

Natural Capital





Environment

Environmental preservation is inherent to our business since we work to renew the national truck fleet by replacing the current fleet with newer vehicles that consume less fuel and significantly reduce the emission of greenhouse gases (GHG).

Our commitment, however, goes beyond our operations. We pay special attention to waste management and to reducing consumption of natural resources through the establishment of goals. In 2020, for example, we approved improvements in 20 of our 43 stores to implement a system for harnessing solar energy. The first to receive investments was in Palmas (TO), generating remote self-consumption for two other units in Tocantins (Araguaína and Gurupi), with a reduction of 254 tons per year of CO₂ generation, which is equivalent to the planting of 1,036 trees. In addition, 100% of our units already adopt selective sorting of waste.

We also operate, in Rio de Janeiro (RJ), the first 100% electric mobile repair workshop. Made in China, the workshop is equipped with specific tools and equipment to serve electric vehicles. The unit serves one of our customers, providing assistance to leased vehicles on their premises. Although we don't yet know the scope of this type of demand, we aim to specialize in advance of the trend toward the development of new motors. We have been analyzing, together with some automakers, the possibility of assisting them in the implantation of a biogas-based fleet.

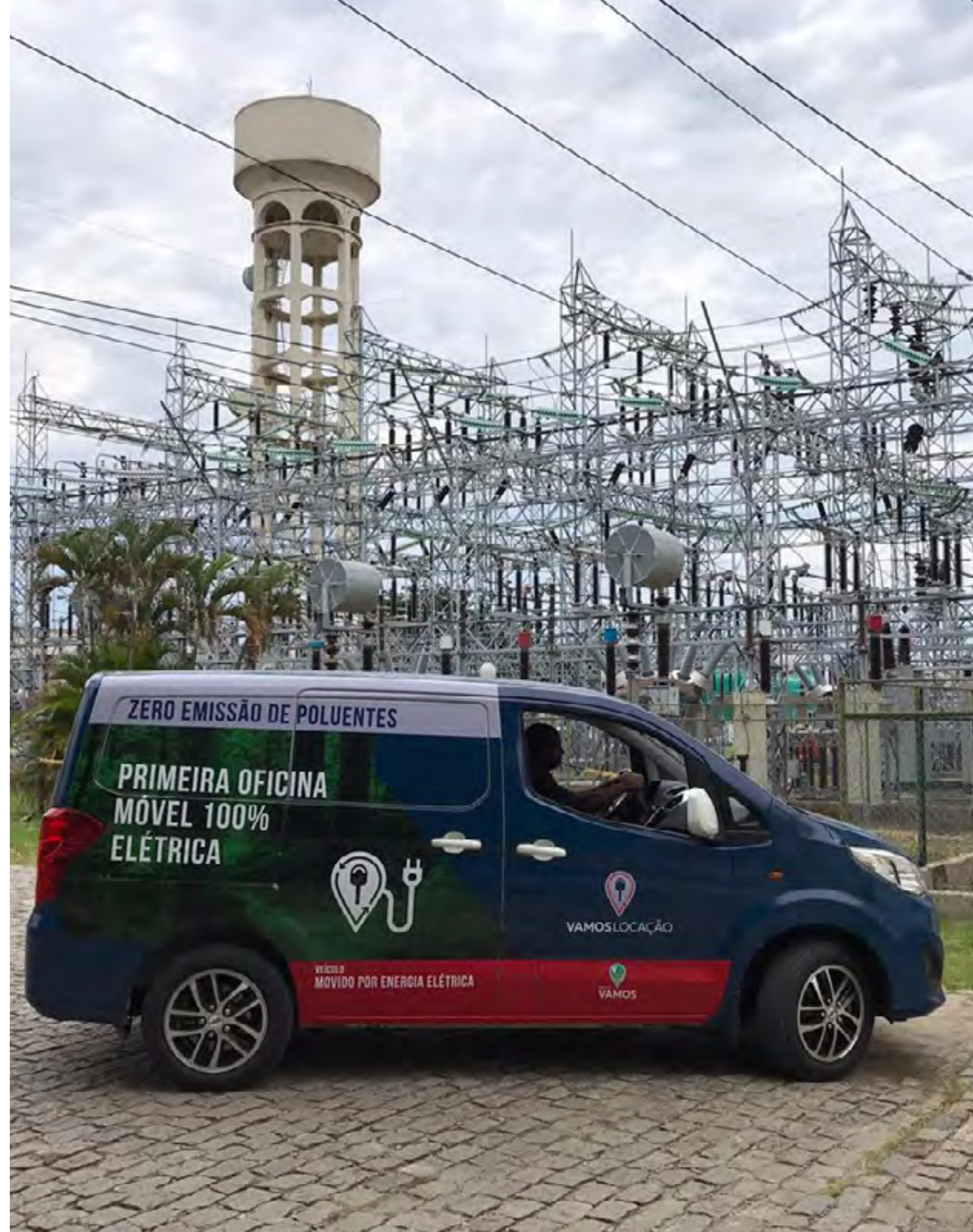
Our plan is to have, as early as in 2021, the first prototype of a vehicle powered by biomass.

We have also planned investments so that all of our stores with vehicle washing facilities will start to use reclaimed water, and the 2,600 Accredited repair workshops will adopt proper management of maintenance waste, such as the correct disposal of spent oil.

These and other commitments are part of the environmental agenda assumed in the year by all companies of the Simpar Group after the creation of the respective Sustainability Committees. An important topic in this agenda is the energy mix of the operating units.

Climate change

Between 2019 and 2020, we adopted a management approach dedicated to energy efficiency, which resulted in a slight drop in energy consumption (the target for reduction is 5%). Three branches are now 100% supplied by photovoltaic solar panels installed on their roofs. In addition, we started to install energy saving devices in the branches, such as LED lamps and motion sensors, and we carry out campaigns to drive conscious consumption among employees.



Management of the topic is monitored by our Sustainability Committee, which works to ensure the development of activities in line with environmental, social, and governance aspects in order to create a business based on proactive positioning in matters such as local development, climate change, and respect for diversity.

Our Risk Management Policy also covers climate change, as well as the development of our strategy, based on an assessment of the climate scenario. This includes searching for opportunities in projects carried out in partnership with our customers and financial opportunities in national and international markets, such as Thematic Bonds (Sustainability-Linked Bonds, for example). In terms of our services, we remain attentive to the impacts arising from the effects of climate change, monitoring emission indicators and studying ways to reduce the associated risks.

Likewise, spending, allocation and access to capital, and acquisitions and divestments are assessed and planned taking climate risks into account. We regularly renew our fleet — a practice that addresses concerns with air emissions. In addition, we have ongoing projects to allow for the reduction of climate impacts from investments, such as the implementation of equipment powered by biomethane and the application of telemetry and new technologies.

Another fact that reinforced our commitment to this topic was the acquisition, from Ciclus Ambiental do Brasil, of carbon credits to offset Scopes 1 and 2 emissions from 2019 and 2020. [GRI 103-1](#) | [103-2](#) | [103-3](#) [Climate change](#) | [TCFD Recommended Disclosures of Disclosure a and b](#), and [Risk Management a, b and c](#) | [CDP C1.1](#) | [C1.2](#) | [C.1.3](#) | [C2.1](#) | [C2.2](#) | [C3.1](#) | [C3.2](#) | [C3.3](#) | [C3.4](#) | [C11.1](#)

Financial implications and other risks and opportunities due to climate change

GRI 201-2 | Recommended Strategy Disclosures a, b, and c | CDP C2.2 | C2.3 | C2.4

Risks and opportunities associated with climate change	Risk: Large-scale adoption of electric vehicles by the market	Risk: Intense precipitation in short periods of time	Risk: Carbon emissions in the production processes of automakers
Description of the risk or opportunity and its classification	Entry of electric vehicles in the market is still less solid than one would like, but many companies are in this race to meet consumer demands. It is a market opportunity.	The risk is associated with the occurrence of sudden and acute weather events that can adversely affect and interrupt the operation. It is a physical risk.	High-level carbon emissions in the production processes of automakers. It is a climate risk.
Where it occurs in the value chain	In automakers, based on the development of new technologies and vehicles. In customers, based on their need and demand for the use of electric vehicles. Internally, from the purchase of these assets.	In customers, considering the impact on the development of the service with the use of assets. In Vamos, considering the costs associated with repair and/or replacement of assets. In customers and Vamos, considering the impact on the routes to be taken.	Automakers.
Description of cost and financial costs to manage the risk or opportunity	Affordable electric vehicles can change the rationale of this sector and increase public pressure for investment in these new technologies. In addition, the opportunity lies in not depending on fossil and/or renewable fuels.	Loss or damage to Vamos's own or leased assets due to flooding in large urban centers. Damage to road structures that may impair the access routes of operations due to flooding on the roads, dam failures, and/or mudslides on roads.	High internal cost to achieve the company's total emissions neutralization strategy.
Financial implications of the risk or opportunity before action is taken	Currently, electric vehicles have high costs. With their entry into the market on a large scale, prices tend to decrease, and access to acquisition can be facilitated due to greater production volume.	Variable financial implications from investments in projects to mitigate or reduce emissions of gases that contribute to climate change. Costs associated with the loss of owned or leased assets and damage to the company's access to major customers due to flooding in urban centers and highways or mudslides on roads.	High cost if technological alternatives are not developed to provide lower carbon emissions per unit of vehicle produced. The current scenario contributes to the high rates of carbon emissions in the supply chain.
Explanation of the financial implications			

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Risks and opportunities associated with climate change	Risk: Large-scale adoption of electric vehicles by the market	Risk: Intense precipitation in short periods of time	Risk: Carbon emissions in the production processes of automakers
Methods used to manage risk or opportunity	The opportunity is managed by monitoring the sector's trends to reduce emissions and become more sustainable through the development of electrification technologies for the various types of vehicles in the fleet.	Currently, there are ongoing measures to manage the group's emissions: establishing targets to reduce emissions; monitoring indicators; developing projects and programs associated with the topic.	Purchase of vehicles from automakers that use more efficient/less polluting production processes.
Description of cost and financial costs to manage the risk or opportunity	With the expansion of electric vehicles on the market, the associated financial costs are expected to be medium-low, unlike the current scenario, where the costs to purchase these vehicles are high. We seek to be proactive and prepare for the scenario of intense electrification, so the cost is estimated in budget.	The financial costs to manage this risk are associated with ongoing projects and programs.	The purchase of new vehicles/equipment is budgeted.
Likelihood of occurrence	Medium	Medium	High
Extent of impact	Medium	Medium	Medium



Vamos Carbono Zero

In line with two of the priorities we assumed under the ESG principles, climate change and intelligent use of natural resources, we neutralized all of our carbon emissions in 2019 and 2020, and we will also make this practice available to customers through Vamos Carbono Zero. The program proposes offsetting emissions through the acquisition of carbon credits, and this can be contracted with the lease.

In order to reach the correct balance between emission and offsetting through the capture of harmful gases, entities take into account the type of vehicle; distance covered; type of fuel; vehicle fuel efficiency (kilometer per liter); and an emission factor for each type of fuel. The equation considers these variables in order to obtain the volume of gases captured from the atmosphere and consequent generation of credits.

Understand zero carbon leasing



WHEN CUSTOMERS OPT FOR ZERO CARBON LEASING, THE AMOUNT OF CARBON ISSUED IS OFFSET VIA CARBON CREDITS ACQUIRED FROM CERTIFIED COMPANIES



PURCHASE OF CARBON CREDIT ENABLES SUSTAINABLE BUSINESSES THAT AVOID THE RELEASE OF POLLUTANT GASES, SUCH AS METHANE, INTO THE ATMOSPHERE



CUSTOMERS CAN TRACK THE AMOUNT OF CO₂ THAT HAS BEEN OFFSET BY VAMOS.



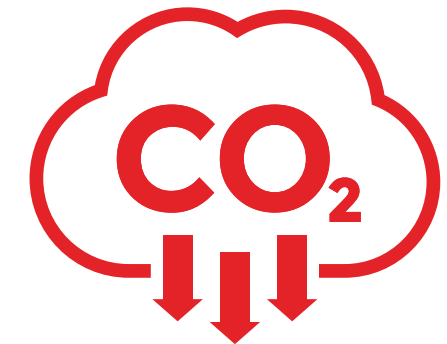
Energy

GRI 302-1 | CDP C8.1

The amount of electricity we consumed between 2019 and 2020 is indicative of the impacts of both the pandemic and the management approach toward energy efficiency. However, there was an increase of 17.96% in overall energy consumption from one year to the next, reflecting our growth. A substantial portion of the energy consumed is indirect, i.e., assets leased and used by customers in their operations.

	2019	2020
Total energy consumption (GJ)¹		
Fuels from non-renewable sources	21,995.11	24,544.29
Fuels from renewable sources	1,530.83	1,615.60
Energy consumed	8,349.53	8,057.79
Energy sold	0.00	0.00
Total	31,875.47	34,217.68

1. Data were obtained from the SAP (Procurement Department) database and from monthly reports sent by the operations. The sources of conversion factors were <https://www.converter-unidades.info/conversor-de-unidades.php> and <http://www.anp.gov.br/arquivos/central-conteudos/anuario-estatistico/2019/anuario-2019-fatores-de-conversao.pdf>.



Fuel consumption (GJ) by type and source ¹	2019	2020
Non-renewable sources		
Commercial diesel	3,648.38	3,031.30
Commercial gasoline	18,345.91	21,512.12
CNG	0.81	0.87
Total	21,995.11	24,544.29
Renewable sources		
Commercial ethanol	1,530.83	1,615.60
Total (renewable and non-renewable)	23,525.93	26,159.89

1. Data were obtained from the SAP (Procurement Department) database and from monthly reports sent by the operations. The sources of conversion factors were <https://www.converter-unidades.info/conversor-de-unidades.php> and <http://www.anp.gov.br/arquivos/central-conteudos/anuario-estatistico/2019/anuario-2019-fatores-de-conversao.pdf>.

Energy consumed (GJ), by type ¹	2018	2019	2020
Electricity	7,372.91	8,349.53	8,057.79
Heating	0.00	0.00	0.00
Cooling	0.00	0.00	0.00
Steam	0.00	0.00	0.00
Total	7,372.91	8,349.53	8,057.79

1. Data were obtained from the SAP (Procurement Department) database and from monthly reports sent by the operations. The sources of conversion factors were <https://www.converter-unidades.info/conversor-de-unidades.php> and <https://www.anp.gov.br/arquivos/central-conteudos/anuario-estatistico/2019/anuario-2019-fatores-de-conversao.pdf>.

Emissions

We achieved a 4.5% reduction in greenhouse gas (GHG) emissions from 2019 to 2020 due to the reduction in the consumption of diesel oil (internal support operations) and the increase in the consumption of ethanol and CNG — both are fuels with low emission factors. In addition, the pandemic has restricted operations, also involving a reduction in emissions in general.

In relation to indirect emissions, the 7.16% drop in the comparative period was the result of a project for the generation of photovoltaic solar energy in three branches, which reduced the consumption of the network by about 80 MWh, in addition to the installation of energy saving devices in our operations.

Regarding Scope 3 emissions, which includes other GHG emissions — accounting for almost all of our emissions — we registered an increase of 15% due to our expansion, with new vehicle and heavy machinery leasing agreements.

Our target remains a 15% overall reduction in emissions between 2021 and 2030, which must be achieved with the gradual implementation of projects to reduce emissions, depending on their feasibility and impact on KPIs. See all the details on our emissions in the [GRI Attachment](#).
GRI 305-1 | 305-2 | 305-3 | TCFD Recommended Disclosures of Metrics and Goals a, b and c | CDP C4.1 | C4.2 | C.5.1 | C5.2 | C6.1 | C6.2 | C6.3 | C6.4 | C6.5 | C6.7 | C6.10 | C10.1 | C10.2

Greenhouse gas emissions (tCO ₂ equivalent), by scope	2019	2020
Scope 1	1,252.24	1,195.10
Scope 2	173.52	161.10
Scope 3	499,785.67	561,677.18
Total	501,211.43	563,033.38

Biogenic emissions of CO ₂ (tCO ₂ equivalent) - Scope 1	2019	2020
	232.27	264.72

Biogenic emissions of CO ₂ (tCO ₂ equivalent) - Scope 3	2019	2020
	50,227.76	59,246.00

Data in the tables above were obtained from the SAP (Procurement Department) database and from monthly reports sent by the operations. The emission factors are based on the Brazilian GHG Protocol Program. For consistency, the baseline year chosen is 2019, which is when the inventories started to be audited. The consolidation approach chosen for reporting emissions is operational control. Scope 1 emissions data includes CO₂, CH₄, N₂o, HFCs, PFCs, SF₆, and NF₃ gases. Scopes 2 and 3 include CO₂, CH₄, and N₂O gases. All Scope 3 emissions come from the use of products sold. Emissions values for 2020 may change due to the re-audit of our GHG inventory.



The intensity of emissions was reduced by 10% between 2019 and 2020 as a result of improved operational efficiency, since the energy intensity of contracts (outside the organization) grew 18%, associated with the expansion of net revenue by around 34%. These numbers demonstrate our economic development based on the reduction of the intensity of emissions through projects such as the generation of solar energy, renewal of the fleet, and internal awareness actions. The emissions intensity formula is based on the amount of annual emissions, in tons of CO₂ equivalent, divided by the company's annual net revenue. Scopes 1, 2 and 3 are included in the calculation. [GRI 305-4](#)

GHG emissions intensity (tCO ₂ equivalent/net revenue - MM R\$)	2019	2020
		413.71

In relation to other significant air emissions, we recorded approximately 1,890 metric tons in the year, a slight increase due to the expansion of the business as a whole and technological limits for reduction, since the fleets are constantly renewed and are, on average, 16 years newer than the Brazilian fleet. This difference ensures 95% less emission of air pollutants in the same comparison. [GRI 305-7](#)

Significant air emissions (tons), by type	2019	2020
NOx	1,378.42	1,625.95
Particulate matter (PM)	12.19	14.38
Carbon Monoxide (CO)	211.87	249.87
Total	1,602.48	1,890.20

Conversions are made based on the distances traveled by the fleets (GHG inventory) and on the emission factors published annually by CETESB. We do not monitor emissions of SO_x, persistent organic pollutants (POPs), volatile organic compounds (VOCs), or hazardous air pollutants (HAPs), since they are not legal requirements. We monitor the following emissions: CO, HC, NO_x, and PM. We plan to advance in this topic for the coming year.

Waste

In 2020, we generated 46.56 tons of waste, exclusively lubricating oil, considered hazardous. 100% is disposed of correctly, i.e., sent for recycling via re-refining. The volume was slightly lower than in 2019 due to the pandemic, which caused a reduction in the number of maintenance operations carried out internally in the company's repair workshop units. The database for our waste management is under construction. Complete information, including other waste, will be available for the next reporting cycle. [GRI 306-3](#) | [306-4](#)

Waste generated by composition (t) ¹	2018	2019	2020
Used or Contaminated Lubricating Oil	68.1	53.68	46.56
Total	68.1	53.68	46.56

1. Data extracted from SAP. The numbers for domestic and contaminated waste are estimated based on the cost of disposal using approved suppliers. We have an ongoing project to improve waste management that is currently under approval by senior management.