

A large group of diverse people, including men and women of various ethnicities, are shown from the chest up. They are all wearing a red nose, a common party game. Many are waving their hands towards the camera. The entire image is overlaid with a semi-transparent red color. In the center, the words "Social Capital" are written in a large, white, sans-serif font, with "Social" on the top line and "Capital" on the bottom line.

# Social Capital





# Customers

GRI 103-1 | 103-2 | 103-3 – Customer relationship and diversification of services | GRI 102-43

We seek to develop more than our businesses. We strive to develop the market in which we operate, driving innovations that increasingly cater to the entire customer journey. In addition to operating with synergy and complementarity, we offer a series of differentiators that allows customers who opt for our leasing products to avoid increasing leverage and to retain their available credit to expand their businesses and focus their efforts on improving operations. The mobile electrical workshop is one such example, which reduces transport and repair time for damaged vehicles and also demonstrates the viability of operating sustainably.

We are also involved in social actions conducted by customers, such as the *Motorista Nota Dez*, a pilot project to encourage safe driving. In partnership with a customer in the leasing sector, it provides training and monitoring for 100% of drivers. In addition to valuing the safety of drivers, the initiative influences the economic management of the fleet by reducing component wear and improving the indicator that measures availability/idleness.

Another way to be closer to our customers is by participating in fairs and events promoted by associations, agricultural cooperatives, and carriers, such as FENATLAN (in which we first participated in 2019), Agrishow,

and Dinetec, among others. We also sponsored many of these events, and we evaluated several initiatives for 2021 that can integrate into our incentive allocation plan.

Another initiative on our radar is the development of a media plan, for which we plan to invest close to R\$ 4 million. The purpose is to disseminate our innovative business model and consolidate more personalized and automated communication with customers, respecting their life cycles and always keeping them close.

We are already noticing the effects of our efforts. In 2020, in the areas of leasing and maintenance, we started measuring the level of customer satisfaction using the Net Promoter Score (NPS) methodology. We started from the improvement zone, and as we listened to our customers and adopted improvements in our processes, we moved into the quality zone. Our intention is to expand this measurement process, starting in January, to 100% of our business units, including Transrio, Valtra, Komatsu, and Fendt, so all are integrated into an automated system that includes a handling flow for grievances.





## Services

We have three basic service packages available to customers — *Vamos*, *Vamos Mais*, and *Vamos Mais Longe* — which differ in number of options, in addition to *Vamos Controle*, which is customized according to the needs of customers and fully supported by technology.

When hiring *Vamos*, customers gain access to deployment and demobilization logistics, documentation, a 24-hour call center, management of tickets and fines, and access to the Customer Portal. *Vamos Mais* includes, in addition to *Vamos* documentation services, access to the accredited network of repair workshops and dealerships, preventive maintenance (oil and parts replacement, etc.), basic telemetry services, and access to the fleet management customer portal. *Vamos Mais Longe* offers guaranteed 95% availability of the fleet—the customer communicates the dates and times when their vehicles will be running, and if there are problems with any of them, we'll make the replacement. *Vamos Mais Longe* confers all the benefits of *Vamos Mais* and adds technical delivery (on site), corrective maintenance, control of services, tires, management of damages, electronic checklist (tablet), driver training/refresher courses, advanced telemetry, and fleet specific tests and certifications.

Customers benefit economically in the progression from one package to another, since our expertise can help them reduce the cost per kilometer traveled, extend the life of the parts, increase availability, lower fuel consumption and volume of equipment, and decrease time in the workshop. These and other factors increase productivity and can even

result in a reduction in fleet size without impacting the operation as a whole.

At the end of 2020, except in the agribusiness line, 44% of our contracts included maintenance services; 56% were *Vamos*, 1% was *Vamos Mais*, and 29% were *Vamos Mais Longe*.

*Vamos Controle* offers variables that, coupled with other plans, give more technology and innovation to customers' businesses. In terms of safety, *Vamos Controle* includes features such as a driving profile and video monitoring; it records fuel consumption per driver and even detects signs of fatigue, lack of awareness, or negligence, which generate alerts to both the driver and the customer's management cell. This way, the solution increases driver safety and identifies, for the contracting company, which points must be addressed in the training of professionals.

In the operational area, *Vamos Controle* analyzes the wear on vehicle components, ranks drivers, and prepares route statistics, in addition to producing regular reports on idle time, availability, and cost management, which allows us to measure productivity and adopt actions to expand it.





# Suppliers

We ended 2020 with 1,934<sup>1</sup> suppliers in our supply base where we spent a significant volume of resources: R\$ 1.18 billion for the year (higher than the R\$ 871.94 million spent in 2019). Of these business partners, 66% are local, i.e., located in the states where the units making the purchases are located. When we look at the five units that represent the highest spend on suppliers — more than 90% of the total amount — the percentage allocated to local suppliers was approximately 52%. Our procurement policy gives preference to these partners, although this practice was impacted during the year by the pandemic, since many suppliers had difficulties in obtaining raw material, causing delays in deliveries. [GRI 102-9 | 204-1](#)

SIMPAR's Procurement area caters to the needs of all subsidiaries, which includes the purchase of parts for heavy vehicles such as trucks, agricultural machinery, tractor trailers, and cranes involved in our operations. In 2020, given the risk of interrupted services due to the impacts of the pandemic on the supply chain, the area proactively defined the items most frequently needed and issued purchase orders to suppliers to cover a six-month period. In April, we had already secured the delivery of the most critical items such as tires, spare parts, inputs, and lubricants. Purchases were planned to be delivered in batches, allowing us time to consume the products

1. Considering the suppliers of Vamos Locação.

and have sufficient storage space. In addition, the anticipation of the purchase orders resulted in a financial gains.

In addition to efficiency, supplier management stands out for its diligence in valuing the production chain, resulting in local and smaller partners being favored, which is a criterion for classification as B Corporation, a status we intend to achieve in 2021.

Other actions have been adopted in this regard. Initial suppliers' assessment and approval, for example, are subject to compliance with criteria that ensures non-use of child labor or forced and/or compulsory labor and other social criteria. In 2020, 96% of new suppliers hired were selected based on these criteria. [GRI 408-1 | 409-1 | 414-1](#)

We are in the process of reviewing all contracts to ensure that we work in partnership with legal and qualified companies. For 2021, we plan to include environmental aspects in our hiring criteria, in addition to improving the monitoring process of the chain and identifying ways to remotely audit its activities.

In our business, we already have contracts with companies certified by environmental agencies to ensure the correct disposal of waste, such as tires, lubricants, parts, and chemicals. The same process occurs in the administration area for electronic waste. We also make efforts toward reusing tires, which undergo a retreading process conducted by a certified company. When retreading is not an option, tires are disposed of properly. Agreements with suppliers also allow for reverse





logistics for batteries — a requirement of the National Solid Waste Policy. We return our used batteries to business partners in exchange for discounts on the acquisition of new ones.

Supplier management is guided by the Purchasing Regulation, which favors local companies and sustainable products and services, such as equipment with guaranteed energy efficiency (INMETRO) or items produced using recyclable raw materials. We have the *G-Certifica* platform in place to screen suppliers according to pre-defined criteria. All suppliers are registered in the SIC system, integrated with *G-Certifica*, which makes the following queries: status of their CNPJ (Corporate Taxpayer ID#); convictions for using slave labor; consultation with CEIS, CNEP, and COAF; Federal Registry of Delinquent Taxpayers; FGTS compliance; Certificate of Good Standing for Labor Debts; CEPIM; and Certificate of Administrative Misconduct.

If any irregularity is found in the documents, the registration is not completed and must be validated by the Compliance area.

[GRI 103-1](#) | [103-2](#) | [103-3](#) – Sustainability in the supply chain | [GRI 102-43](#)





# Communities

Our aim is to consolidate our social investment strategy to generate an increasingly positive impact on society through initiatives that have synergy with our business and with the actual development needs of each location in which we operate.

We engage our internal audience to contribute to social actions through the *Caminho do Bem* campaign, offering employees the opportunity to allocate up to 6% of their income tax payable to projects supported by Instituto Julio Simões. In 2020, the campaign raised R\$ 301,590 that should impact nearly 18,000 people in 2021.

We also recorded advances in the year, such as the establishment of the Sustainability Policy, the Social Investment Policy, and the methodology for allocating funds for the maintenance of Instituto Julio Simões (prorated between SIMPAR companies in proportion to their respective revenues).

We also adapted ongoing projects to the 2020 pandemic scenario, such as *Julio Cidadão*, developed with Instituto Julio Simões, which involves a network of volunteers trained to act as Clown Doctors, humanizing care in hospitals and Long-Term Care Institutions for the Elderly (LTCF). To ensure social distancing, the volunteers performed via lives stream transmitted to ILPIs. A total of 720 people benefited from on-site actions at the beginning of the year, before the Covid-19 pandemic, and online actions.

In parallel with mapping the needs of municipalities in the areas where some of our customers operate, we partnered with them to help communities prevent and combat Covid-19. Through Instituto Julio

Simões, 80,700 pieces of Personal Protective Equipment (PPE) were purchased and donated to 16 city authorities and hospitals in different regions of the country.

Our commitment to society is also made evident through our support for a number of entities. In 2021, we will be signatories to the *Na Mão Certa* program, of the Childhood Foundation, a project that fights sexual exploitation of children and adolescents on Brazilian highways.

Together with our customers, we impact the safety indexes of employees through programs such as *Motorista Nota Dez*, which involves educational campaigns, training, and other resources to encourage healthy work practices, (including from a financial standpoint) helping them drive their vehicles with more attention and safer. [GRI 103-1 | 103-2 | 103-3 - Impact on communities and social investment | GRI 203-1](#)

Diagnostic work was also initiated in the main cities in our area of activity for the development of the social vulnerability index, including aspects such as health, public safety, and education. [GRI 413-1](#)

See below for significant potential impacts of our operations on local communities. [GRI 413-2](#)



| Impacts  | Intensity or severity of impacts | Likely duration of impacts                     | Reversibility of impacts   | Scale of impacts and where they occur (States of Brazil)  |
|--|----------------------------------|--|--|---|
| Wear of road network (actual impact)                     | Average                          | Variable, since it depends on road maintenance | Reversible   | Locations: Bahia, Goiás, Minas Gerais, Mato Grosso do Sul, Mato Grosso, Pernambuco, Paraná, Rio de Janeiro, Rio Grande do Sul, Sergipe, São Paulo, and Tocantins.                                       |
| Contribution to production of pollutants (actual impact) | High                             | High   | Reversible, considering that there are actions to neutralize such production | Regional, considering that the source is mobile: Bahia, Goiás, Minas Gerais, Mato Grosso do Sul, Mato Grosso, Pernambuco, Paraná, Rio de Janeiro, Rio Grande do Sul, Sergipe, São Paulo, and Tocantins. |







## Instituto Julio Simões

In operation since 2006, [Instituto Julio Simões](#) manages the investments of SIMPAR companies in the development of their projects, especially those that benefit children and adolescents. In 2020, we transferred more than R\$ 277,000 to the organization, which donated approximately R\$ 680,000 to social institutions through monthly or annual fixed transfers. Food staple baskets were also donated to help in the fight against the pandemic, which totaled R\$ 53,000, and Personal Protective Equipment (PPE), which totaled approximately R\$ 1 million, donating in aggregate R\$ 1,724,000 in actions and projects with impacts on communities. We also allocated funds to social incentive projects totaling R\$ 1,218,748.92.

In addition to the *Julio Cidadão* project, other actions involved networks of volunteer employees, such as *Gincana Cultural - Todos Com Um Só Objetivo!*, which is also open to relatives and friends of our professionals and promotes integration through fundraising, donations, and actions at institutions or public venues.

The Institute has in place the program *Você Quer? Você Pode!*, dedicated to students in public schools in Mogi das Cruzes (SP). During visits to the Julio Simões Memory and Culture Center, children and adolescents learn about the history of the group's founder and are encouraged to improve their skills and abilities and to believe in their ideas, adding value to their work. In 2020, due to the pandemic and the suspension of classes, the program was temporarily suspended.

Other initiatives include *Escola Feliz* (Happy School), through which the Institute sponsors a classroom annually and provides support for specific events, and the *Carreta Treinamento*, which drives across Brazil offering training that focuses on the topics of defensive driving, drug use, abuse and sexual exploitation of children, and the rights of children and adolescents



  
**Instituto Julio Simões**  
Construindo hoje um melhor amanhã