at Iochpe-Maxion plants. Distribution and logistics are subcontracted by Iochpe-Maxion.
GRI 102-6, 102-9

GEOGRAPHIC PRESENCE
32 plants located in 18 countries



- Wheels | CV / LV
- Offices | Sales, Eng. and Corporate
- Structural Components | CV / LV

¹ Maxion Montich's units ² Under construction

Strategy

We are committed to a strategic plan that seeks **balanced growth based on financial discipline**. This financial discipline involves the maintenance of operational margins that provide gains on the capital invested and adds value for shareholders. To this end, we seek:

- **Development of our Current Business:** we will continue to concentrate our efforts on our current business and products – **“focus on core business”**. We believe that the products we manufacture can still provide us with excellent growth opportunities.
- **Internationalization:** We plan to increase our share in foreign markets, whether through the construction of new industrial plants or the acquisition of companies in the market.

- **Development of Synergic Products:** We intend to provide our clients with a greater number of products and services that are synergistic with our current activities. We are constantly considering product development that relates to our current portfolio, such as the same raw materials and production processes currently in use.
- **Innovation and Sustainability:** we continue to pursue, via innovation, the most efficient processes (engineering and manufacturing) and the material composites to apply to our final products. Our historical focus has been to develop lighter wheels and structural components for the improved performance and efficiency of our vehicles.

MOBILITY TREND

Electrification and CO2 regulations
Autonomous Vehicles
Shared Mobility and Micro Mobility
B2C Digitalization

INDUSTRY IMPACT

Light weight focus and more efficient manufacturing processes
Data-driven products
Pause given COVID-19 – more ownership
More last-mile transport

BUSINESS STRATEGY

Focus on our Core Businesses
Expand Geographic Footprint and Develop New Products Selectively
Continuous focus on operating efficiency and optimization of capital structure, extending debt profile and diversifying our sources of financing
Product Innovation, Alignment with Industry Transformation and ESG



LIGHT VEHICLE ALUMINUM WHEELS PRODUCER



Light Vehicle Steel Wheels Producer

24% global market share ex-China
40% market share in North America
87% market share in South America
36% market share in Europe
Wheels division represents around 80% our net sales

Commercial Vehicle Steel Wheels Producer

37% global market share ex-China
18% market share in North America
92% market share in South America
47% market share in Europe

1. Source: Company internal estimates based on IHS Auto and LMC Auto information as of 2020 and competitors' publicly available information. All market share estimates are in terms of production and sales volumes.

We believe we are the leading producer of assembled chassis in South America

In 2020 with an estimated market share of **43%**

OUR LEADING MARKET POSITION ENABLES GROWTH OPPORTUNITIES, NEGOTIATION LEVERAGE WITH SUPPLIERS, DELIVERY OF HIGH VOLUMES OF CUSTOMIZED PRODUCTS TO CUSTOMERS, AND BENEFITS FROM SCALE PRODUCTION

Our strategy, aligned with industry trends and transformation, positions us as **global market leaders**. We produce an average of **45 million wheels per year**.

Based on production in 2018 to 2020), represent approximately 70% of net sales for the wheels division in developed markets in 2020 and lead the production of assembled chassis in South America.

Sustainability

Over the years, we consolidated our position as one of the leading automotive supply companies in the transportation sector. We are recognized for our outstanding performance and ability to create strategic relationships with all of our stakeholders. We believe that as a leading player in our segment, we must continue to evolve our corporate governance, management practices and policies concerning ESG topics. We believe that being in the vanguard of these practices and policies will allow us to increase our leadership position, while having a positive impact on our company and the environment.

In 2018, we adopted sustainability as a core value, integrating it into our long-term business strategy and strategic vision. This adoption has reinforced the importance of corporate governance and socio-environmental management throughout our business model, and has prompted us to incorporate new concepts into our daily operations.

Our commitment to sustainability requires efforts to drive continuous improvement in our processes by integrating (i) strategic resources management, (ii) innovation, and (iii) disciplined execution. For us, maintaining excellent safety results and striving for a zero-incident rate are two interconnected goals that permeate our operations.

ESG Pillars



We aim to generate environmental value through Digital Transformation

- Reduce scrap, improving production efficiency and increasing quality through machine learning AI (artificial intelligence) algorithms.
- Reduce the consumables utilized in our Waste Water Treatment Station, using machine learning algorithms.

2021+

- Long term objective to reduce the GHG Emissions intensity by 70% by 2030.
- Become a carbon neutral company by 2040.



We want to create social value to stakeholders, the community and the company itself

- +15 thousand employees.
- Partnerships with universities and other educational institutes focused on developing our people.
- Iochpe Foundation impacting +12.5 thousand people in Brazil and virtually +52 thousand per year
- + Other Corporate Citizenship initiatives around the world

2021+

- Demonstrate our commitment to environmental and social responsibility without compromising our commitment to increase shareholder value.



Our goal is to conduct our business and operations with transparency, equity and accountability

- We are listed on the B3 Novo Mercado (highest level of governance in the Brazilian stock exchange).
- We created our Ethics Committee in 2018 reporting to the Board of Executive Officers.
- Iochpe-Maxion's Code of Conduct disclosed to 15 countries in nine languages.
- All of our facilities are ISO 14001 certified. Processes are also externally audited, assuring quality.

2021+

- ISO 45001 Certification for all locations by 2021YE.

BUSINESS RESILIENCE

GRI 103-1 103-2

and safety of our employees, their families and communities.

Throughout the year, we adopted protocols that aligned with guidelines from authorities in each of the locations where we operate.

Our response followed the best practices and measures taken globally to address the challenges presented by the pandemic. Furthermore, due to the high level of uncertainty around the spread of COVID-19, we enforced safety measures that were established in our plants early on. These measures were implemented when the first cases were identified in China, and shortly after the virus spread to Europe. Our priority has been to create and implement better health and safety conditions for our people, while pursuing financial resilience.

The impact of the pandemic on the automotive sector was unprecedented during the second quarter, the industry faced, what was most likely, the worst moment in its history. Automotive production declined 82.3% in Brazil, 71.2% in North America and 66.6% in Europe, compared to the same period in 2019.

During the second half of 2020, we observed a gradual and consistent recovery in the demand for commercial vehicles and passenger cars, confirming, and even exceeding to a certain extent, both our expectations and our customers' views. In the final quarter of 2020, the global

Although 2020 was marked by the coronavirus pandemic, we continued to prioritize the health

automotive market (excluding China) presented a 0.9% growth in production. This growth showed that the sector's recovery was underway, following the significant fall of 60% and 10% in the second and third quarter, respectively (in comparison to the same period during the previous year).

The speed at which the sector was recovering posed challenges for segments of the production chain and the supply of raw materials, particularly in Brazil. The Company's quick response to the pandemic allowed us to avoid significant volume losses. However, we still had operational inefficiencies, such as increased overtime, increased frequency of tool set-ups, and changes in the production programs at our plants.

Despite the increased demand during the second half of 2020, we maintained our efforts to reduce costs and maximize cash generation, acting on three main fronts: (i) reducing operating expenses; (ii) reducing Capex; (iii) restructuring actions related to the closure of the Akron plant in the United States and reducing indirect labor in other operations around the world. In 2020, our total cost of restructuring amounted to R\$ 171.7 million.

We set up a taskforce with global financial leaders, who engaged in daily meetings, to lead a process of cost containment measures that promoted control and planning in the short and medium-term. This process required constant team integration, resulting in continuous alignment. Additionally, we worked towards additional fundraising, debt renewals, financial covenants and long-term lines negotiations.

In this environment, we maintained a robust cash position of R\$ 1.6 billion, compared to a pre-

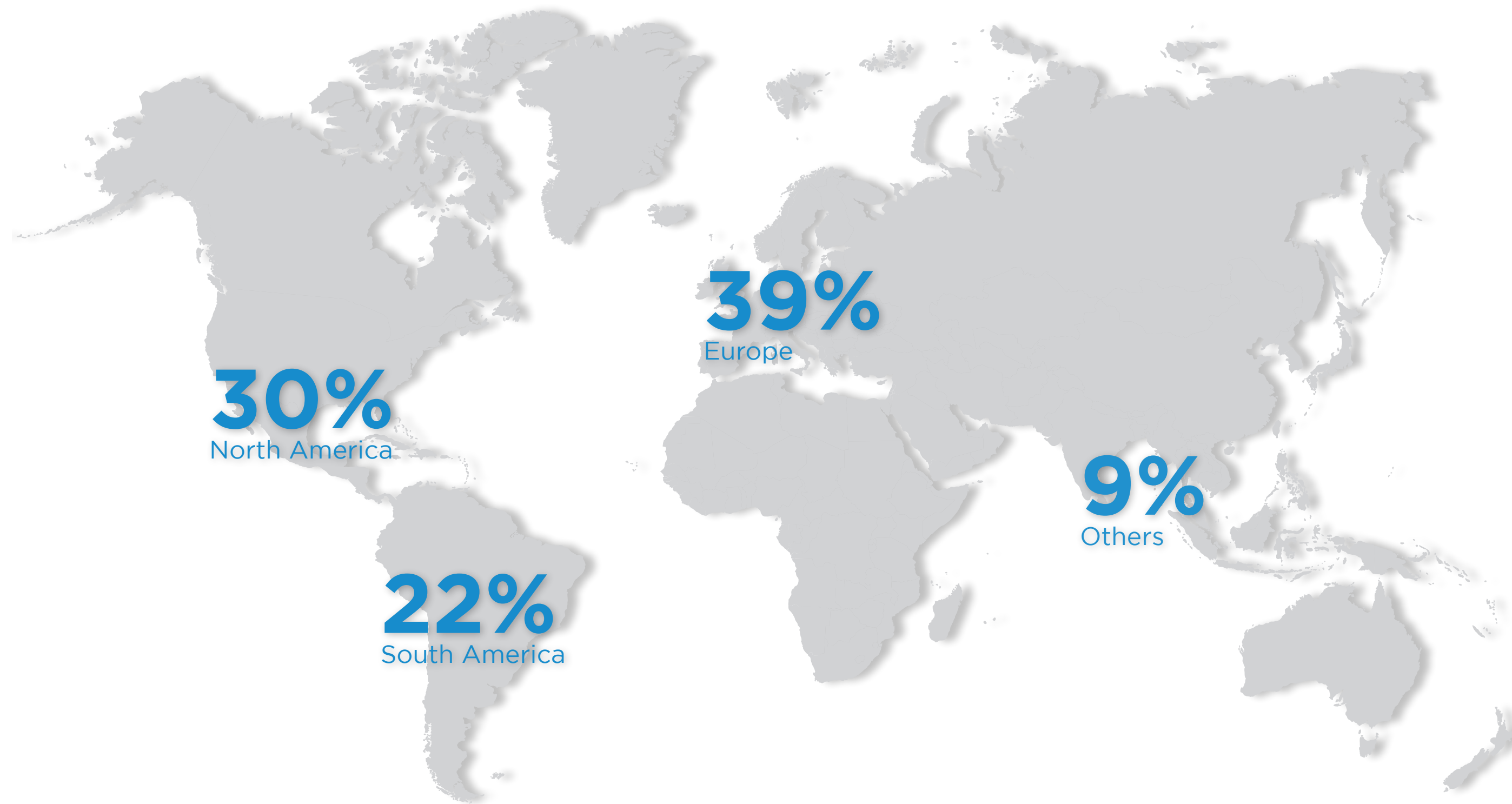
COVID-19 position of approximately R\$ 500 million. Additionally, we obtained formal approval from Brazilian development banks for financing lines of R\$ 940 million with a 7-year loan period. The proceeds from this funding will be used to extend short-term debt, and the disbursement is expected to occur in 2021.

The Company's net debt reached R\$ 3,515 million at the end of 2020, an increase of 45.5% as compared to the end of the previous year. This net debt was strongly influenced by the exchange rate variation in 2020 and by the sharp reduction in volumes of vehicle parts (wheels and components), especially in the second and third quarter of 2020.

For the same reasons, the ratio between net debt and Adjusted EBITDA in the last 12 months reached 6.46 times, resulting in a decline as compared to the index presented in third quarter of 2020.



 Financial Data



FINANCIAL OVERVIEW		Year		
Consolidated (BRL million)	2018	2019	2020	
Net revenues	9,616	10,016	8,761	
Revenue growth	28.4	4.2	(12.5)	
EBIT ³	701	676	(185)	
% EBIT³ margin	7.3	6.8	(-2.1)	
EBITDA	1,057	1,096	372	
% EBITDA margin	11.0%	10.9%	4.2%	
Adjusted EBITDA ⁴	1,063	1,109	544	
% Adj. EBITDA⁴ margin	11.0%	11.1%	6.2%	
Profit / (Loss)	306	421	(420)	
Net Debt	2,327	2,415	3,515	
Net Debt/Adj. EBITDA⁴	2.2x	2.2x	6.5x	

³ EBIT is equal to our operating income (loss) before financial income (costs).

⁴ From 2Q20 onwards, in addition to EBITDA, we have disclosed Adjusted EBITDA as a measure of our operating performance. Adjusted EBITDA is calculated by adding back restructuring expenses and impairment of assets to EBITDA. Our management believes that Adjusted EBITDA improves the comparability of our results from 2Q20 onwards, with past periods, because it excludes one-off restructuring expenses and impairment of assets resulting from the impact of COVID-19 on our operations.

The COVID-19 pandemic highlighted to the Company that short-term actions must be combined with long-term perspectives and vision. With that in mind, along with an aim to remain competitive, our business was able to launch new products during the sector’s crisis. Throughout the year, we continued to work towards the goal of launching new products in 2021.

During the sector’s gradual recovery, the Company responded quickly and adeptly. Although we operated less efficiently, we still demonstrated flexibility and agility by utilizing the resources available. We adapted to changes in demand, meeting customer expectations in all the markets in which we operate.

“ We continue to provide innovative solutions, launch new products and conquer new markets. We promote the leadership values of ownership, empowerment and accountability to promote agile and assertive decision-making in order to achieve the best results and business resilience. ”

Competitive Advantages

We believe that our business model gives us a privileged position to take advantage of the growth possibilities in the segments in which we operate. Our primary competitive advantages are:

- **Market Leadership:** we have a significant presence in the automotive segment. We are global market leaders in steel wheel manufacturing for light vehicles and commercial vehicles, as well as in the production of chassis for commercial vehicles in the Americas.
- **Global Presence:** our international footprint allows us to develop long-term customer and supplier relationships globally.
- **Diversified business model leading to business resilience:** (i) global presence in both developed and emerging markets; (ii) longstanding relationship with all the major global OEMs; (iii) presence in both light and commercial vehicles segments
- **Production Capacity:** our deep understanding of the automotive sector allows us to meet market and customer requirements at the local level, with the global relationship alignment.
- **Growth and Financial Discipline:** we carefully analyse all of our investment projects to ensure appropriate financial gains. In the past five years, our net operating revenues and EBITDA growth were supported by the permanent modernization and expansion of our industrial complex.

- **Competitive Production Costs:** our clients are served with efficiency and competitiveness, which results from our increased advanced industrial usage of new materials in wheel and chassis production. It enables us to have competitive production costs in domestic and foreign markets. Additionally, we use modern production techniques and equipment that allows for flexible offerings tailored to each of our clients' diverse production processes, fulfilling their specific demands expeditiously and cost-effectively.
- **Quality of Products and Processes:** the quality of our products and processes are certified in Brazil and abroad by renowned government agencies and independent institutions. We are also recognized as certified suppliers by major vehicle makers, which contributes to our permanent sales growth in Brazil and abroad.



CONTRIBUTIONS TO SOCIETY

Our sustainability strategy includes social programs and actions that positively impact our employees, the community and the Company itself.

The Company is strongly committed to acting ethically, responsibly, proactively and transparently in all of our operations and relationships with our stakeholders.

The Company runs several corporate responsibility initiatives, such as supporting and sponsoring local developments in the host cities where we have manufacturing plants. These initiatives range from good operating practices to prevent, reduce or mitigate environmental impacts, to those that aim to create social value for the community, promote diversity and encourage volunteering.

In partnership with the Iochpe Foundation, we run two education projects in Brazil and Mexico. Formare is a technical training program for socio-economically disadvantaged youth, with 63 units and more than 40 partner companies. In 2020, even with the pandemic context, 2,500 volunteer educators were involved and more than 1,000 students graduated from the program.



The Art at School Institute (ASI) is the only project that promotes continuing development courses to art teachers from public schools in Latin America. The project's methodology values Brazilian Contemporary Art through 3 main pillars: Art Education Courses, the Art at School Awards (in partnership with UNESCO) and Art Content Development. Facing uncertainty and social distancing in 2020, we learned how to approach our audience in different ways through technology and inventiveness. In 2020, 57,800 teachers were impacted, of which 4,890 received certifications from the ASI Continuous Professional Development courses.

Our 2020 philanthropic efforts focused on social support to combat the impact of the COVID-19 pandemic.

Maxion Structured Components' Cruzeiro Plant donated R\$ 351 thousand in products to local communities. A portion of this amount went to the procurement of medical equipment, such as stretchers. Other equipment donated included:

- Personal protection equipment (PPE) for public agencies working to combat the pandemic, such as boots and coveralls.
- Medical equipment, such as stretchers, intravenous fluid drip, ventilators, etc.
- 60 food baskets for unemployed families whose relatives are supported by the APAE (Association for Families of People with Disability).



Maxion Structured Components donated siderails that were used for:

- The construction of a house for Group Renascer, which works with 80 individuals suffering/recovering from substance abuse, and their families
- The expansion of the Technology College of Rio de Janeiro's motor laboratory.
- The construction of a patio for the Lar Padre Benevides, who work with vulnerable kids.

Maxion Wheels donated approximately USD 160,000 in supplies for pandemic relief or for the alleviation of local tragedies. A majority of the donation, which included USD 56,000 donated by the Königswinter location in Germany, was used to buy face masks, cleaning products, hand sanitizer and COVID-19 rapid tests. In Turkey, almost USD 40,000 was donated to deliver 900 food packages for those in need in the community, to employees who were in quarantine, and to a NGO that provided material and psychological support to relieve trauma after the Izmir Earthquake.

INNOVATION AND DIGITAL TRANSFORMATION

GRI 103-2

Our transformation journey is based on two approaches:

- **Innovation** towards the future of mobility.
- **Digital transformation** to improve the operational process.

Our thorough understanding of industry dynamics and future trends enables us to tackle the challenges that lie ahead in the automotive industry. These challenges include increasing electrification and/or autonomy of both passenger and commercial vehicles, reducing weight and cost, conforming to specific requirements for local road conditions, meeting the ever-growing need for fuel-efficient components or even shaping the new mobility market (shared mobility, micro mobility and smart cities).

Innovation is embedded in our culture, in our vision as a company and in how we see ourselves in the future. Innovation is a pillar for the Company's strategic planning. **Our Company's main innovation drivers are:**

- **Weight reduction:** new materials, new processes, design validation.
- **Electrical vehicles:** new system design, new materials, design ownership.
- **Cost reduction:** co-design, process optimization, process digitization.

- **New mobility:** new players, plug-in design, added functionalities, new revenue stream.

Our divisions, Maxion Wheels and Maxion Structural Components, developed their innovation strategies and programs based on their understanding of the future of mobility and on each of their specific markets. Each division created a specific department for innovation, which works closely with the Product Engineering department, responsible for current products, and the Advanced Engineering Department, responsible for new products and technologies.

Besides each division's innovation structure, we developed **MAXION ADVANCED TECHNOLOGY (MAT)**, a group for innovation that is independent from the divisions.

As the automotive sector undergoes a major transformation, we are keen to actively participate in this change and capitalize on new growth opportunities, while remaining relevant to our customers.

MAT (MAXION ADVANCED TECHNOLOGY)

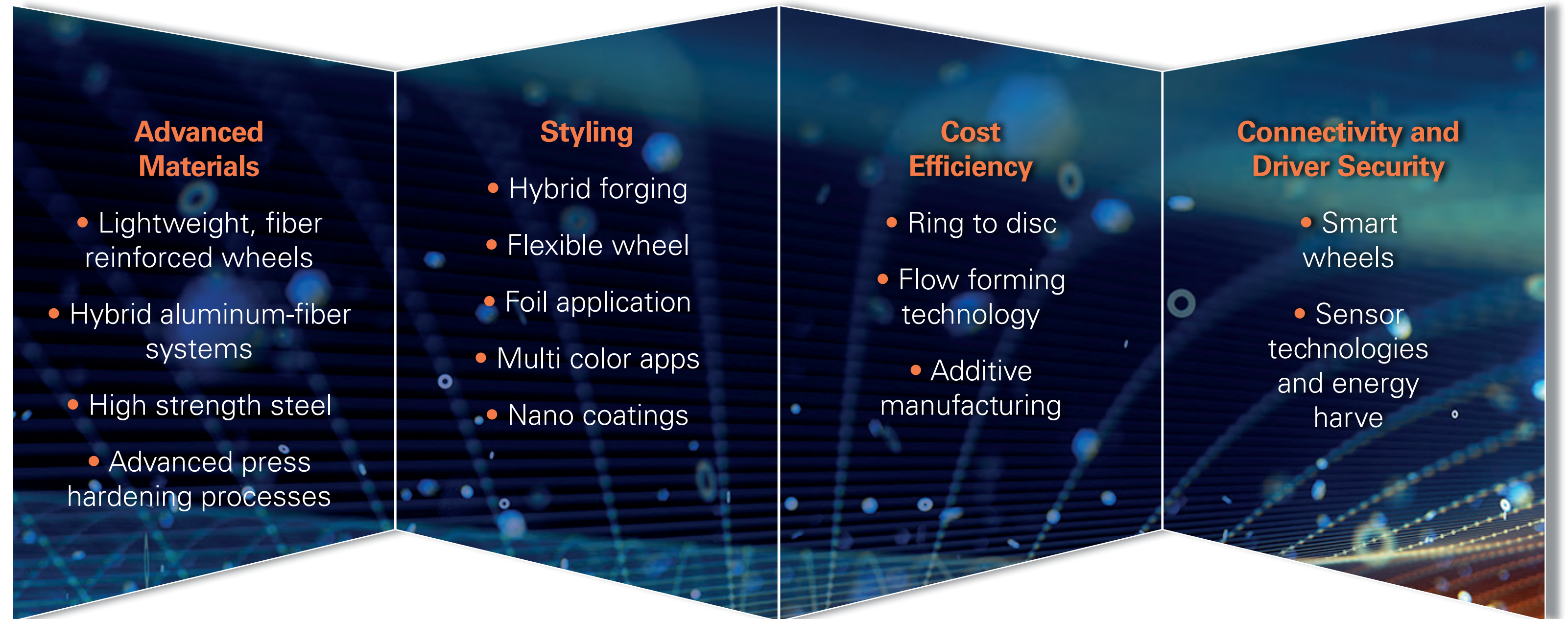
MAT is a strategic innovation initiative designed to think beyond today, connecting our current business with the future of mobility. The initiative launched in 2019 with a team based in Berlin. The MAT team looks for new adjacent and disruptive business opportunities related to automobiles, as well as future mobility innovations.

MAT is connected with relevant mobility stakeholders pursuing a global outreach, who form the Innovation Ecosystem Partnerships. The team's focus is on the continuous identification and assessment of opportunities to collaborate with start-ups, other established companies and academia.

There is an ongoing collection of insights/trends shaping Future of Mobility topics that assess new "challenges," potential partnerships and investment opportunities, and then relaying feedback to the respective division's innovation strategy and programs.



MAT



ACADEMIA

Cooperation
New Materials / Digital Technologies

VCs

DealFlow investment
Mobility startup landscape

INNOVATION PLATFORMS

New Insights/ trends
Mobility providers
Access to DealFlow

STARTUPS

Collaboration Opportunities
New Materials/ Digital Technologies

CORPORATES

Partnership Opportunities
Industry Insights
New Materials/ Digital Technologies

Maxion Structural Components

Maxion Structural Components Innovation and Advanced Engineering resources are focused on building a technological portfolio that attracts customers, builds trust, and delivers solutions that are technically and financially viable.

We have a robust innovation program that seeks to incorporate the use of alternative materials, to find solutions for weight reduction in response to CO₂ emission targets, to fulfill new weight requirements and to join the new mobility market.

Our main lines of innovation for this division are:

- **Co-design** We work with clients to co-develop structured design. This also provides us with a competitive advantage to supply the co-developed component. Maxion Structural Components is enhancing its knowledge in simulation applications, new materials and electrical vehicles applications, such as the battery cradle for commercial vehicles.
- **Open innovation and partnership** We partner with suppliers, customers, start-ups, universities and research centers to develop innovative solutions to their challenges, that will shape the future of mobility.
- **Governmental funding** We take advantage of governmental financial incentives to foster R&D, in partnership with other organizations.

• Cases

Battery Racks: Excess weight is one of the biggest challenges when developing electric vehicles. Maxion Structural Components is developing battery racks in commercial vehicles that achieve up to a 60% weight reduction. The impact of this reduction can, for example, increase the number of passengers on an electric bus or increase the payload capacity of a truck. The development of this rack is an important step in our strategy for seeking technologies to reduce weight, with a focus on energy efficiency and, consequently, lower CO₂ emissions.



Maxion Wheels

Maxion Wheels is the **leading global supplier** of steel wheels for light and commercial vehicles with plants in Brazil, Mexico, the USA, Czech Republic, China, Germany, Spain, Turkey and India.

We are top ten aluminum wheels supplier for light vehicles in our plants in Brazil, Mexico, Czech Republic, Italy, Turkey, Thailand and South Africa. We continually seek to deliver the most cost-competitive wheels to our growing customer base by focusing on continuous process improvement, increased efficiency performance and world-class service.

We believe that innovation can be embedded into everything we do. Our global team has been trained and has ownership for fostering an innovative culture with a focus on five strategic areas: cost, design, weight, functionality and digitalization.

We also partner with start-ups, research institutes, universities and other multinational corporations to build a powerful open innovation network through which we can collaborate on early-stage ideas that have the potential to impact the future of mobility.



Lightening up the future

Since the mid-90s, we have consistently offered our customers the industry's lightest commercial vehicle steel wheel on the market. Looking back 24 years ago, the same wheel with the same characteristics would weigh 40 kilograms.

Reducing the weight of the truck wheel can significantly help lower fuel consumption, CO₂ emissions and increase payload.

In 2017, we launched the industry's lightest mass-produced steel wheel. Weighing only 34 kg, our GEN34 22, 5" x 9.0" steel wheel is a real game-changer – through sophisticated design and refined manufacturing techniques, this wheel weighs significantly less than its predecessors, without sacrificing reliability or durability. We aim to continue this history, in all regions, with safe and robust wheels that weigh less than 30 kilograms.

Our aim to support our light vehicles customers in their pursuit of reducing CO₂ emissions also inspired the development of an innovative ultralight aluminum wheel: the Tall and Narrow concept wheel. By utilizing advanced lightweight computer modeling optimization tools, we created a wheel that weighs only 8.7 kg and has a wheel load capacity of 495 kg.

New ways of urban transportation

Urbanization is influencing how people and goods move around the world. As the distance that people drive shortens and bus usage increases, electrification will flourish.

In particular, delivery vehicles for the “last mile” between warehouse and front door are adopting electrification as a fuel-efficient powertrain solution. We are currently in conversations with several new vehicle manufacturers who are looking to reengineer this mode of transportation.

We think that the next generation of wheels for light commercial electric vehicles will likely become standard for all customers, reflecting the need for a cost-effective, production-ready, and standardized original equipment drop center steel wheel.

Maxion flexible wheel with Michelin ACORUS technology

Built to withstand the toughest road conditions, ACORUS keeps drivers and passengers safe by absorbing and dramatically reducing impact and vibrations from potholes or road hazards.

In addition to improving ride comfort and lowering road-noise levels, ACORUS eliminates costly tire and wheel damage. ACORUS is also reducing the environmental impact of our operations by reducing the number of damaged tires sent to the landfill.

The patented new technology, which is compatible with all passenger tires on the market, also minimizes

the barrier to autonomous driving by providing a mechanical solution for potholes – you can drive right through it, rather than navigate around it.

ACORUS is a collaboration between Michelin and Maxion Wheels.

Reduced Rim Technology

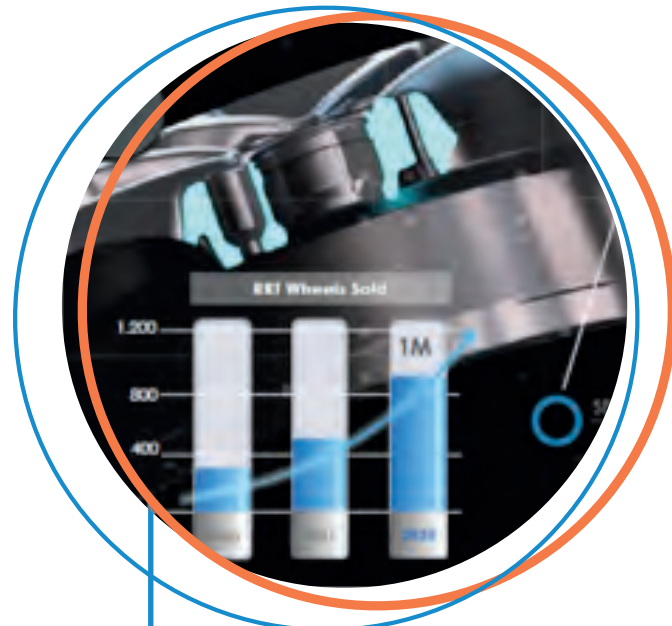
Reduced Rim Technology (RRT) is a proven and proprietary lightweighting optimization process that removes structurally unnecessary material from wheels, without compromising the robustness or functionality of the wheel.

By reducing the rim thickness to only 2.15mm, RRT enables us to produce the most cost-competitive lightweight aluminum wheel on the market. Good for our customers - and good for our environment.

- RRT optimizes mass reduction for areas where materials are not needed - rim.
- RRT produces a lightweight aluminum wheel without compromising on style, durability or performance.
- Compared to flow forming, RRT significantly reduces processing and tooling costs.



FOCUS ON INNOVATION



Reduced Rim Technology (RRT)

Cost-competitive lightweight wheels technology as compared to regular flow forming.



Styling Capability (Aluminum)

Multi Color Paint Application (MCPA) finishing process with endless brand and design opportunities.



VersaStyle®

Steel wheels are lighter, brighter and more cost-competitive than aluminum wheels.



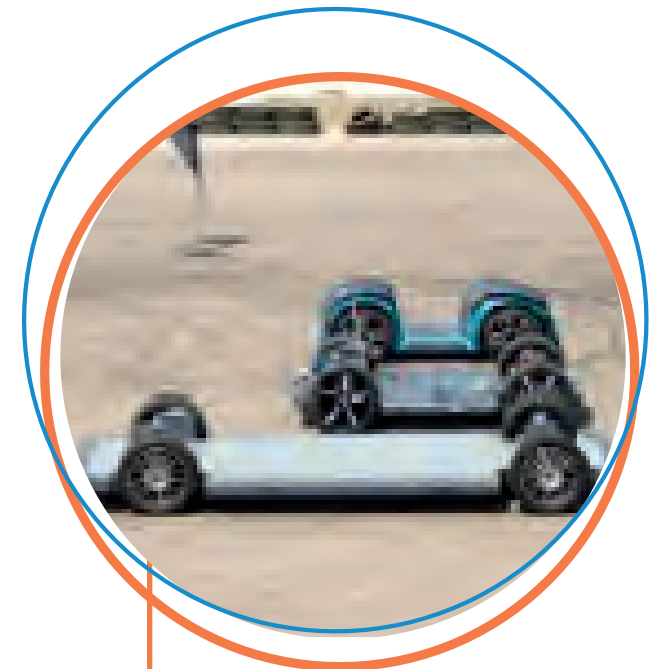
REE Cooperation

Develop a wheel integrating all drive components for REE's EV platform.



Side Rails for EV Vehicles

Innovative solutions in different composites for weight reduction.



Structural Simulation Analysis

Support new EV projects based on design and engineering capabilities.



Industry's Lightest Steel Truck Wheels - Globally

Removed 20% of weight from commercial vehicle steel wheels without compromising performance.



UNICARagil Driverless eMobility Car

Autonomous modular vehicle with in-wheel motor, in development with 16 German universities and 8 industry partners.



Smart Wheel

Industry's first fully-integrated wheel connectivity solution (co-development with ZF).



ACORUS Wheel

The flexible wheel developed with Michelin.



Battery Cradle in Aluminum

64% weight reduction using different aluminum alloys and processes.

DIGITAL TRANSFORMATION reshaping the company

Iochope-Maxion's Digital Transformation (DT) is an internally-driven program focused on adopting digital tools and technologies for the improvement of our operational process, our financial results and our client service. This is achieved through a culture of speed, agility and flexibility, as well as through a network of regional and local DT Champions from different business segments.

DT Champions are employees engaged with advancing digital ideas, process innovation, leadership or technical projects. They are enthusiastic about DT and coordinate discussions among their global peers through weekly meetings.

Manufacturing Leadership Awards

In May 2021, the National Association of Manufacturing recognized Maxion Wheels for its successful implementation of two digital transformation projects in 2020: 1) an Industrial Internet of Things (IoT) predictive maintenance project in the light vehicle aluminum wheels plant in Saraburi, Thailand, and 2) a highly-successful IoT predictive monitoring solution rollout from a steel wheels plant in the United States to a plant in Germany.

The Company's team in Thailand, who produce two million wheels a year, is strongly aware that high Overall Equipment Effectiveness (OEE) is a critical tool for remaining competitive in a highly-competitive market. Failures in casting machine hydraulics

and heaters are the main causes of downtime for aluminum wheel operation in Thailand. Through the installation of additional high-sensitivity sensors and a real-time monitoring system, the team was able to reduce downtime and improve OEE. This award-winning solution shows commitment to using digital technologies with the goal of reducing costs, streamlining processes, reducing waste, improving quality and enhancing overall equipment effectiveness.


To meet the Company's goal of reducing unexpected machine failures and drive significant improvements in OEE, we leveraged and applied a successful solution from North America to their manufacturing environment in Königswinter, Germany. The team plans to detect potential machine breakdowns and avoid costly failures by integrating several manufacturing data sources with external vibration sensors and running the data through machine-learning software. This award-winning solution demonstrates how machine learning and innovative digital networks can improve productivity, operational equipment performance and business competitiveness.

CORPORATE GOVERNANCE AND ETHICS

Corporate governance Iochpe-Maxion is listed in the *Novo Mercado* listing segment of B3 (São Paulo Stock

Exchange), which requires companies to meet best practices for corporate governance.

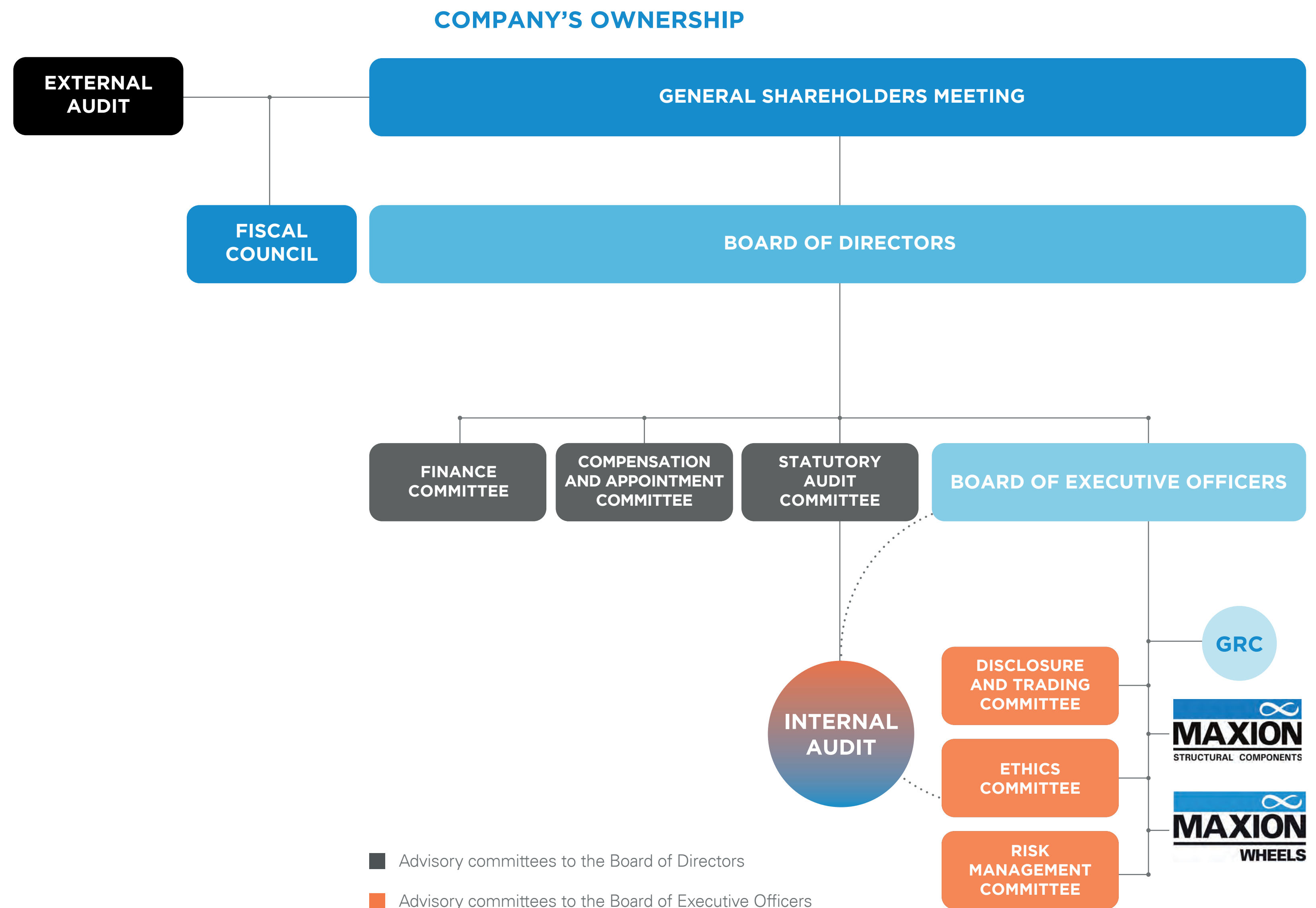
For further information on B3 please visit:

 http://www.b3.com.br/pt_br/produtos-e-servicos/solucoes-para-emissores/segmentos-de-listagem/novo-mercado.

COMPANY'S OWNERSHIP GRI 102-5 (December 30, 2020)		
Shareholder	Number of shares (on)	%
Iochpe Family	22,547,291	14.7%
Alaska Investimentos Ltda*	19,650,662	12.8%
Fundo de Investimento em Ações WPA EST IE	14,269,147	9.3%
Treasury shares	1,349,827	0.9%
Other	85,053,044	55.3%
Total Iochpe-Maxion	153,719,601	100%

The Company has a valid Voting Agreement, which was signed on October 28, 2013, among Iochpe family members. To access the voting agreement, [click here](#) (Portuguese only). *Shareholding held by investment funds and or portfolios under common discretionary management.

The Company's governance structure consists of the Board of Directors, who is advised by a Statutory Audit Committee, two non-statutory committees (i.e. Compensation and Appointment, and Finance committees) and the Board of Executive Officers.



The Board of Directors is composed of nine members, five of whom are independent. Members are elected for a period of two years and may be re-elected. The positions of Chairman of the Board of Directors and Company CEO cannot be held by the same person. GRI 102-18, 102-22

In 2020, the Board of Directors attended 11 regular monthly meetings and 22 additional meetings.

BOARD MEMBERS GRI 102-22		
Name	Date Elected	Position Held
Dan Ioschpe	04/26/2019	Chairman of the Board of Directors
Nildemar Secches	04/26/2019	Vice-Chairman of the Board of Directors Independent Member
Alexandre Gonçalves Silva	04/26/2019	Independent Member of the Board of Directors
Gustavo Berg Ioschpe	04/26/2019	Member of the Board of Directors
Iboty Brochmann Ioschpe	04/26/2019	Member of the Board of Directors
Israel Vainboim	04/26/2019	Independent Member of the Board of Directors
Luiz Antônio Corrêa Nunes Viana de Oliveira	04/26/2019	Independent Member of the Board of Directors
Mauro Litwin Iochpe	04/26/2019	Member of the Board of Directors
Sergio Luiz Silva Schwartz	04/26/2019	Independent Member of the Board of Directors

The Board of Directors is advised by:

• **Compensation and Appointment Committee:**

A non-statutory panel that advises the Board of Directors on topics related to compensation and appointment. Examples of these topics include: executive remuneration, including short-term variable remuneration and long-term incentives; the Company’s talent management process; executive succession plans; and appointment of the main executive position.

• **Finance Committee:** A non-statutory panel that advises the Board of Directors on topics related to financial investment policies, capital structure and debt profile or dividend payments. The committee also monitors the covenants, fiscal and tax structuring, issuance, buyback or redemption of debt securities or securities and funding related to new businesses, mergers, spin-offs or acquisitions.

• **Statutory Audit Committee:** A permanent panel that directly advises the Board, with independent budget and autonomy to conduct and define consultations, assessments and investigations within its scope of work, including identification and contracting of independent specialists. The duties of this committee include:

- Appraise proposals to retain or dismiss the services of independent auditors.

- Supervise the activities of the appointed independent auditors, and assess their independence and adequacy of the services provided.
- Monitor the quality and integrity of the Company’s internal controls and financial statements, amongst other things.
- Assess and monitor the Company’s risk exposure.
- In conjunction with management and the internal audit department, assess and monitor the adequacy of related-party transactions carried out by the Company and respective supporting documents.

Internal Audit The Department of Internal Audit is in charge of monitoring, evaluating, and implementing the recommendations for internal controls and internal policies and procedures, through periodical independent audits on the effectiveness and efficacy of internal controls.

Fiscal Council This council holds a non-permanent status and may be implemented by the general shareholders’ meeting, upon request of shareholders representing 2% of the Company’s capital stock. In 2020, the Fiscal Council was in place.

The Board of Executive Officers is composed of three members:

BOARD OF EXECUTIVE OFFICERS		
Name	Date Elected	Position Held
Marcos Sergio de Oliveira	04/26/2019	Chief Executive Officer
Elcio Mitsushiro Ito	12/02/2019	Chief Financial and Investor Relations Officer
Paulo Marcio Almada dos Santos	04/26/2019	Director

The Board of Executive Officers is advised by the Disclosure and Securities Trading Committee, Ethics Committee and Risk Management Committee.

Board and Executive Assessment

Every two years, we assess the Board of Directors, the Committees and the individual members’ performance, according to methodology and criteria adopted by the market. In 2020, members of the Board were evaluated by an external consulting firm; such evaluation included self-assessments, external assessments and assessments of quantitative data. The results are used to inform recommendations on how to improve the work of the Board, specifically related to corporate governance.

The CEO’s performance is evaluated annually by the Compensation and Appointment Committee and the Board of Directors, and biennially by an external consulting firm. This assessment includes financial and non-financial KPIs. The annual review process is also applied to other officers, whose bonuses are determined by their annual performance. This process is in accordance with the Company’s long-term incentive plan.

ETHICS AND INTEGRITY GRI 102-16 102-17 103-1, 103-2

For Iochpe-Maxion, compliance means knowing, understanding and enforcing the laws and regulations that govern our business globally. Additionally, compliance means adhering to our Code of Conduct and our internal regulations and procedures. These codes, regulations and procedures ensure that our reputation and assets are preserved and promote good relationships with our key stakeholders, such as employees, directors, officers, shareholders, customers, suppliers and service providers, governments and society as a whole.

Our Ethics Committee, created in 2018, answers to the Board of Executive Officers. The committee meets bi-monthly, with additional meetings as needed. To ensure compliance with legislation, internal regulations, external regulations and standards, best practices and ethical principles, the Company relies on:

- **A Code of Conduct.**
- **A whistle blower hotline.**
- **Securities Trading and Information Disclosure policy.**
- **An ethics and anticorruption policy that addresses contributions, donations and issues related to preventing and detecting crimes.**
- **Structured Governance, Risk and Compliance (GRC) area.**
- **Structured internal audit area (third line of defense).**

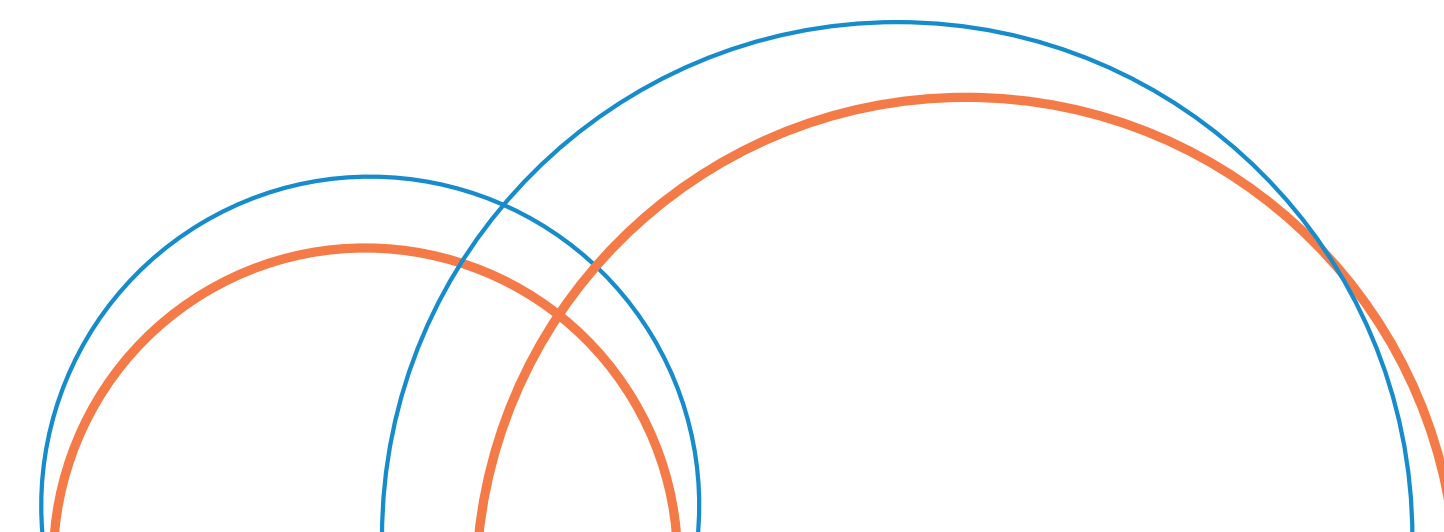
Our Code of Conduct is a set of principles, guidelines and expectations for ethical conduct when performing

our activities in the global market. Our Code was developed to reflect Iochpe-Maxion’s vision, mission and values.

The Company is committed to operating in an ethical, upright and transparent way in all of our activities, by way of our employees, directors, officers, service providers and suppliers. This commitment has remained a key element since the Company’s founding, and was integrated during the development of our business and business strategy. It is at the heart of how we conduct our operations in the global market and plays a key role in strengthening our global leadership in the production of automotive wheels. It also enables us to retain an important position as producers of automotive structural components in the Americas.

Our Code of Conduct also aims to promote socially responsible activities for the Company. The Code supports productivity, supplying quality products and providing good services, while complying with applicable laws and regulations, avoiding waste and respecting the environment, cultural values, human rights and social organization of the communities in which we operate.

Trainings on our Code of Conduct, Ethics and Anti-Corruption Policy are conducted annually and target all Company employees. The latest training was conducted in November 2020.



Iochope-Maxion’s Code of Conduct and Ethics Hotline channel, regularly communicated to employees, supports the principles and values which have guided us throughout our history.

The Ethics Hotline is independent and available 24/7 in all local languages to suppliers, employees, customers and other third parties. The information reported through this hotline is independently managed by the Internal Audit Department, who is experienced in dealing with misconduct, fraud and diversion of resources, among other issues. Whistleblower protection is guaranteed through the ability to make anonymous reports of suspected violations and complaints, and through the prohibition of retaliation against whistleblowers. The Internal Audit Department is tasked with ensuring caller anonymity and confidentiality.

Issues can be raised via:



<https://hotline.iochpe.com.br/>

+55 11 5508 3817

ethics@iochpe.com.br

COMPLAINTS RECEIVED AND TREATED GRI 103-2		
	2019	2020
Total complaints received	43	81
% of complaints treated	100%	100%

In 2020, 23 complaints were considered valid and seven were partially valid. Six complaints were assessed and considered invalid and 45 complaints were still undergoing analysis by the end of 2020. If a complaint is considered valid, possible follow-up actions include notifying leadership, giving a warning, reinforcing the complaint in trainings, etc.



100% of employees trained on the Code of Conduct and related policies.

RISK MANAGEMENT GRI 103-2

We are constantly improving internal controls and monitoring, as well as assessing risks that might impact our business. The Company has risk management policies and procedures in place. The Board of Executive Officers, which oversees management, has been working with the operations teams to monitor, report and course-correct forecasted future issues from non-compliance with internal and external regulations.

The Internal Audit Department monitors, evaluates and provides recommendations on internal controls, policies and procedures, through internal independent audits. The department reports to the Statutory Audit Committee. Since 2015, the Internal Audit Department has incorporated periodic information systems audits.

In 2018, they started a continuous audit through the automated monitoring of transactions in the unit’s management systems.

A Corporate Risk Management Policy was implemented in 2017 and later reviewed in 2019. The policy oversees the management of operational, financial, strategic and compliance risks. It was implemented using a risk matrix that includes the main corporate risks, based on the risk severity and likelihood of impact to the business. The risk matrix is validated twice a year by the Statutory Audit Committee and the Board of Directors, and changes are made as needed.

Iochope-Maxion’s Corporate Risk Management practices follow the “COSO Enterprise Risk Management – Integrated Framework” methodology and are adapted to reflect the operational characteristics and specifics of our business.

The Company’s risk management also follows the guidelines of the Board of Directors, who review the risks during Board meetings to ensure that the main corporate risks are covered and monitored. The Board also discusses market conditions in general.

The Governance, Risks and Compliance Department supports process mapping; risks and controls identification; action plan development; implementation and monitoring; and management of the Risk Management and Compliance programs (including Data Privacy legislations in the countries that we operate – e.g. GDPR, LGPD, etc.). The department’s responsibilities are also to improve processes to identify opportunities and support other teams and departments to optimize their activities.

PRODUCT QUALITY AND SAFETY

GRI 103-2

We develop products aimed at the safety and operational efficiency of vehicles and the safety of those riding in the vehicles. This is not a

simple task because making wheels and vehicle components is challenging work. Our products are heavy, our cycle times are fast, our machineries are heavy-duty, and our quality standards are high. After all, our goal is to produce the world's best wheels and structural components.

Our operational processes are designed to minimize environmental impacts as much as possible. As a result, our management system is designed to improve our operational performance and to develop products that are safe to all drivers and passengers.

As part of a continuous effort to improve our operational efficiency and excellence, each of our divisions developed a management system to guide their production process. The management systems includes:

- **People management.**
- **Employee health and safety.**
- **Environmental impacts of the production process**, e.g. water and effluents, greenhouse gas emissions and materials and waste.
- **Quality of products** to guarantee user and vehicle operation safety.
- **Customer satisfaction.**

- **Supply chain.**
- **Cost reduction.**

Maxion Structural Components' Quality System

The Maxion Quality System (MQS) is an integrated management system that aims to coordinate and guide all product development activities according to our customers' technical requirements, our Company's quality standards, and the internationally required automotive standards.

The Company's integrated management system comprises of a set of voluntary standards, informed by best practices from the automotive sector, for quality control and environmental health and safety (EHS). All plants have implemented the integrated management system for EHS, even if they have not yet received certification. The plants that were recently acquired are those that are in the process of receiving certification. Our MQS is certified through:

- **IATF 16949** Quality management system for organizations in the automotive industry: all plants are certified, except for the Calenones plant in Uruguay, which is projected to receive its certification in 2021.
- **ISO 14001** Environmental management systems: 60% of the plants are certified with the remaining 40% expected to be certified by 2022.
- **ISO 45001** (former OHSAS 18,001) Occupational health and safety management system. The Cruzeiro plant in Brazil was the first to be certified, comprising of 10% of all units in the division. In 2021, we plan to

certify the Castaños plant in México and in 2022 to certify the Contagem plant in Brazil.

The Maxion Structural Components management system consists of a general policy and individual policies for each plant. Currently, we are working on condensing these policies into one comprehensive EHS policy. A sample of our policies are described below:

- **The Quality Policy** guides the manufacture and sale of products and services that fully satisfy the needs of our customers, thus ensuring the Company's sustained success.
- **The Environmental Management Policy** seeks to continually incorporate best practices into daily product manufacturing activities, aiming to eliminate or reduce adverse impacts to the environment.
- **The Occupational Health and Safety Management Policy** seeks to incorporate best practices into the daily activities of product manufacturing, aiming to guarantee the well-being of direct and indirect collaborators, and thus ensuring the operational continuity of the Company.

The leadership team from Maxion Structural Components is primarily responsible for product safety and quality; integrity and partners; environmental preservation and information security; and laboratory skills. The Quality Director is a representative of management. This leadership is also responsible for the management, maintenance and improvement of the integrated system, including IATF.

16949, ISO 14001 and ISO 45001. This responsibility is shared with the Process Owners. They evaluate when to implement adjustments to test alignment with requirements, policies and best practices.

The MQS Manual incorporates incident investigation, corrective action and preventive actions. Informed by incident investigations, multifunctional teams define corrective and preventive actions, and manage the implementation of these actions. In case of occurrence/non-conformity with the management system and opportunities of improvement, the process follows the phases: Planning, Execution, Verification and Action. Permanent changes resulting from corrective and preventive actions must be documented in task guidance, manufacturing processes, operational controls and product specifications, and must be submitted to the customer, when necessary.

Our operations are monitored by key performance indicators that cover EHS and quality aspects, some of which are disclosed in this report.

Maxion Wheels' Management System

Maxion Wheels has an Integrated Management System to comply with all Customer and Internal Requirements for Quality, Environment and Health & Safety, based on international standards as IATF 16949 / ISO 9001 for Quality, ISO 14001 for Environment and ISO 45001 for Occupational Health and Safety.

All Maxion Wheels plants are certified according to IATF 16949 / ISO 9001 and 95% of Maxion Wheels sites were ISO 14001 certified at the end of 2020. Voluntary certification according to ISO 45001 is requested and currently we have the Limeira Steel and Aluminum plants, the San Luis Potosi plant, the Cruzeiro plant and the Pune Pass Car and Truck plants with this certification, corresponding to 61% of Maxion Wheels sites. Other plants have the former OHSAS 18001 certification.

Maxion Wheels has a Global Health, Safety, Environmental and Quality Policy, approved by Maxion Wheels' CEO, with our commitments to prevent illnesses and injuries, improve customer satisfaction, minimize adverse impacts to the environment, comply with all legal and regulatory requirements, improve the effectiveness of our management system and to develop the best people.

The leadership team members from Maxion Wheels, composed of the CEO, business unit Presidents and Vice Presidents hold the primary responsibility for the product safety and quality, ensuring compliance to all requirements through a dedicated structure in each functional area. They are the process owners of each business process.

A Global Integrated Management System Manual and Global Management Procedures were developed in order to standardize the business processes in all Maxion Wheels plants. This includes the definition of HSE and quality objectives by using the policy deployment procedure and the risk analysis for product and hazard identification/risk assessment for HSE with procedures for corrective and preventive actions and for contingency plans. All plants follow the APQP - Advanced Product Quality Planning – process for the design, development, production, delivery and service of all products, with focus on defect prevention and reduction of process variations.



For more information on the plants management system please visit <http://www.maxionsc.com>

Our approach to employee health and safety is described in Chapter 8 of this Report – Organization Culture and People Management.
Our process to mitigate environmental impacts is described in Chapter 9 – Climate Change and Environmental Footprint.

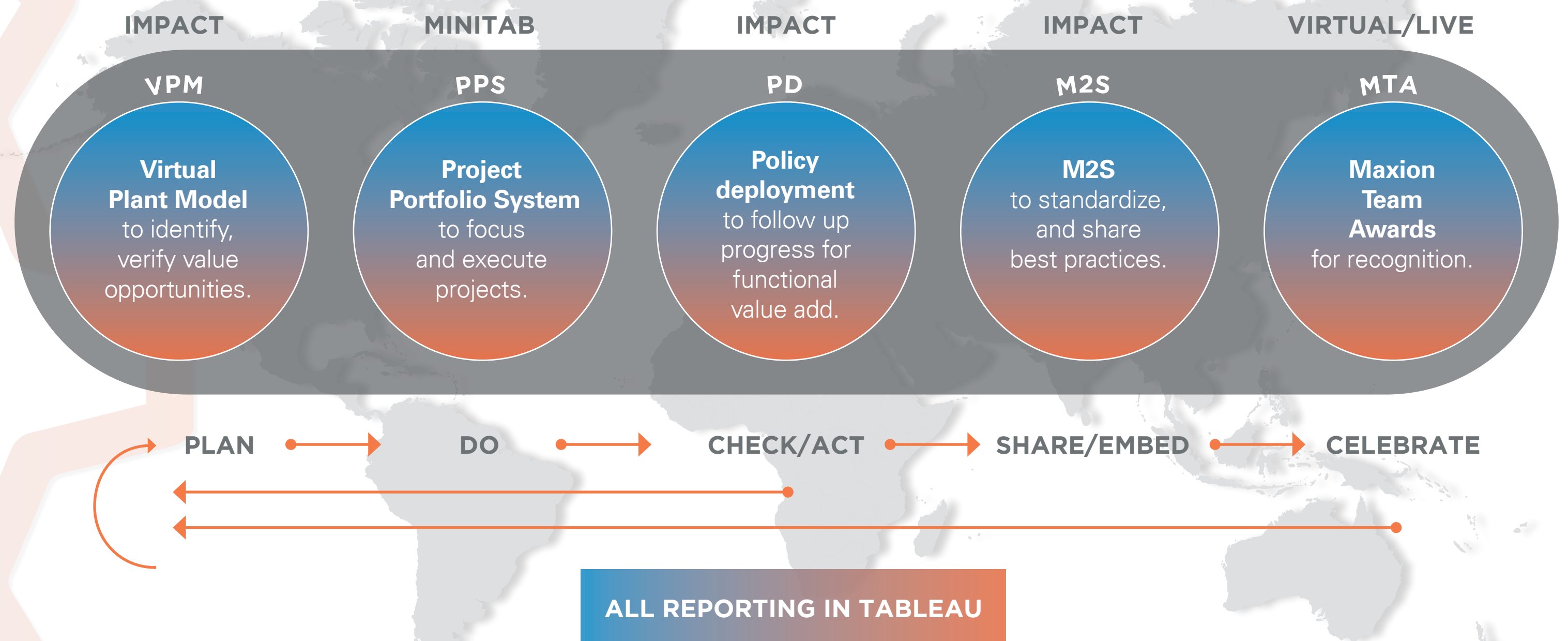
For continual improvement and to deploy and standardize the best practices from each business process to all plants, Maxion Wheels developed and implemented the **M2S - Maxion Management System**, which is defined by the company's mission and values. It sets our global, integrated business and operational process standards, which are applied throughout the organization to generate value for our stakeholders.

The M2S drives achievement of business performance objectives by closing the gap between our target and current business performance. It complies with IATF 16949, ISO 14001 and ISO 45001 and provides guidance for management of each plant, defining the benchmark for each requirement in the pillars.



We also developed an **OPEX - Operational Excellence Framework**, to assess and prioritize projects for operational improvement, by understanding the cost structure. As a result, we define indicators to monitor project performance, results and best practices, standardizing with M2S and recognizing teams for results with the MTA process.

IMPACT - GOQ GLOBAL STD DIGITAL FRAMEWORK



Top-performing plants for safety and sustainability

We acknowledge the hard work of our employees with an annual review of each plant's health, safety and environmental metrics. Our plants track and report - in real time - on 14 different aspects, providing management teams with the opportunity to celebrate and share best practices, as well as focus on areas of improvement. As a result, we rank and honor the top three scoring plants with the Global Safety & Sustainability Award. In spite of pandemic conditions, three facilities performed outstandingly in 2020:

- **Gold** Light Vehicle Steel Wheels Manisa, Turkey Plant
- **Silver** Light Vehicle Aluminum Wheels Chihuahua, Mexico Plant
- **Bronze** – Light Vehicle Steel Wheels Pune, India Plant

The **OPEX** Framework is the engine to drive productivity, standardisation across Maxion and to celebrate success.

Customer Satisfaction

Our management systems are designed to meet customer expectations, from co-designing products and solutions, to identifying opportunities to improve the technical performance of the project design. Our culture of close collaboration with customers helps address sector and business challenges, such as with BMW and Volkswagen on a project to reduce the carbon footprint of our products.

We usually assess customer satisfaction through regular surveys, consolidated in a key performance indicator (KPI). However, in 2020, we were unable to conduct these surveys due to impacts from the pandemic.

We also monitor customer satisfaction on a monthly basis, based on our ability to achieve customer targets and requirements. This is monitored through a set of operational KPIs.

At Maxion Structural Components, we provide opportunities for employees to work with customers inside their facilities. This allows for a better understanding of customer needs, and for the most suitable, effective and positive results.

Awards

Maxion Structural Components

- Diamond Supplier Award by Navistar - Structural Components unit in Castaños, México.

Maxion Wheels

- Kia Quality 5 Stars - Maintained the status of 5 Stars Plus

- General Motors Supplier Quality Excellence
- Paccar Quality Achievement Award - 10 PPM
- Toyota Logistic & Quality - Excellence Performance Award
- PERYÖN Valuing People Awards (1st place award in "HR Digital Transformation")
- Excellent Performance Scorecard from Hyster-Yale Group
- Certificate of Achievement - Quality and Delivery score from Isuzu
- Annual Premium Supplier Award from XCMG Crane
- Honda Logistics & Quality Award

Customer Health and Safety GRI 416-1 416-2

Consumer safety is a fundamental pillar of our management system. Besides compliance with sector and customer requirements, our teams work to identify opportunities to innovate and improve safety in the use of our products.

At Maxion Structural Components, our extensive experience with project engineers provide us with opportunities to liaise with customers to improve project design and/or identify gaps that could jeopardize vehicle safety. 100% of product and service categories that could impact consumer health and safety, are assessed for improvement. Additionally, all of our plants are audited through IATF 16949.

At Maxion Wheels, we have invested in simulators, tests and other tools to enhance our ability to test the wheels and wheel concepts we develop and to improve safety results. Our processes are audited according to

IATF 16949, and external audits are conducted regularly.

There were no product recalls in 2020 and, historically, the Company has never been responsible for a product recall due to production process failures.

Supply chain

The supplier management processes assess whether suppliers are complying with quality and safety standards, legal requirements and acceptable social and environmental practices. Examples include the prohibition of child and forced labor, as well as compliance with our Company's Code of Conduct.

Suppliers are evaluated for issues related to business longevity and the risk associated with their products and services.

Maxion Wheels and Maxion Structural Components are currently working together to unify their operational processes and service guidelines for product development. They are creating a unified network of key suppliers to ensure all demands for operational efficiency are met and all risks are controlled. This also ensures that all agreements with suppliers, in both divisions, address terms and conditions of best management practices for ESG issues.

We also perform local audits on suppliers and business partners whose activities have social and environmental impacts. Audits are conducted to assess supplier quality, safety and legal compliance.

OCCUPATIONAL HEALTH & SAFETY GRI 403-4 103-2

Our Occupational Health and Safety Management Policy outlines the best practices for our daily product manufacturing activities. We aim to guarantee the wellbeing of our direct and indirect collaborators, thus ensuring the operational continuity of the Company.

Our health and safety management system covers hazardous identification risk assessment and mitigation, industrial hygiene, workplace ergonomics and chemical safety. This coverage is in alignment with ISO 45001 Occupational Health and Safety Management System.

Each business unit and site is responsible for managing and implementing the health and safety management system and complying with the following:

- Evaluating potential or effective hazards and risks in the activities of its direct and indirect employees, processes, products or services. The aim of this evaluation is to prevent adverse situations involving dangerous events; damages related to injury; illness; damages to property, work environment or a combination of both.
- Ensuring compliance with current legislation, applicable occupational health and safety standards and internal procedures.
- Implementing and maintaining an Occupational Health and Safety Management System, which ensures Health and Safety conditions at work.
- Implementing, maintaining and disseminating the Occupational Safety and Health Management Policy to all of its employees. Additionally, making the policy available to government entities, communities,

customers, suppliers, service providers and any other stakeholders as appropriate.

- Involving workers at various levels in health and safety-related decisions, including during the development, planning, implementation, performance evaluation and action phases, to improve the management system.

Around 85% of the health and safety and environmental topics are widely applicable to all our sites. The other 15% of these topics are specific to each site and are managed by specific standards that are defined locally. Our sites follow standards and procedures defined by each business division’s management system.

The Stop Work process is a formal method to suspend individual tasks or group operations when the HSE risk control is not clearly established or understood. The authority to interrupt work is an essential HSE practice and mandatory across the Company. Safety dialogues are also conducted to reinforce safe conduct and ensure identification of operational risks.

The Company’s overarching commitment is to reach a target of Zero Accidents and Zero Fires in the next 5 years. To achieve this, we introduced the standard incident and accident investigation process in 2019.

Our incident rate in 2019 was 1.37, which is considered a benchmark in our sector. In 2020, our incident rate was 2.17. GRI 403-9

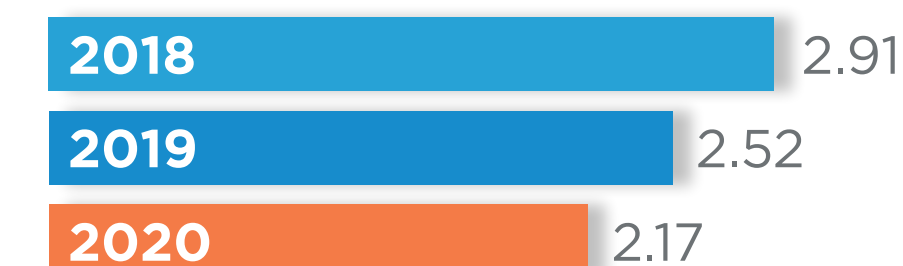
There were no fatalities in the Maxion Wheels division. Unfortunately, in 2020 we had one fatality in the Maxion Structural Components’ Cruzeiro Plant (CRZ). After the accident, the Company gave all the financial, social and

psychological support to the employee’s family and friends. An internal investigation process into the causes of the accident was carried out, resulting in improvements in the maintenance processes of machinery and equipment. Since then, all maintenance is carried out after careful risk analysis, as well as release by the HSE team.

In 2020, the Cruzeiro unit (Brazil) invested more than R\$ 16 million in machine protections to ensure the safety of our operators. The investment journey in HSE continues, with a forecasted investment of over R\$ 15 million until 2023.

In the Maxion Structural Components division, two plants completed the year with zero incidents and two other plants improved their incident rate (IR). In the other units, we are working to improve the frequency of processes and management of HSE.

TOTAL RECORDABLE INCIDENT RATE (TRIR) - MAXION STRUCTURAL COMPONENTS AND MAXION WHEELS, GRI 403-9



Note: Maxion Wheels safety data has been restated retroactively in 2018 to reflect previously unreported incidents.
 Note 2: TRIR calculation = Number of incidents X 200,000/HHT (man hours worked). There was no exclusion of any type of incident that occurred.

Each company site is responsible for managing its emergency procedures and response. These procedures include locally documenting how the site prepares for, avoids and mitigates the impact of incidents, emergencies, accidents and hazards. The sites must also periodically test for readiness, wherever practical, and involve relevant stakeholders, as appropriate.

CLIMATE CHANGE AND ENVIRONMENTAL FOOTPRINT GRI 103-2

Our activities are conducted responsibly, with regards to safeguarding health and preserving the environment. We seek, whenever feasible over time, to reduce and minimize the environmental impact caused by our operations. Additionally, we strive to spread our commitment to sustainability among our employees, directors, officers, suppliers and customers, as well as to the community at large.

The Health, Safety, Environment and Sustainability Policy guides management processes and procedures, in compliance with the legislation of countries where our plants are located and the ISO 14001. Operations are ISO 14001 certified, in addition to undergoing external and internal audits on a regular basis. The policy was revised in 2020 and will be completed and disclosed in 2021.

We seek best practices among our daily product manufacturing activities, aiming at the elimination or reduction of adverse impacts to the environment.

The Company evaluates the potential or actual environmental impacts of its activities, processes, products or services, aiming at preventing pollution. We ensure compliance with current legislation, applicable environmental standards and internal procedures through our Environmental Management System. We implement, maintain and disseminate the environmental policy to all our employees and make it available to government entities, the community, customers, suppliers and service providers.

Our activities are conducted responsibly, with

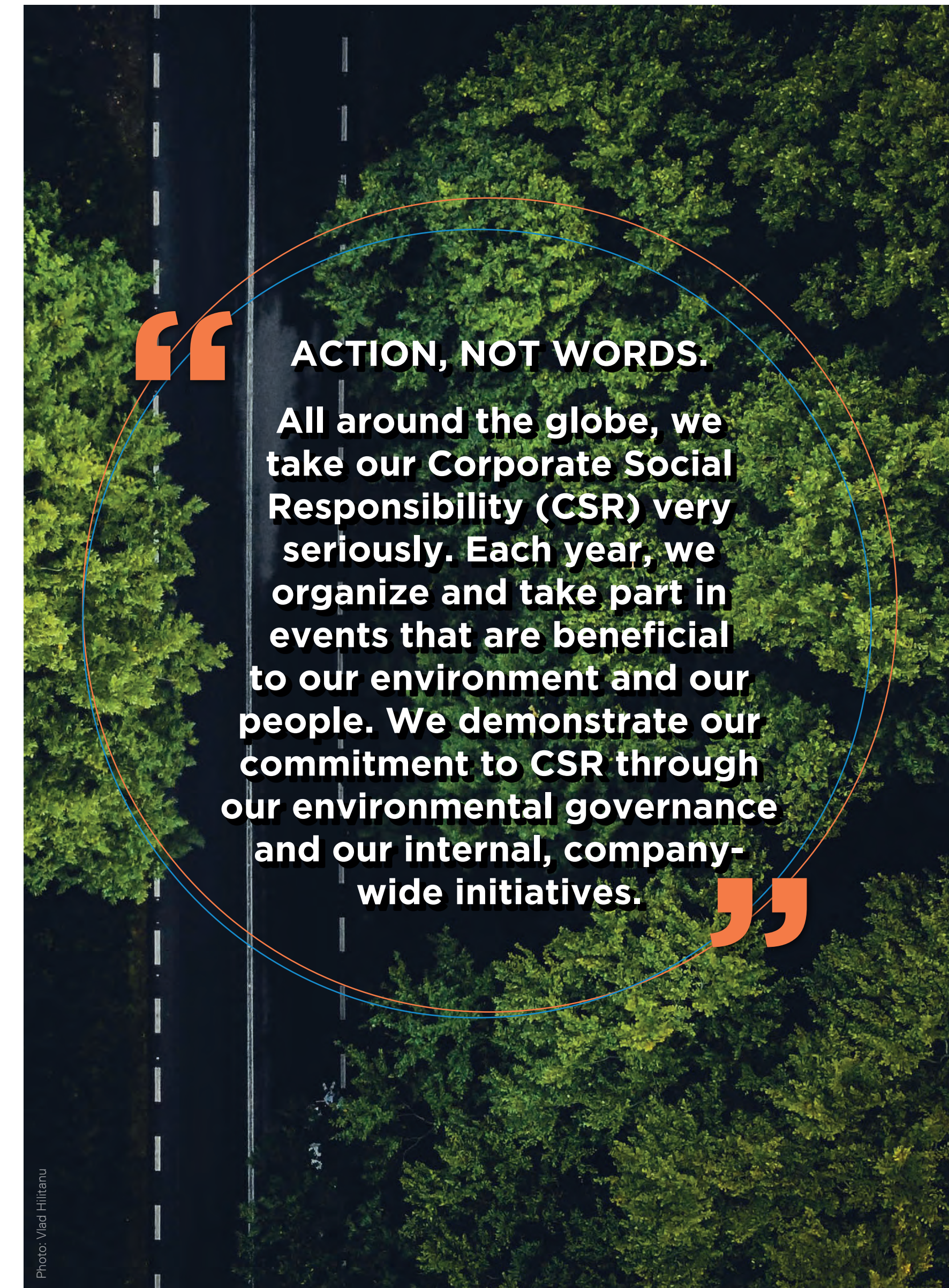
In order to raise awareness about the importance of preserving the environment, we regularly communicate and promote trainings to all our employees and require suppliers to act in an environmentally conscious manner. In addition to annual trainings, sustainability is a regular topic of management during operational meetings, and well integrated into the performance management system, with certain individuals having stated tasks and actions assigned.

The Company, within the confines mentioned above, is fully committed to the process of continuous improvement of its implemented Management System. We demand to be a benchmark of consistency and to adhere with the policy, within the segment in which it is inserted.

We are continuously improving our Operational Risks Mapping (i.e. developing new Heatmaps) by identifying new risks and categories. As a result of the pandemic, Maxion identified a new set of risks and integrated them into the management approach.

Members of Divisional Leadership (Business Unit Presidents, Financial (CFO), etc.), along with members of our Board of Directors, are involved with our corporate safety & sustainability. They assess substantive risks in the regions where we operate, including evaluating suppliers and stages in the value chain as it pertains to climate and water security-related risks. After the identification of substantive risks, opportunities are identified and plans are enacted to reduce the likelihood or scale of impact of these risks.

The Maxion Management System (M2S) also guides energy efficiency management and other resource management topics by assessing engineering aspects in quality, production, safety and sustainability.



CLIMATE CHANGE

We set a 30% greenhouse gas reduction target by 2025, with respect to the 2019 baseline. Iochpe-Maxion Corporate Sustainability Strategy counts for a CO₂ reduction of 70% in Scope 1 and 2 emissions by 2030, with respect to the 2019 baseline. Furthermore the company is striving to become a CO₂ **neutral company by 2040**. Internal Safety and Sustainability targets are annually approved by the Leadership team and communicated by the Corporate Safety and Sustainability Organization.

Our Corporate Sustainability Strategy involves setting ambitious targets and carrying out a set of projects and initiatives on many fronts: operations, products, supply chain and support processes, which will drive the company to achieve carbon neutrality.

Our Safety and Sustainability target-setting includes environmental target values in terms of, for example, reduction targets for energy and water consumption, CO₂ emissions and waste generation.

All locations must contribute to the Safety and Sustainability targets by implementing their local Safety and Sustainability programs. They may develop other local targets based on their relevant equipment and activities.

The projects that will contribute to achieving our objectives are:

- Increased use of renewable energy.
- Reduced energy consumption.
- Infrastructure updates to the use of green gas in our facilities.

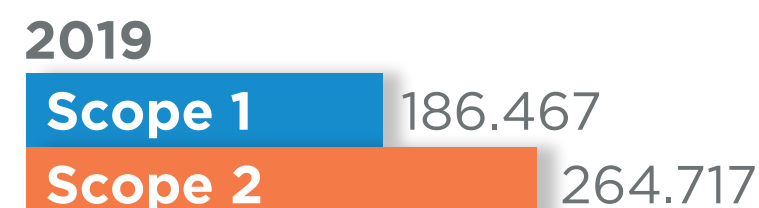
- Increased number of sensors and monitoring throughout the production process.
- Continued innovation and evolution within the automotive market.

In 2019, the monitoring scope for most plant's emissions prioritized those resulting from the Company's activities and operations. In 2020, we measured and calculated 100% of Iochpe-Maxion's CO₂ footprint (scope 1, scope 2 and material categories¹ for scope 3 emissions, including emissions from suppliers, logistics and all supporting parties). After this mapping is complete, reduction targets will be set for the company.

All the KPIs are measured by absolute data and intensity, to improve the management approach and standardize quality within both divisions.

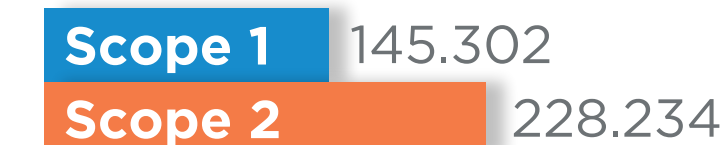
Maxion Wheels' emission reduction target for 2020 was 5% and it was achieved. The pandemic reduced operations and emissions, but nevertheless, the target would have been reached even in a non-pandemic scenario. We permanently seek to reduce emissions and comply with our long-term targets. The scope 3 emissions for 2019 were 1,115,336.36 metric tCO₂e GRI 305-3. The 2020 data isn't available yet, as we rely on our suppliers to submit to CDP.

GREENHOUSE GAS EMISSIONS (SCOPES 1 AND SCOPE 2) GRI 305-1 305-2




¹Scope 3 includes purchased goods and services from our supply chain, upstream transport, downstream transport, waste generated in operations, business travel and commuting.

2020



Our emissions management practices comply with the legislation in each country where our operations are located. We are also certified with ISO 14001/ TS 16949. This certification is for meeting the highest quality and environmental standards, as well as our plants having specific targets. We will continue to put all of our knowledge and ingenuity into the development of wheels and components that reduce the skid marks on our planet. GRI 103/305



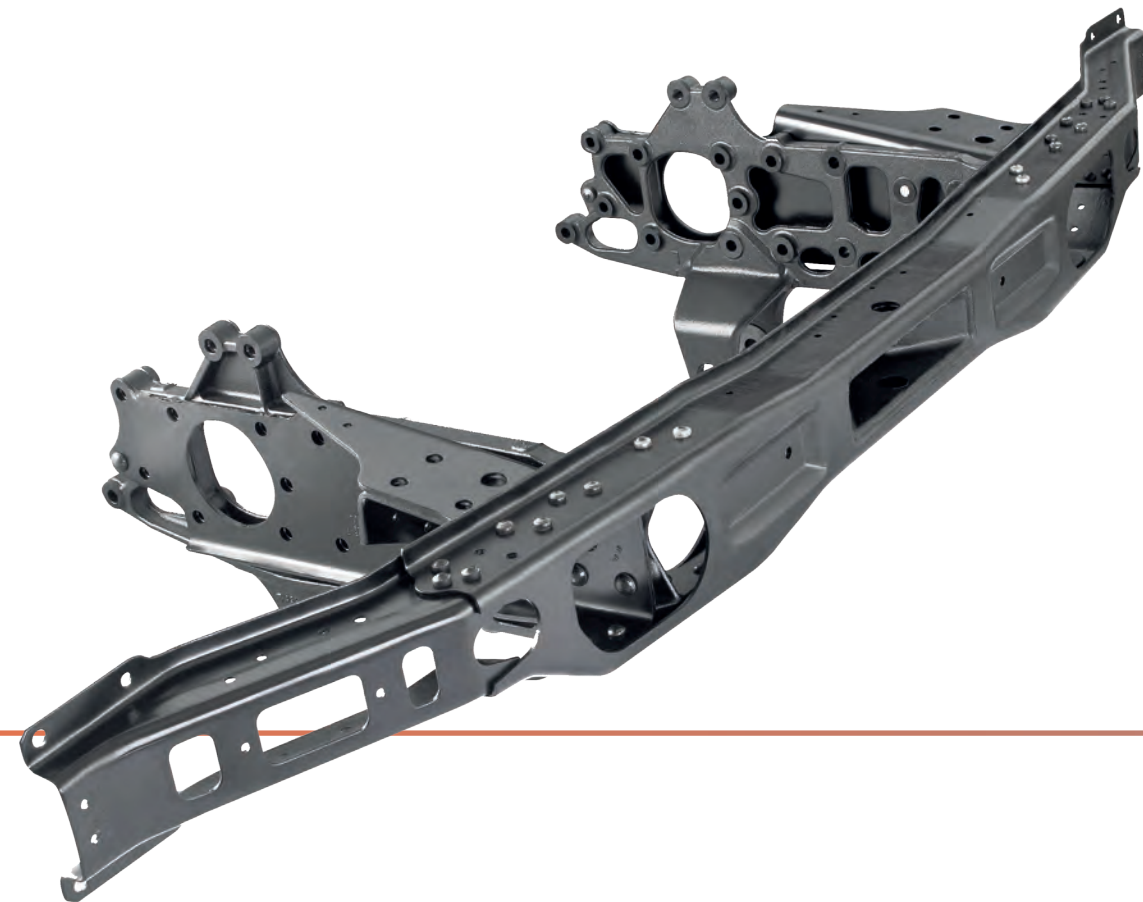
In 2020, for the first time, we received a **B-** on the **Carbon Disclosure Project (CDP)** assessment. This was a significant score improvement for us, as compared to the previous year. We also scored significantly higher as compared to the Metal Products Manufacturing Sector average performance (score D).

Vehicles impact on climate change

The CO₂ emissions of today's traffic and transportation negatively impact our environment in many ways – we are fully aware of that fact. As a result, one of our core values is to conduct ourselves ethically, to utilize our resources efficiently and to act responsibly towards both the community and the environment.

Reducing vehicle weight and fuel consumption are two ways to mitigate the impact of vehicle transportation on climate change and to comply with the legal requirements. Therefore, the critical challenge for manufacturers is to find the right balance between weight reduction and cost, while retaining or improving vehicle and component performance.

Much attention has been placed on reducing the weight of truck vehicle components, in pursuit of fuel efficiency and payload. Considering the wheel is one of the heavier components of a vehicle, reducing its weight can significantly contribute to both fuel economy and payload.



OUR LIGHTWEIGHT EVOLUTION

For more than 20 years, we have been at the forefront of weight optimization for steel trucks, as an enabler of improved fuel efficiency and decreased CO₂ emissions. Since 1997, we have lowered the weight of our steel wheels by 7 kg, from 41 kg to 34 kg. This reduction is in large part due to the ongoing Research & Development programs funded by our company, to target cost-efficient weight reduction.

A PROVEN TECHNOLOGY FOR LIGHTWEIGHT ALUMINUM WHEELS

In 2007, we developed the **Reduced Rim Technology (RRT)**. One way we've worked to reduce the mass and weight of our products is via a reduced rim thickness initiative for our wheel products. This initiative reduces the thickness of the rim, which has reduced the mass of the overall product for the end user. This reduction equates to an increase in fuel efficiency for the automobiles with our wheels. RRT enables us to produce the most cost-competitive lightweight aluminum wheel on the market. Since 2007, we have delivered almost 5 million RRT wheels to our customers, ranging from affordable to mid-class to premium brands.

STEEL, MADE EVEN LIGHTER

In 2016, we launched the industry's lightest mass-produced commercial vehicle steel wheel at 34 kg. Since then, our customers have acknowledged the GEN34 wheel as the most cost-competitive and lightweight solution, with more than one million wheels now on the road.

Currently, we are running two advanced engineering development programs, producing a 30 kg steel wheel concept and an ultra-light commercial vehicle steel wheel concept.

STEEL WHEELS, COST-EFFECTIVE WEIGHT SAVINGS THAT LOOK GREAT TOO

We recently re-invented the **VersaStyle®** wheel, which was originally launched in 2007. The new VersaStyle® wheel is an even more cost-competitive challenger for the pricier aluminum wheel – and it's up to 8% lighter than a cast aluminum wheel, therefore directly impacting a vehicle's fuel efficiency.

Energy

Maxion performed its first Life Cycle Assessment (LCA) for some products in four of its plants in 2020.

The first phase of our LCA validates the main factors contributing to our raw material carbon footprint: energy consumed and country/region electricity emission factors. This shows the importance of implementing energy consumption reduction projects, and we are now continuing to spread this assessment more globally.

In 2020, we continued developing the Green Electricity Spots project to integrate all electricity meters. This enabled the sharing of electricity costs, by identifying the consumption of each stage of the production process, a procedure performed by software.

ENERGY CONSUMPTION WITHIN THE ORGANIZATION (GRI 302-1/ SASB - TC-SI-130 A.1)				
Total fuel consumption within the organization from non-renewable sources and including fuel types used.(GJ)				
	2019		2020	
	Maxion Wheels	Maxion Structural Components	Maxion Wheels	Maxion Structural Components
Natural Gas	3,146.560	564,046	2,486.292	405,144
Non-Renewable, unclassified	2,143.982	300,383	1,779.699	241,573
TOTAL	5,290.542	864,430	4,265.991	646,716

We would like to indicate that renewable power is utilized in many of our locations, but at this point we have limited assurance of market-based emission factors. Therefore, we are not reporting renewable energy consumption for 2019 and 2020. We plan to expand the locations with market-based emission factors in the future, and can expect to report electrical consumption following the market based method for applicable locations in 2021 and beyond.

Materials and Waste

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.

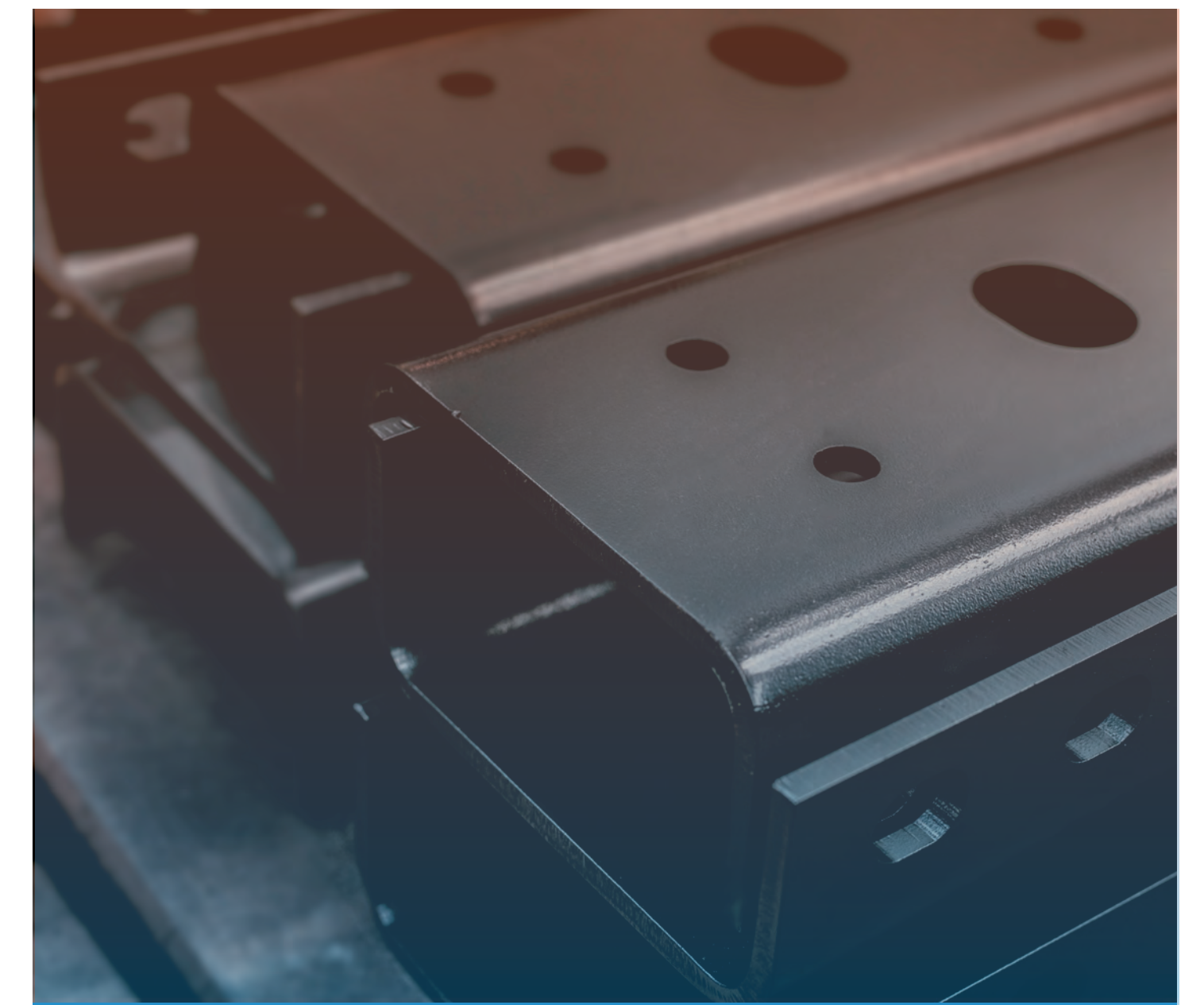
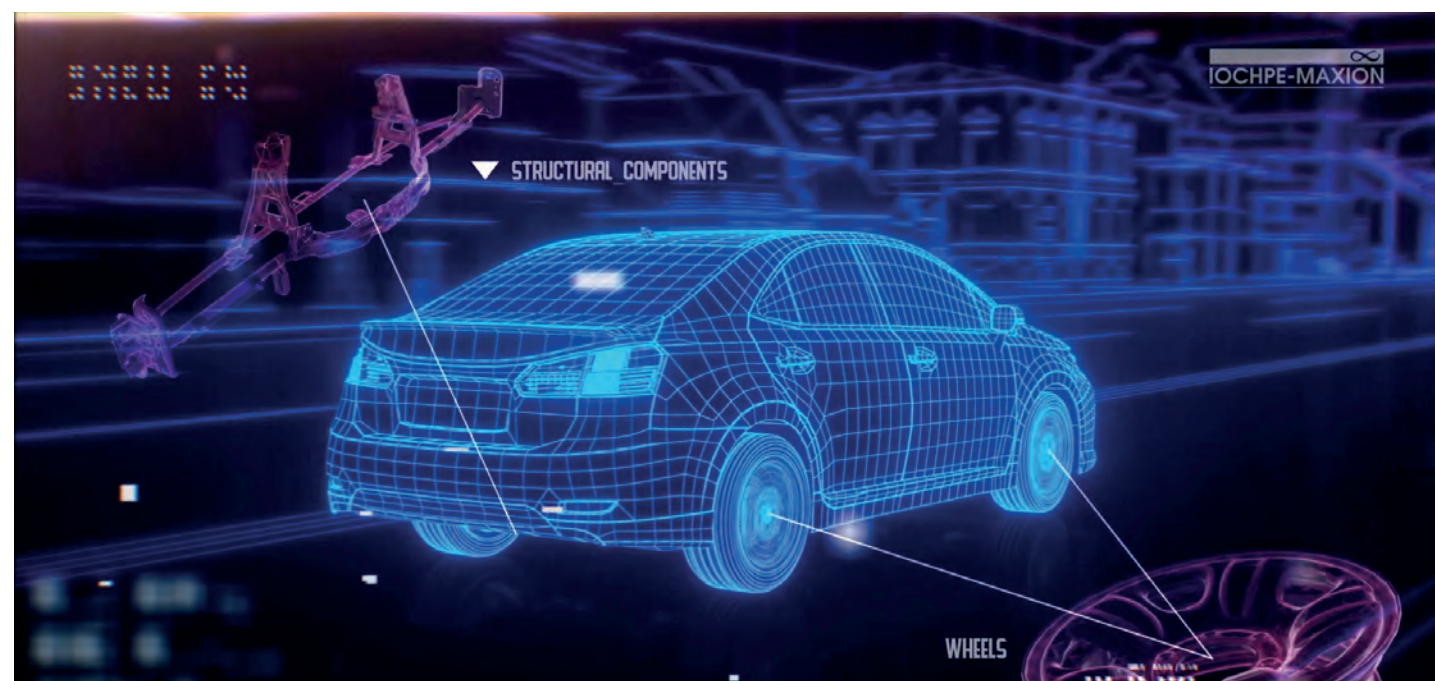
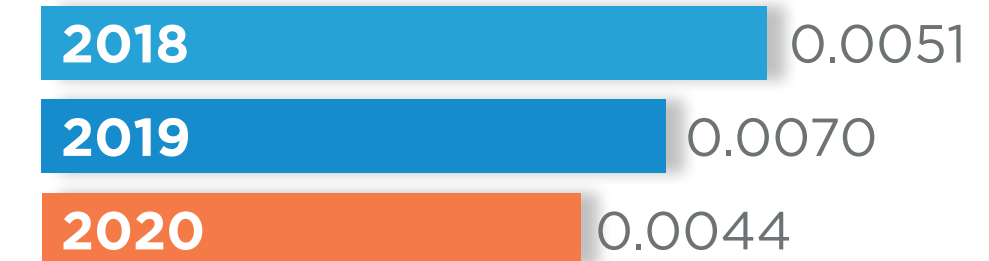
Based on the requirements of this legislation, Maxion-Wheels prepares a Conflict Mineral Report used in the supplier management process. This process ensures respect for human rights and prohibits forced labor, amongst other best practices in the supply chain (regulated internally by the Supplier Manual). This process is conducted by the safety and sustainability department.

In Maxion Structural Components’ operations, materials are managed by the procurement department and coordinated by the plant’s Environmental Committee. This committee aims to create the smallest environmental impact possible by reducing consumption

of products; reusing materials in other manufacturing processes; reusing or returning packaging to its original destination; reducing waste sent to landfills; and correctly disposing of materials.

There are several activities in place, at different stages, for Waste management compliance and reduction in Maxion Structural Components, depending on the local context and requirements.

IOCHPE-MAXION NON-HAZARDOUS WASTE TO LANDFILL (KG OF WASTE GENERATED/KG PRODUCTION) GRI 306-5 SASB TR-AP 150A.1



Water and Effluents

Maxion Wheels’ water consumption is monitored monthly by the PD metric system. All facilities track and monitor the total volume of water withdrawn – by source. Facilities monitor this metric anywhere from daily to monthly, depending on location and need for this information. In all cases, this water withdrawal is monitored through direct flow meters. This is primarily driven by internal water consumption goals.

78% of our locations monitor water quality from water withdrawn. Water quality is checked / evaluated against parameters (i.e. PH, conductivity, solids, bacteria, etc.) at least once a day - depending on the process.

Maxion Wheels had a water use intensity-based target

reduction of 5% for 2020, linked to a financial bonus for employees leading the projects. In the reporting year, the water use was 8% lower than 2019.

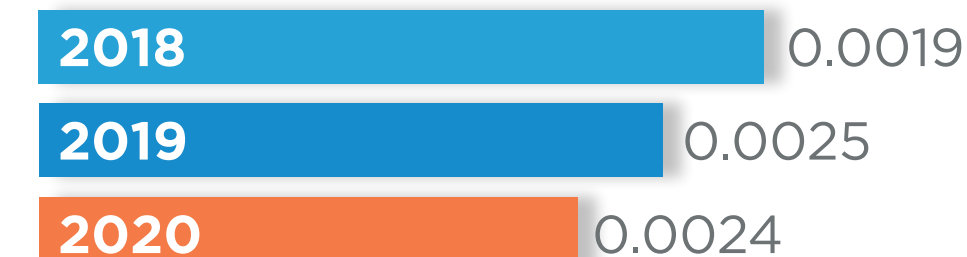
Due to the increased demand for water in 2020 and to help protect employees from COVID-10, we offset our water consumption with water reuse projects (e.g. a 60% reduction in the Nantong plant, China, and a 25% reduction at two sites in India).

Maxion Structural Components’ water management is at the initial measurement and assessment stage. The division is developing online measurement projects and installing hydrometers at strategic points to collect stratified water consumption data and identify leakages. They are also undergoing a rainwater reuse study for green areas and are currently at the payback phase for water

reuse in the Cruzeiro Plant.

The increased magnitude for water usage in 2020 was a result of the new E-Coat painting line in Cruzeiro, and the sanitization boost to avoid COVID-19 transmission in all plants.

MAXION WHEELS WATER WITHDRAWN (M³/KG PRODUCED) GRI 303-3



2018 data is available only for Wheels division.



In 2020, we scored a B on CDP Water Security. This was a very important achievement, showing that we are taking coordinated action on water issues, scoring A on targets and goals and water related opportunities. The Metal Products Manufacturing Sector average score was B- for the same year.

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

is monitored regularly by the PD metric system. The main indicator managed is the volume of waste sent to landfills, with all Maxion Wheels’ plants having waste generation targets.

Facilities track and monitor total volume of water discharged – by destination, with most only discharging to one destination. This is primarily driven by internal water consumption goals, but some locations have restrictions on water discharge volumes within their permit(s) or through local regulation. 100% of our facilities reported monitoring of discharges by destination type. Water discharge volumes are monitored with direct reading instruments, to track and show the quantity. This is done for every discharge that can happen more than once in a 24 hour period.

The wastewater treatment facilities (ETE) can handle all of the operation’s wastewater, including domestic waste and industrial wastewater. The Company also has an oil treatment station, which refines all of the oil collected at the plant for reuse. The wastewater reduction target for 2020 was achieved.

Best in class • Limeira wastewater treatment

Maxion Wheels’ Limeira, Brazil plant is considered the best in class for wastewater treatment. 100% of the plant’s water receives wastewater treatment, of which 70% of the treated wastewater flows back to the facility, 5% is reused externally and only 25% goes back to the public network. Moreover, regarding solid waste, only organic waste goes to landfills.

ORGANIZATION CULTURE AND PEOPLE MANAGEMENT

As a global company, we maintain a powerful and unique culture. Our culture is

shaped by the many geographic areas we represent, as well as from the mergers and acquisitions we have been through. Our strong mission and values drive our culture towards unity, where we all work towards the same goals.

We expect that our employees are involved in our business and take ownership for driving continuous improvement. We believe in working as one global and diverse community, where everyone has a voice and their unique viewpoints are represented. Our dynamic culture promotes leadership qualities and helps to develop leaders.

In 2019, we started our efforts to disseminate our vision, mission and values across our divisions and plants, translating them to all the languages where we operate. People management is embedded into each division's management system, with global integrated business and operational process standards utilized throughout the organization.

“ WE BELIEVE IN OUR MISSION ”

We want to provide components and automotive systems in a profitable manner, while improving the competitiveness of our customer's products globally. We do this through continued innovation, process improvement and exceptional people.

“ WE BELIEVE IN OUR VALUES ”

We conduct ourselves ethically and are socially and environmentally responsible.

We develop trust, empower and respect our people and drive our results through commitment, ownership mentality, continuous improvement and teamwork.

We utilize our resources efficiently and achieve the highest levels of customer satisfaction.


We foster innovation and unleash the creativity of all of our people.

“ WE BELIEVE IN OUR VISION ”

We strive to be a global leader and to grow in a sustainable manner, through innovation and inspiring our people to take part in shaping the automotive world with us.

Ioche-Maxion's Employee Value Proposition

Ioche-Maxion's employee value proposition is made up of six behaviors that showcase our strengths and differentiate us from our competition.



WE HAVE A VOICE
We believe in the power of our people and the power their voices carry.

We challenge and empower one another to engage, contribute and make a difference – whether as an individual or as part of a team. This approach is supported by a high-performance culture that fosters relationships, and drives us to strive for continuous improvement to reach outstanding results. Quite simply, it's the reason why we succeed.



WE INNOVATE
The automotive industry is changing rapidly and our wheels are an integral part of this.

We believe that innovation is key to better the world, and we continue to increase our emphasis on being a leader in creativity and technology. Innovation is exciting and challenging, and through connections with our global colleagues and external partners, we develop breakthrough ideas and turn them into reality. This focus delivers value to our company, our customers and ourselves.



WE WORK AS ONE

We are a global community, bringing together a broad and diverse range of viewpoints.

This means that lean and efficient teams are working with a deep level of shared knowledge and experience to solve problems for our customers. Our people are inclusive and collaborative. Teamwork is the engine of our growth.



WE DRIVE OUR OWN CAREERS
The global environment of Maxion Wheels creates opportunities for career advancement and personal growth.

We reward self-motivation, and give support and encouragement to fuel that progress. We include an experiential approach to people development, with a robust structure and process that includes training and mentoring. This is to ensure that talent is recognized, and continues to differentiate Maxion Wheels as the employer of choice.



WE LIVE OUR VALUES
Our values reflect who we are and what we stand for.

Being a part of the Maxion Wheels family means dedication to results, while maintaining a commitment to integrity, fairness, and respect for our people and our planet. It is with a sense of pride that we aspire to have the impact of our values reach the communities where we work and live.



WE TAKE OWNERSHIP
We are all leaders in some aspect, whether our role is focused on process excellence, people leadership, or business management.

Our value is the initiative we bring to the company, welcomed in an environment where we take personal responsibility. There is an open invitation to make an impact in any area, and at any level. This is a dynamic culture that promotes leadership qualities and leadership development.

Employee engagement GRI 404-2

We monitor our employee engagement every two years. Nevertheless, due to the COVID-19, we were unable to conduct our engagement survey in 2020 and postponed it to 2021. COVID-19 paused the structured plan we had created for people engagement and development, shifting our focus to retaining talents, developing careers and accelerating decisions we had been considering, such as hybrid and remote working. The pandemic also provided us with the opportunity to improve our communication structure with our employees and to engage more frequently with them. We previously launched the my Talent platform, an integrated global talent management system for people development. The platform comprises of career aspirations, targets, goals and assessments of how each and every employee performs against the company’s 13 global competencies. These competences are reviewed periodically to ensure alignment with business objectives.

We also use the my Talent platform for recruiting, onboarding and compensation processes. This allows for the same criteria to be used in the management of positions and salaries for all units around the world.

Competency Framework

- A behavior standard for all Maxion employees.
- Manage, measure and improve the contribution and performance of all employees.
- Reinforce our Values and drive us towards a common global culture.
- Successful individual performance enables us to achieve our collective business goals.

- Clarity on what is important to execute business plans.
- Keep performance on track.



- Management Maturity
- Business Acumen
- Customer Focus
- Change and Innovation
- Effective Decision Making
- Influencing
- Collaboration and Teamwork
- Coaching and Developing Others
- Living the Maxion Values
- Planning & Organising
- Communication
- Initiative and Energy
- Achieving Results

Maxion Structural Components Talent Acquisition and Attraction

For talent acquisition and attraction planning, we aim to make Iochpe-Maxion a known and desired company for the best students, from good universities, in the countries where we operate. We do this through a set of initiatives: showcasing our company at universities, giving in-person lectures and conducting webinars with Maxion leaders; participating in university social networks; hosting student visit programs at our units;

and creating innovation partnerships.

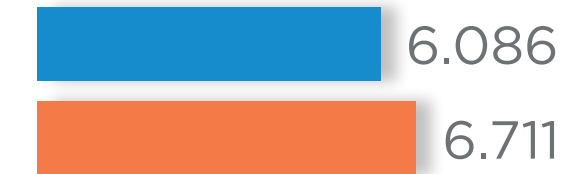
For us, employee engagement involves making prospective talent’s experience with the company motivating, and in turn generating engagement. We continued to adapt our working environment according to “new ways of work” trends, including implementing a hybrid home office structure and promoting flexible hours in some locations. This change ensured employee health and safety, and also increased engagement. We believe that the future of work is strictly correlated to the ability to work from home, extrapolated by the COVID-19 pandemic, and we remain attentive to this movement.

We strive to have a performance review and formal development plan for 100% of our employees. We believe that every employee is responsible for driving their own development. The development plan is a partnership: a joint effort between an employee and their manager. We also believe that performance reviews are about providing employees with clear direction to enable them to positively contribute to the success of the business. These reviews are essential part of manager-employee relationships because they provide a framework for the effective management of individuals and teams. This ultimately allows employees to achieve superior levels of performance.

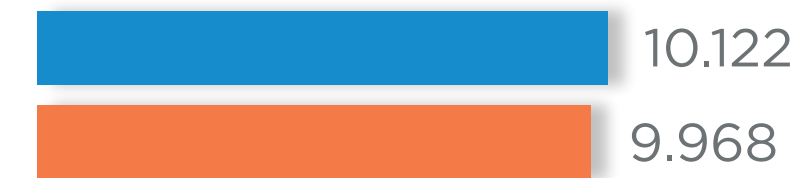
All employees classified as white collar (an employee who performs supervisory, administrative, management or technical functions) have a global performance review. Blue Collar employees (an employee who performs direct or indirect work on the shop floor) have performance reviews that are defined and managed locally by each plant, when applicable.

NUMBER OF EMPLOYEES
GRI 102-8

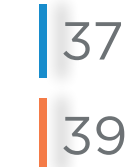
STRUCTURAL COMPONENTS



WHEELS

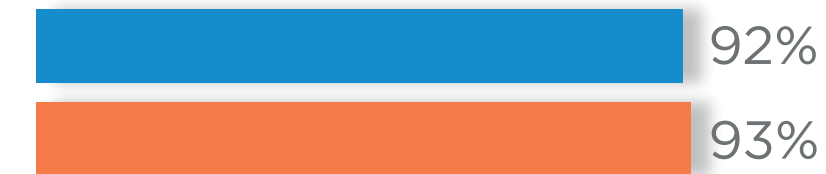


CORPORATE

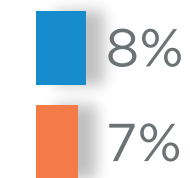


TOTAL COMPANY PERCENTAGE OF MALE AND FEMALE
GRI 102-8

MALE

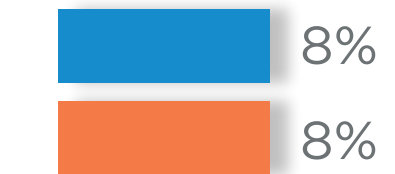


FEMALE

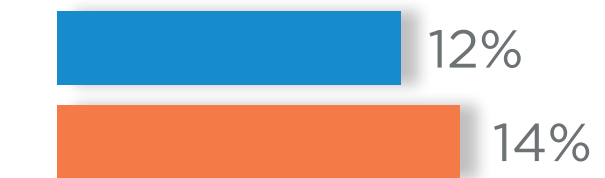


% WOMEN IN LEADERSHIP POSITION PER DIVISION
GRI 405-1

STRUCTURAL COMPONENTS

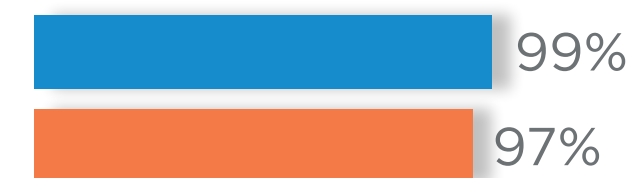


WHEELS

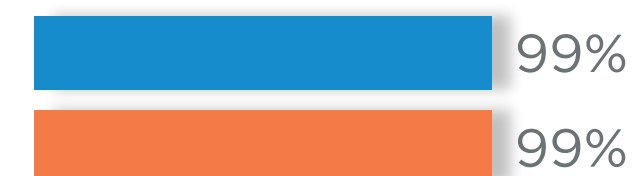


% PERMANENT CONTRACT EMPLOYEES PER REGION

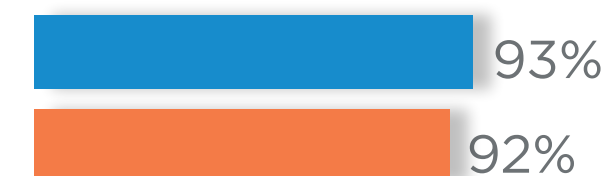
STRUCTURAL COMPONENTS - AMERICAS



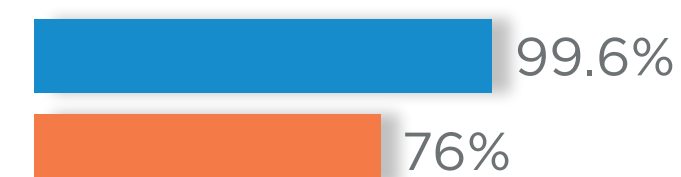
WHEELS - AMERICAS



WHEELS - EMEA

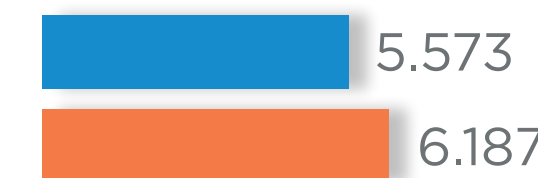


WHEELS - ASIA

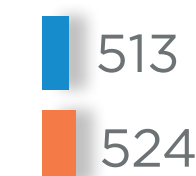


NUMBER OF EMPLOYEES BY GENDER
GRI 102-8

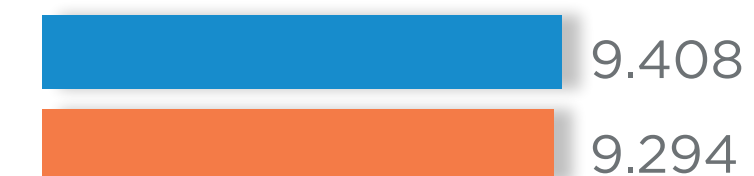
STRUCTURAL COMPONENTS - MALE



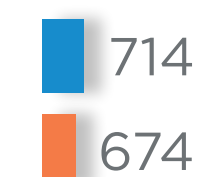
STRUCTURAL COMPONENTS - FEMALE



WHEELS - MALE



WHEELS - FEMALE



■ 2019 ■ 2020

We are integrating inclusion and diversity as a management topic into our organizational culture. For example, in 2020, Maxion Structural Components in Brazil, working from current diversity data, conducted a targeted Trainee recruitment program. We had 5,505 candidates, of which 412 declared themselves as black. 45 of these candidates reached the assessment stage and eight trainees were hired in 2021, of which 50% are women and 25% are black.

GRI CONTENT INDEX

GRI 102-55

GRI STANDARD	DISCLOSURE	PDF PAGE
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
	102-1	Name of the organization IOCHPE MAXION S.A.
	102-2	Activities, brands, products, and services 5
	102-3	Location of headquarters 5
	102-4	Location of operations 7
	102-5	Ownership and legal form 21
	102-6	Markets served 7
	102-7	Scale of the organization 5
	102-8	Information on employees and other workers 38
	102-9	Supply chain 7
	102-14	Statement from senior decision maker 4
	102-16	Values, principles, standards, and norms of behavior 23
	102-17	Mechanisms for advice and concerns about ethics 23
	102-18	Governance structure 22
	102-22	Composition of the highest governance body and its committees 22
	102-47	List of material topics 3
GRI 102: GENERAL DISCLOSURES 2016	102-49	Changes in reporting In this second Sustainability Report, we chose to display the information as a unique company and consolidated data in charts, in which the comparability data from the previous year can still be verified. We also reviewed the Material topics, including Business Resiliency and placed focus on environmental topics. January 1, 2020 to December 31, 2020.
	102-50	Reporting period 2019 Sustainability Report, covering the period from January to December of the reference year.
	102-51	Date of most recent report ri@iochpe.com.br
	102-53	Contact point for questions regarding the report 3
	102-54	Claims of reporting in accordance with the GRI Standards 39
	102-55	GRI content index Not applicable.
	102-56	External assurance We are in the beginning of our reporting journey, still in the process of structuring the disclosure of the material topics in accordance to the GRI core option. We plan to undergo external assurance in the future.
MATERIAL TOPIC: BUSINESS RESILIENCE		
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundaries 10, 11
	103-2	The management approach and its components 10, 11
MATERIAL TOPIC: INNOVATION AND DIGITAL TRANSFORMATION		
GRI 103: MANAGEMENT APPROACH 2016	103-2	The management approach and its components 14 - 20
MATERIAL TOPIC: CORPORATE GOVERNANCE AND ETHICS		
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundaries 23
	103-2	The management approach and its components 23, 24
GRI 102: GENERAL DISCLOSURES 2016	102-5	Ownership and legal form 21

GRI CONTENT INDEX

GRI 102-55

GRI STANDARD		DISCLOSURE	PDF PAGE
MATERIAL TOPIC: CORPORATE GOVERNANCE AND ETHICS			
GRI 102: GENERAL DISCLOSURES 2016	102-18	Governance structure	22
	102-22	Composition of the highest governance body and its committees	22
	102-16	Values, principles, standards, and norms of behavior	23
	102-17	Mechanisms for advice and concerns about ethics	23
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