

Supplier management

GRI 3-3 – Innovation | 3-3 – Impact on communities and the entire value chain | 3-3 – Corporate governance, ethics and transparency | 204-1 | 414-1 |

Covering the entire national territory, **SIMPAR** Group companies contribute to income generation and social development around their operations through the hiring of labor, services and goods. Additionally, in line with legislation, quality and respect for human rights in its supply chain, there is an indirect incentive for local companies to adopt good management and governance practices. In 2023, the percentage of monetary value of purchases in states where the Company has branches of its companies reached 63.9% (it was 51.7% in 2022).

To ensure synergy and better negotiations within the Group, considering cost, quality and availability, **SIMPAR** has a corporate Supplies area, responsible for quotes for almost all purchases of assets, services, materials

and inputs – the main contracting segments are automakers, benefits, fuel, uniforms, Personal Protective Equipment (PPE), tires, office supplies, software, IT equipment and technology services. Market intelligence tools are used to monitor the average prices charged for the main products, also considering the inputs used in the manufacture of the items, enabling more assertive planning. **GRI 2-6**

For greater efficiency, since 2021 the area has worked to guarantee purchasing processes by contract, that is, in advance, which allows for longer-term relationships with commercial partners and more agile quotations and purchases compared to spot acquisitions. In 2022, **SIMPAR** had 1,823 active contracts and in 2023 it had 2,177 active contracts.

With this positioning, it reached 58.3% of commercial transactions of materials by contract in 2023, 21.8 percentage points above the 36.5% recorded in 2022. In relation to services, spending through contracts was 64.8%, 5.7 percentage points higher than the 59.2% recorded in 2022.

Other advantages of the contract acquisition model are better service to requesting internal areas and the optimization of the supplier base which, in relation to last year, showed a drop of 2.1%. That enables qualifying and simplifying approval and accounts payable processes. During the period, business was carried out with 5,539 supplier companies for a total of R\$3.4 billion.

Responsibility for local development expressed in local purchases

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Ethics and sustainability in the value chain

GRI 2-24 | 408-1 | 409-1

In 2023, **SIMPAN**'s Supply, Sustainability and CRC areas began work to develop a criticality matrix with criteria to evaluate and approve suppliers. The focus is to ensure a base of partner companies approved and qualified in compliance, financial and socio-environmental requirements to meet requests with the best deadlines, quality and sustainability.

This matrix will improve the selection process, which considers the specificities of each Group business, but with attention to topics such as environmental compliance, non-

occurrence of child, forced, compulsory or slave-like labor, among other issues related to human rights and of fiscal and financial legality, in accordance with the *Compliance Program*. The rigor in approval considers the criticality of the supplier. Public consultations are carried out through due diligence on the G-Certifica platform, such as in the Brazilian Federal Revenue registry; regarding the regularity of state/municipal registration, with Municipal, State and Federal public treasuries and with Social Security There is also research into the list of companies punished or prevented from contracting with the Public Administration (Ceis and Cnep) and on the "dirty list" of the Employers Register of the Ministry of Labor and Social Security. Furthermore, in line with its Human Rights Policy, **SIMPAN** can carry out due diligence reassessment of active critical suppliers. Risks related to child and slave labor, which may occur in vulnerable areas, considering that

the Group's operations are nationwide, are greater in the exercise of vehicle maintenance by workshops, car washes, metal repair and painting services, accessories, tires and glass (outsourced). However, there is no administrative and/or legal action regarding the issue in question.

Suppliers, still at the registration stage, must also commit to the provisions of **SIMPAN**'s *Code of Conduct for Third Parties*. Created in 2022, the document was widely disseminated in 2023 and is the basis for reassessment actions in due diligence of critical suppliers with which acquisitions are made. Due to its relevance, in 2023 the Code had updates to compliance clauses.

Innovations in supplier approval

At the end of 2023, an e-procurement system was also being implemented at **SIMPAN** Scheduled for delivery in the first quarter of 2024, the innovation aims to facilitate routine Procurement processes and their relationship with other areas of subsidiaries. In this regard, the tool will serve as a "virtual catalog" of products and services offered by suppliers already approved by **SIMPAN**. The proposal is that the system contains data such as description and images/photos of the material or service to be purchased.

New matrix will be developed with a focus on ESG assessment

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