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Planting seedlings from the Carbon Free program

# Natural Capital

# Climate strategy

GRI 2-23 | 3-3 - Climate strategy and environmental management | 201-2 | SASB FN-AC-410a2

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In its role as a holding company committed to sustainable development, **SIMPAR** directs and coordinates actions to minimize environmental impacts of the operations of its subsidiaries. In this context, and considering that the transport and logistics sectors are relevant to Greenhouse Gas (GHG) emissions, the topic of climate change is extremely material for the Company. To guide its subsidiaries, since 2022 a *Climate Change Policy* has been maintained which, together with the Sustainability Policy, directs mitigation, compensation and adaptation actions.

The climate change scenario is considered in business decisions and strategies. Likewise, the Group invests in low-carbon alternatives, in order to minimize emissions resulting from products and services.

The entire Group also follows what is determined in the Greenhouse Gas Emissions Management Program, in line with **SIMPAR's** public target of reducing the intensity of GHG emissions by 15% by 2030.



Warehouse operation - use of electric vehicles

The mapping of the main financial risks and opportunities arising from climate change for businesses, assets and processes was carried out in 2021 and reviewed in 2022, with the qualification and quantification of all costs and all opportunities. The process considered the mapping of the internal environment, the current state of the climate and climate trends; the definition of climate scenarios, with the adoption of two transition scenarios and two physical scenarios; and the identification of climate risks, considering cause and effect of projected changes in climate scenarios.

Based on the study of the impacts of climate change, a Climate Risk Matrix was structured to support the management of the topic, considering chronic physical risks – such as changes in precipitation patterns and extreme variability in climate patterns – and acute ones – related to increased severity and frequency of extreme weather events, such as cyclones and floods – besides the following real and potential impacts on the business.

For the assessed risks, there is influence on the following categories of impacts:

**Market:** mainly related to changes in customer behavior.

**Legal:** assessment of exposure to litigation.

**Reputational:** high carbon emissions can bring image risks and damage to the reputation of customers, shareholders, investors and commercial partners, among others.

**Technological:** linked to the production processes of automakers, which still have few technological alternatives that would provide lower emissions per unit of vehicle produced (such as electric cars).

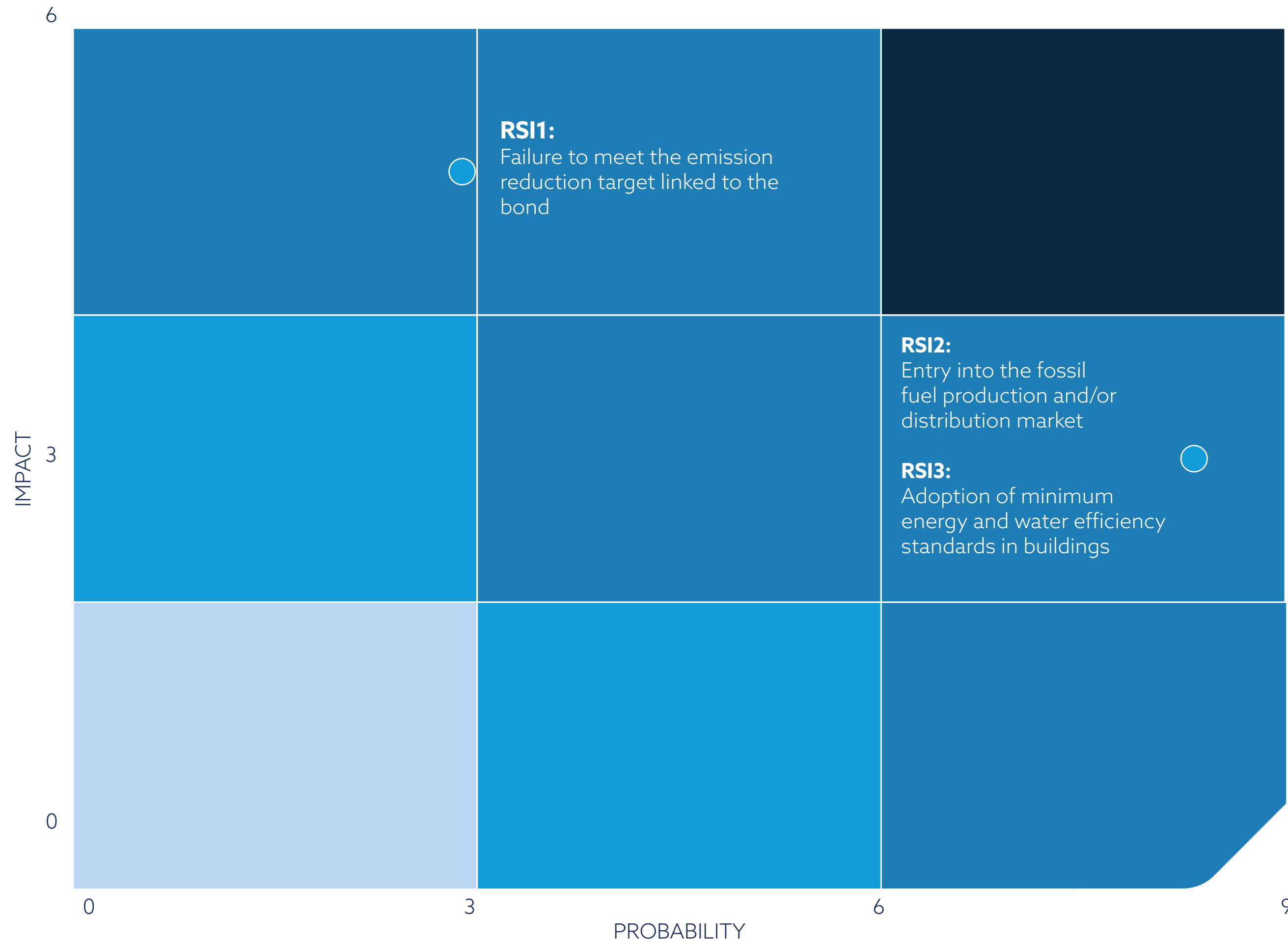
The physical risks and their impact potential, analyzed with a view to contributing to the climate change adaptation, mitigation and resilience strategy, consider the Eta regional model from the Institute for Space Research (Inpe) applied to the Hadgem2-ES global model. The scenarios adopted were RCP 4.5 (which predicts an average temperature increase of 2.4°C) and RCP 8.5 (which predicts an average temperature increase of 4.3°C).



Automob employees

Risk	Classification	Control description	Action plan in progress
<b>Occurrence of physical damage generated by extreme events caused by increased GHG emissions</b>	Physical risk	Annual monitoring of total expenses related to losses resulting from rain, floods, windstorms and other extreme weather events.	Systematize the mapping of losses caused by climate events (form triggered by system for operations in areas subject to climate events). Mapping and calculation, in the first quarter, of losses incurred in all units in the previous year for presentation to the Sustainability Committee.
<b>Omission, inconsistency, delay in quantifying, monitoring and reporting the GHG inventory</b>	Reputational risk	Audit by an accredited third party and annual report of the GHG inventory in the Public Emissions Registry, keeping the Gold Seal standard.	Automation of indicators on a specialized platform.
<b>High carbon emissions in Scope 3 due to value chain processes</b>	Reputational risk	Annual consolidation of the GHG inventory.	Decarbonization study with science-based methodology.
<b>Strategic planning misaligned with climate goals</b>	Transition risk with reputational and financial impacts	Quarterly monitoring of the SLB indicator; carrying out GHG inventories, mapping emission reduction projects and monitoring of indicators and projects in the Sustainability Committee.	GHG mitigation projects.
<b>Regulation of the carbon market with limitations on emission levels, directly affecting the Company's operations</b>	Regulatory risk	Monitoring the regulated carbon market and its direct implications. Participation in forums and work groups on the topic.	To be developed in the event of approval by the Brazilian regulated market.

## SIMPAR climate risk matrix (holding)\* GRI 201-2



### DESCRIPTION OF THE RISK AND ITS CLASSIFICATION:

**RS11** - Transition risks with impact on reputation.

**RS12** - Transition risk with impact on reputation.

**RS13** - Transition risk with technological impact.

### DESCRIPTION OF THE IMPACT ASSOCIATED WITH THE RISK:

**RS11** - Risk of not obtaining future investments.

**RS12** - Risk of acquisition of companies that manufacture and/or distribute fossil fuels.

**RS13** - Risk associated with the adaptation of physical facilities (offices, units, etc.), such as replacement of electric power generators powered by fossil fuel, installation of solar panels, exchange of refrigerant gases of air conditioners for options with lower potential and global warming, among others, to improve energy performance.

### FORMS OF RISK MANAGEMENT:

**RS11** - Periodic monitoring of the goal and execution of projects to reduce GHG emissions.

**RS12** - Inventory of all acquired companies.

**RS13** - Mitigation plan to reduce GHG emissions, with planned actions that include the installation of solar panels in the operations of companies, preference for renewable fuels and devices that promote efficiency in the use of natural resources, among others.

\*Risk matrix is under discussion and reevaluation, as well as the Company's climate strategy. The information published refers to the preliminary study developed in 2022. The risks of the other companies can be consulted in the respective integrated reports. The average annual financial implications of the risks are estimated at around R\$395 million, and vary between R\$3,000 and R\$6 billion for the entire Group.

Monitoring indicators are kept to manage the impacts resulting from climate change, like scope 1, 2 and 3 emissions, reduction in the consumption of fossil fuels and percentage of energy coming from renewable sources, among others. The effectiveness of actions is measured by internal and external audits, which are also input for continuous improvement plans. The topic is discussed within the scope of the Sustainability committees, responsible for advising the boards of directors in evaluating results and defining priority projects and investment focus. The strategy to combat climate change in the Group, due to the Company's business model, considers in its companies:

- » Adaptation of the fleet to vehicles with low average age and more recent technologies;
- » Assessment of the acquisition of electric and biomethane-powered vehicles;
- » Preference for the use of ethanol in internal supplies, with a communication campaign involving consumers in the case of B2C businesses;

- » Use of telemetry to improve driver performance, reducing fuel consumption and optimizing the fleet;
- » Expanding the participation of renewable energy sources in the energy matrix, to minimize Scope 2 emissions.

As an evolution in the Group, in 2023 **Movida** submitted and achieved approval of a GHG emissions reduction target in Science Based Targets (SBTi). The company is the only rental company with approval and is among the 14 national companies to do so (considering December 2023). During the period, a science-aligned development study began for the other subsidiaries and, in 2024, discussions will be held with the operational teams and Board of Directors to evaluate a corporate strategic decarbonization plan.

## Contribution to the Group

The topic of climate change is material for the entire **SIMPAR** Group, which directs constant investments towards the acquisition of newer vehicles equipped with technology and less polluting fuels. **JSL** has a fleet of trucks and horses with an average age of 3.9 years and seeks to diversify the energy matrix of the models acquired (Vehicular Natural Gas (CNG) and electric trucks), impacting on scopes 1 and 3. **Automob** and **Movida** prioritize ethanol in internal supplies (Scope 1); **Movida** also encourages consumers to do the same (Scope 3), in order to contribute to the transition to a low consumption

economy. **VAMOS** has a fleet with low average age, 2.3 years, and has, mostly, electric forklifts (Scope 3). There is also a contribution from **Ciclus**, which has a GHG mitigation plan that includes flares, which work by collecting biogas, preventing the emission of thousands of tons of carbon into the atmosphere. Furthermore, at **Ciclus**, part of the biogas is used to generate energy, thus impacting scopes 1 and 2. Finally, the Group has seen an increase in the installation of solar energy panels, which enable a reduction in Scope 2 emissions, such as in the operation of the **BRT Sorocaba** and in 58 **Movida** stores.

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# Greenhouse Gas Emissions Management Program

SASB TR-RO-110a.2 | TR-AF-110a.2

Through the Greenhouse Gas Emissions Management Program, **SIMPAR** monitors and manages GHG emissions resulting from the activities of its subsidiaries. The Company prepares, discloses and has a third-party audit its emissions inventory, which, constantly improved, encompasses scopes 1, 2 and 3 and, since 2019, has been recognized with the Gold Seal in the Brazilian GHG Protocol Program – an external attestation of transparency in dissemination of this information. Furthermore, the Company maintained a B grade in 2023 in the Carbon Disclosure Project (CDP), an assessment that positions it among the companies most committed to the issue of climate change in the global transport and logistics sector.

The measurement of emissions is presented quarterly to the Sustainability Committee, to adopt effective control and minimization measures.

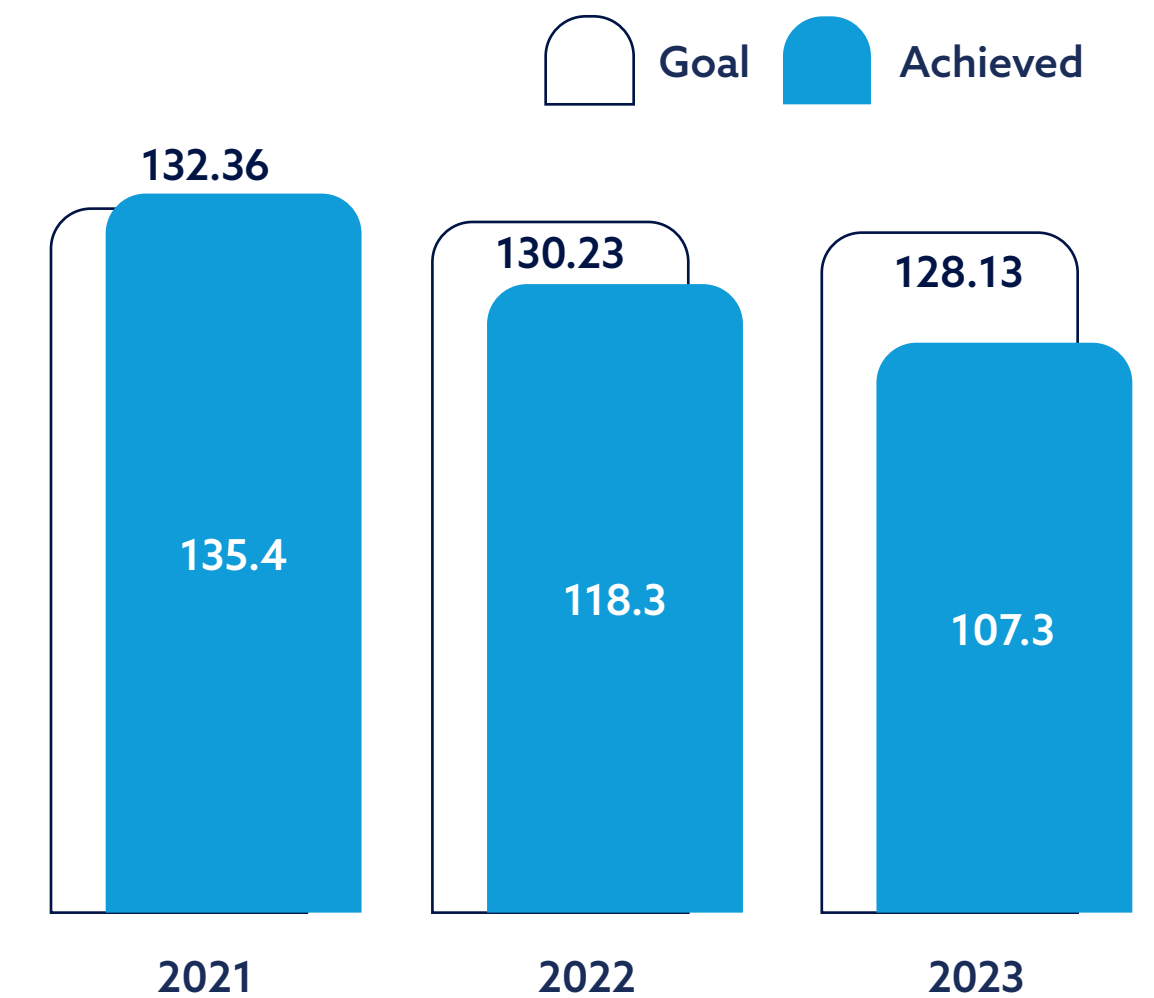
## Emissions inventory

GRI 305-1 | 305-2 | 305-3 | 305-4 | 305-5 | 305-7

In accordance with its Climate Change Policy, **SIMPAR** and its subsidiaries are committed to contributing to solutions designed to reduce global warming, following the main treaties and institutions relevant to the subject: Paris Agreement, Science Based Targets (SBTi), UN Global Compact, Brazilian GHG Protocol Program and Intergovernmental Panel on Climate Change (IPCC). In this regard, the Company aims to stabilize GHG emissions through compensation, mitigation and adaptation actions to climate change, also considering the associated risks and following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The entire Group also follows the provisions of the Greenhouse Gas Emissions Management Program, in order to contribute to **SIMPAR**'s public target of reducing the intensity of GHG emissions by 15% by 2030. That is linked to the first Sustainability-Linked Bond (SLB) of the sector in the world issued in 2021, worth US\$ 625 million. The holding also issued, in 2021, the first Sustainability-Linked Bond in reais with settlements in dollars in the country, of R\$450 million. The indicator related to this commitment considers scope 1 and 2 emissions from all companies in the Group, in addition to categories 4 and 13 (Tank-to-Wheel) of Scope 3. Category 4 includes the burning of fuels related to transport and distribution (upstream) and category 13 considers emissions related to goods leased to third parties (organization as lessor). The intensity takes into account the Company's net revenue in millions of Brazilian reais.

Indicator related to the Sustainability Linked Bond, which considers the ratio of tons of emissions per total net revenue (tCO<sub>e</sub>/R\$ MM)

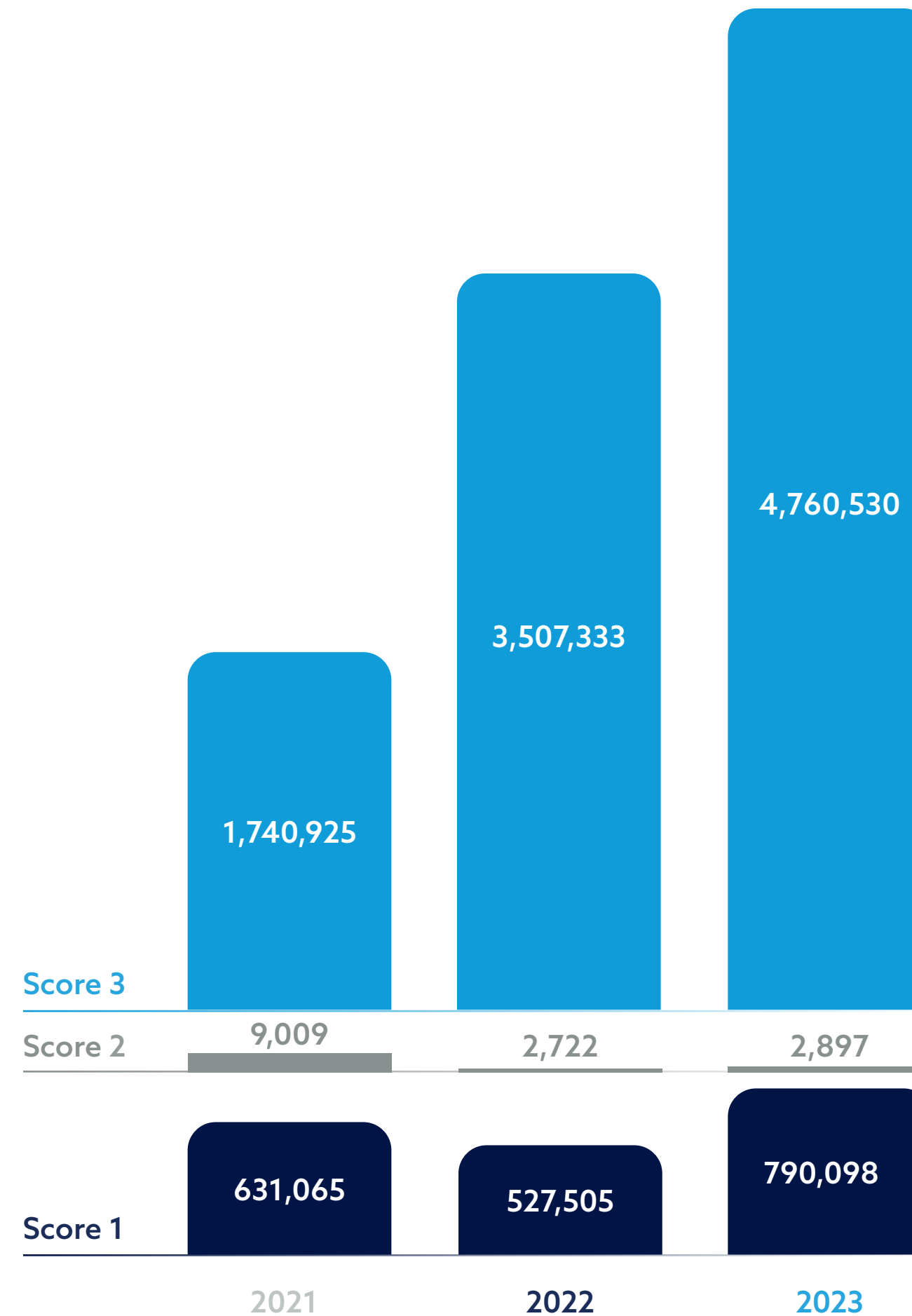


The action from the whole Group aims at the reduction of GHG emissions

Emissions are calculated based on factors from the Brazilian GHG Protocol Program and, as of 2022, have improved reporting. It started being considered the lifecycle of fuels in Scope 3, so that emissions consider the Well-To-Tank approach for categories 4 and 13. In addition, new categories were incorporated:

1. Purchased goods and services
2. Capital goods
3. Activities related to fuel and energy (not included in Scopes 1 and 2)
4. Transport and distribution (upstream)
5. Waste generated in operations
6. Business trips
7. Employee displacement (home-work)
8. Leased assets (organization as lessee)
9. Transport and distribution (downstream)
11. Use of products sold
12. Treatment of products sold at the end of their service life
13. Assets leased to third parties (organization as lessor)

OVERALL EMISSIONS PER SCOPE (tCO<sub>2</sub>e)



Considering Scope 1 emissions and the companies within the Group, emissions at **VAMOS** increased due to expansion and new acquisitions, resulting in higher fuel consumption, the opening of stores, and an increase in the number of employees. At **JSL** the increase in Scope 1 emissions is related to the acquisition of **IC Transportes** and air travel, while fugitive emissions decreased due to lower consumption of refrigerant gases. **Movida** experienced a significant reduction in stationary combustion due to the removal of all generators present in stores. At **Ciclus Rio** there was also an increase in operations due to the waste received, resulting in an increase in emissions from the Solid Waste and Effluents category of Scope 1. At **CS Grãos**, there was improvement and refinement in the database because in 2022, third-party fuel was aggregated with the company's data. **CS Portos** began operations in August 2022, and the increase in emissions is due to mobile and stationary combustion compared between five months in 2022 and the full year of 2023. On the other hand, there was a reduction in waste generation because in 2022, there was the incorporation of liabilities from the



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Fleet Renewal Program - Vamos Group Photographer/Tati Nolla

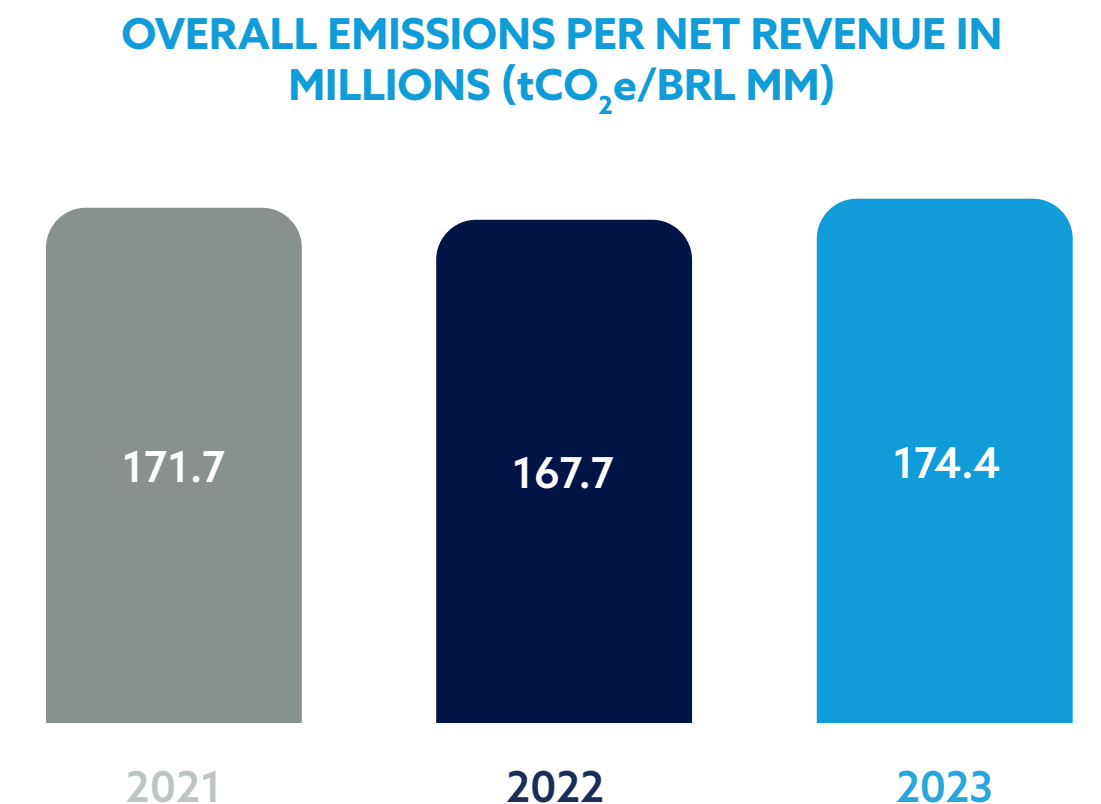
previous company. At **CS Brasil**, the reduction in the use of air conditioning and extinguishers resulted in lower fugitive emissions, and there was a decrease in the consumption of LPG and acetylene, impacting stationary emissions. At **Automob**, there was an increase in mobile and stationary combustion categories due to the acquisition of companies and higher consumption of LPG. Finally, at the holding company, there was a reduction in stationary combustion compared to 2022, as the generator was activated fewer times due to power outages from the utility company.

Regarding Scope 2 emissions, in 2023 there was a reduction in emissions at **VAMOS Group** due to initiatives to expand the use of clean and renewable energy. At **CS Portos** there was an increase in energy consumption compared to the previous cycle because a full year was considered (in 2022, operations began in August). At **CS Grãos**, there was an increase in electricity consumption due to the start of operations and the expansion of toll points in **CS Grãos** in Piauí. At **Ciclus** there was a reduction in electricity consumption due to an increase in self-generated energy. **CS Brasil** recorded a drop in Scope 2. In the case of **Automob**, the increase is due to the acquisition of companies and the growth of those already included in the previous reporting year

(Green, Autostar, UAB, Original SP, and Original MA). At **SIMPAR** the reduction occurred due to the lower activation of thermoelectric plants in 2022 (10.2%) and 2023 (8.9%), which consequently decreased the emission factor.

The most significant variations in Scope 3 in 2023, in relation to 2022, mainly refer to data refinement and new categories (11 and 12) that started to be reported in **Movida**, in addition to the expansion of operations and new acquisitions (**VAMOS**).

The consolidated emissions intensity, considering scopes 1, 2 and 3, was 174.40 tCO<sub>2</sub>e:



# Environmental management

GRI 3-3 - Climate strategy and environmental management

**SIMPAR** studies, analyzes and monitors legislation related to climate and environmental issues, in addition to participating in forums, committees and working groups – such as the Global Compact – in order to responsibly guide the operations of its subsidiaries. The M&A area, during the verification process of any acquired companies, carries out legal due diligence related to environmental issues. If necessary, **SIMPAR** carries out environmental assessment reports on activities, assets and other potentially polluting activities. The Company also seeks anticipation, studying the adoption of alternative technologies, such as electric vehicles and biofuels, in addition to the consumption of renewable energy and options with lower impact on waste disposal.

Environmental issues are assessed in operations with the support of the subsidiaries' HSE teams, which are responsible for preparing and monitoring Environmental Aspects and Impact Surveys (Laias) and executing operational procedures with relevant impacts, with a view to control and mitigation.

In the last five years (from 2019 to 2023), **SIMPAR** has not paid significant fines (above 10 thousand dollars) related to environmental or ecological issues. In the same period, the number of violations/obligations in relation to environmental legal regulations was zero and there was no amount provisioned for environmental liabilities.

## Return on environmental investments - Additional indicator - ADDITIONAL INDICATOR

	2021	2022	2023
Capital investments <sup>1</sup> (in R\$)	218,356,323.79	557,682,009.02	366,706,759.84
Operating expenses <sup>2</sup> (in R\$)	2,620,389.10	12,878,029.52	29,760,669.25
<b>Total expenses (capital investment + operating expenses - in R\$)</b>	<b>220,976,712.89</b>	<b>570,560,038.54</b>	<b>396,467,429.09</b>
Savings, cost reduction, income, tax incentives, etc. <sup>3</sup> (in R\$)	-	6,627,064.83	8,048,945.05
% of operations covered <sup>4</sup> (revenue, production volume, employees, etc.)	100	100	100

1. Vamos: acquisition of electric and gas vehicles and equipment and Movida: investment in solar panels and electric and hybrid vehicles.

2. Vamos: sustainability cost center expenses; JSL: expenses for consulting, waste disposal, and HSE and Sustainability employees; Movida: expenses related to waste disposal, consulting, and HSE and Sustainability employees; CS Infra: HSE employees; CS Brasil: HSE and Sustainability employees, consulting, and waste disposal; Automob: HSE and Sustainability employees; SIMPAR Holding: consulting and HSE and Sustainability employees.

3. Movida: considering the savings in the use of electric vehicles compared to fuel purchases.

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# Biodiversity

GRI 304-2

Considering the particularities of each company, controls and actions for the conservation and preservation of biodiversity are established. **SIMPAR's Climate Change Policy** determines as a priority "acting so that practices to combat climate change bring benefits to biodiversity and local and indigenous communities, as well as prioritizing actions and relationships that curb illegal deforestation".

All subsidiaries pay attention to impacts and seek mitigation actions. At **CS Portos**, there is a Groundwater Monitoring Program and a Megafauna and Aquatic Biota Monitoring Program in the areas of influence, to analyze environmental risks and minimize and/or compensate for possible changes in natural environments. There is also the Erosive Processes Monitoring and Control Program, adopted in 2022 to monitor and follow up on new and pre-existing erosion processes resulting from operations, works and vegetation suppression. At **VAMOS**, there is periodic monitoring and identification of impacts on biodiversity, ensuring compliance with environmental legislation and the adoption of preventive measures, which include mapping the locations of stores and operations in relation to priority areas for biodiversity. **JSL** aims to ensure the sustainable use of ecosystem services and protect biodiversity and participates in debate forums and projects dedicated to the topic – such as the ecological restoration of Serra da Mantiqueira and voluntary planting for the ecological restoration of the Araguaia Corridor (PA). **Movida's** facilities are located in urban regions and, therefore, there are no direct impacts from the stores on biodiversity.



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Business management aligned with environmental conservation actions and impact minimization

# Energy GRI 302-4\*

In line with its Sustainability Policy, **SIMPAR** seeks the efficient use of natural resources. Through the Sustainability Committee, it monitors energy consumption in the Group for mitigation actions. The holding aims to diversify its energy matrix and that of its subsidiaries, which occurs, among others, through projects to install a solar energy generation system.

**Movida**, for example, continually invests in structure and tools to optimize the management of energy use, in addition to investing in photovoltaic generation: between 2022 and 2023, the number of stores supplied by this source jumped from four to 32 stores with solar panels, generating enough renewable energy to power 58 stores.

**VAMOS** also seeks eco-efficiency. In its dealership network, eight units are equipped with solar energy, generating more than 170 thousand kWh in 2023.

Another highlight of the year was the fact that **JSL** was certified by Comerc Energia and Sinerconsult for the use of renewable energy via the free market in part of its operations, preventing emissions of 725.33 tCO2 equivalent.

In the year's consolidated figures, considering fuels such as diesel, gasoline, aviation kerosene, LPG and CNG, hydrated ethanol, anhydrous ethanol, biogas, biodiesel, in addition to electricity and solar energy, there was a reduction of 28,771.7 GJ in relation to the previous year.

targets defined by the SGI. There is attention to responsible use, with good practices such as rainwater collection stations and water treatment plants (ETA) at **JSL**; Idry cleaning in **Movida** stores - 58% of the washes are dry, with the operation in RAC, São Paulo (SP), already being 100% dry; water reuse station for washing buses at **CS Brasil**; soil drainage water capture and reuse system at **Automob**; and Contaminated Water Treatment Plant and water reuse at **CS Portos**, to comply with Conama Resolution No. 430/2011. **CS Rodovias** hires third-party companies to manage water, considering efficiency in treatment and reuse in processes, such as washing gravel.

Potential impacts related to water are measured monthly using indicators. In 2022, a survey was carried out, using the Aqueduct Water Risk Analysis (WRI) tool, to identify the presence of operations of subsidiaries in areas of water stress.

Regarding disposal, due to the nature of the operations of the Group's companies, there is no generation of effluents with high nutrient and pollution loads, which is why disposal is carried out in the public

# Water and effluents

GRI 303-1 | 303-2 | 303-4

For the most part, the water used in the Group comes from public supply sources, although there are operations using artesian wells. Water is consumed in cafeteria activities, by employees and/or when washing vehicles and equipment. The Company's Sustainability Policy includes the principle of efficient use of natural resources, with consumption

\*Compared to 2022, the total reduction in energy consumption in 2023 was 492,798.9 GJ, considering the data reported in the GRI 302-1 indicator and the same calculation tools and assumptions described therein.



Solar panels from Transrio Concessionaire

sewage network or, if necessary, sent for pre-disposal treatment, following relevant municipal, state and federal legislation, such as Conama 430/2011. There is no control over the volume of water discarded.

## Waste

GRI 306-1 | 306-2 | 306-4

Within the holding's scope, at the administrative headquarters, there is waste generation related to the disposal of electronic equipment (sent to appropriate institutions); temporary storage and disposal of organic and common waste (sent to landfill) and recyclables (to a specific company); and generation and disposal of healthcare waste (sent for incineration and only from internal operations). The waste is disposed of jointly with **JSL**.

In the Group, the potential impacts associated with the generation of waste are linked to the maintenance and mobilization activities of vehicles for service. Specifically at **Ciclus**,

the potential impacts are associated with the solid waste management activity in the city of Rio de Janeiro and municipalities in the Metropolitan Region (receipt, transportation and final disposal).

In general, waste management follows the National Solid Waste Policy and the requirements of standard NBR 12.235, which regulates the storage of hazardous waste. The companies that receive this waste are approved and have environmental licenses for the activity. **SIMPAR** has a mapping and data management platform and compliance with legislation, in addition to internal control of indicators, which are analyzed in order to propose even more effective solutions, keeping processes constantly improving. Highlights in waste management are **CS Brasil**, with the *Sustainable Garage project*.

In 2023 there was a significant increase in *waste disposal in the Group* compared to that recorded in 2022. The main factor was the greater generation of

leachate at **Ciclus Rio**. In addition to the operational progress of the landfill with the implementation of new operational cells, the indicator was impacted by the La Niña phenomenon, which had climatic repercussions throughout the country, with extremely heavy and abundant rains, causing flooding, especially in the Metropolitan Region of Rio de Janeiro. The increase in rainfall directly and exponentially impacts the generation of leachate from the **Ciclus Rio** landfill, since its area is large and directly receives the volume of water coming from the rains and which, as an immediate consequence, leads to an increase in the generation of leachate. The indicator was also impacted by the greater allocation of lubricating oil by the **Automob** Group, due to the increase in oil generation and disposal in repair shops.



Ciclus waste treatment center

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