



Covers intangible organizational and knowledge-based assets, such as tacit expertise, systems, procedures and protocols

5 • INTELLECTUAL AND ORGANIZATIONAL CAPITAL

Intellectual and organizational capital

Development of strategic goals and objectives, factoring in a period of **three years** to take effect in the short and medium terms

All operations assessed for risks related to **corruption**

4 Working Groups (WGs) **focused on sustainability**, with the participation of employees from a range of departments

Statutory Audit Committee consisting exclusively of **independent members**

Maintenance of a robust **Integrity Program**

Executive meetings to deal with countering climate change and discussing **Environmental, Social and Governance** issues on the financial market – companies that are early movers and deal with ESG challenges in their sectors will always be more structured and financially healthier

Strategic management

In every deal and relationship, SIMPAR bases its management on People, Culture and Values – a tripod structure which, rooted in best corporate governance practices and strong cash generation, represents huge potential for sustainable growth. The holding company has been structured to contribute, support and accompany the planning, execution and achievement of the targets of all subsidiaries, which have independent governance and boards of directors. In this respect, the company's strategic focus is not to participate in the execution, but to enable and monitor its enhancement. On the other hand, SIMPAR is responsible for the group's consolidated strategic planning, assessing M&A opportunities, mergers or entry into new sectors.

The strategic targets and objectives are developed taking into account a three-year period, with major emphasis on the following business period. Each subsidiary draws up its plan based on the vision of the CEOs and corporate leaderships. Thereafter, the financial committees and boards of directors of each company give their approval for setting the annual and three-year targets. The Board of Directors of SIMPAR accompanies the strategic targets and issues on a monthly basis; all managers and leader convene on a quarterly basis to evaluate possible deviations or opportunities.

Within this, the aim of SIMPAR's strategic positioning is:

 <p>To evaluate, score and contribute to the development of human capital, ensuring the alignment and quality of people management at the subsidiary companies.</p>	 <p>To create models and processes that ensure the perpetuation of the teams' values, culture and training.</p>	 <p>To contribute to creating workforces consisting of excellent professionals in their fields of operation and consequent returns for the business.</p>	 <p>To preserve the values, the management model and governance practices.</p>	 <p>To foster the sustainable generation of value for shareholders, customers and society.</p>
 <p>To plan and monitor the financial performance of the companies in the portfolio.</p>	 <p>To command and control the implementation of its subsidiaries' business plans and to develop new businesses and segments of operations.</p>	 <p>To constantly monitor the use of resources and the returns at the subsidiary companies.</p>	 <p>To oversee the activities of the investor relations area, with the emphasis on ethical and transparent relationships.</p>	 <p>To ensure the feasibility of the capital structure for the development and transformation of the corporation.</p>

STRATEGIC OPPORTUNITIES

Founded for the purpose of capturing opportunities using **agility, governance and motivated people to further diversify and ensure the sustainable development** do portfólio, a SIMPAR está atenta tanto a novos negócios com retorno atrativo quanto no desenvolvimento das controladas.



JSL: New cycle of sustainable growth, both organic and through acquisitions, taking the lead in consolidating the sector. Brazil depends on trucks to transport cargo, and these account for more than half of everything that moves around the country, especially essential goods like food and fuel. Furthermore, opportunities exist if we take into account the highly fragmented nature of the logistics market, with more than 150,000 players in Brazil, according to the National Agency for Land Transport (ANTT). Today, the challenges facing the perennial nature and sustainment of the company's business include the **constant search for competitiveness**, bearing in mind costs and prices, so as to increase the customer base and expand market share; the achievement of **greater economic results** every year, to maintain growth and expand market share and the customer portfolio; the maintenance of the base of third-party and partner truck drivers; credibility in the financial and capital markets and the failure to adopt innovative processes and new technologies essential

for the development of the industry (such as non-polluting fuel and electric vehicles). What is more, the **sustainable development of JS** could be interrupted by occasional risk factors described and factored in to the company's management process, such as errors in setting prices resulting from faults in calculating the estimated depreciation of the fleet in relation to its effective depreciation in the future; and risks related to outsourcing a substantial part of the services activities dedicated to the supply chain and transport of general cargo, among others described in the [Reference Form](#).



Movida: Growth driven by substituting ownership of assets with their use, **proximity to customers, agility and innovation**, responding to the growing demand for new products and markets. 2020 saw a change in consumer behavior, making adaptation and digital transformation essential for the business. One example is that the changes enabled car rental companies to offer 100% digital solutions, acting as multipliers of the innovation mindset. In addition, the development of vaccines and the start of immunization of part of the population could enable a gradual resumption of the market where Movida operates, while also indicating a trend toward standardization of the deliveries on the part of the car manufacturers during 2021. The company's operational challenges include the resale value of the assets used in its operations, which is essential for the

returns expected from the contracts since the business model of Movida consists of a cycle that begins with the financed purchase of the asset to be used in providing services to customers, and its subsequent resale when the contracts expire. Market price volatility may also reduce the resale value of the asset, creating a larger discount in relation to the acquisition price. Besides, in 2020 Movida identified climate risks for the **long-term success of the operation**, such as the damage to building structures arising from flooding in major urban centers, as well as regulatory and market risks that could push up internal costs in the face of a possible scenario of carbon pricing.

Other risks are described in the company's [Reference Form](#).



Vamos: To grow **profitably, while retaining market leadership**, in addition to accelerating growth through sales channels, gain **scalability by the intensive use of technologies** and expand the business model through marketing efforts are the company's opportunities. The high average age of trucks in Brazil, 20.7 years, shows the need to renew the fleet, as well as the addressable market 150 times the size of the current Vamos fleet, with a rented fleet penetration of 0.7%, represent huge opportunities for the rental market. **The company's growth capacity** depends on several factors, including: the ability to capture new customers or increase revenues from existing ones in the sectors where it operates; the ability to finance investments to **grow the**

fleet (whether through indebtedness, or not); and the increase operational capacity and the expansion of current capacity to attend to new customers. Other factors, too, could influence the **sustainable development**, such as the social and economic, political and business climate in Brazil; changes to laws and regulations, including those involving tax and labor issues; expenses with accidents, robbery and other claims; the prices prevailing in the market for new and used vehicles, machines and equipment, among others described in the [Reference Form](#).



CS Brasil: Intensify the **focus on excellence and better quality of the public service**, availing of best governance practices and transparency in the search for services-focused long-term contracts.

CS Brasil focuses on **fleet management and outsourcing** of light and heavy vehicles to public entities which, like in the private sector, show a growing trend towards fleet outsourcing due to **higher efficiency** in the use of public resources. The risks observed and managed include credit risk involving customer payments. As the operations of CS Brasil serve government clients and/or government-controlled, privately managed companies, balanced public accounts represent a factor of exposure to credit risk that must be permanently monitored.



Original Concessionárias: Expand vehicle sales and after-sales services of the dealerships, in addition to insurance through the brokerage house, Madre Corretora, and **strong synergy with the other businesses of SIMPAR**. The light vehicle dealership sector consists of several distinct groups, and the huge injection of emergency resources in the economy, plus the strength of agribusiness, have contributed to alleviating the losses arising from the closure, albeit partial, of plants and stores on account of the Covid-19 restrictions in 2020. Nevertheless, the National Association of Motor Vehicle Manufacturers (Anfavea) is predicting for 2021 an increase of 15% in the number of vehicles licensed, 9% in exports and 25% in production, rates that are insufficient to recover the (pre-pandemic) levels of 2019. The challenges mapped out for the **company's growth** include the variance in the macroeconomic conditions (such as the increase in the basic interest rate, the (non)-availability of consumer credit, scenarios of inflation, and a higher consumer tax burden, among other events that could trigger a loss of consumer purchasing power, with an adverse effect car sales.



BBC Leasing & Conta Digital: To be the **leading payment method for the app-based and cargo transport ecosystem** in Brazil, while expanding the offering of leasing to customers of the holding company's dealerships, thereby contributing to **creating customer loyalty**. Advancing on this front takes into

account that the digital business sector, initiated in 2019, is still underrepresented, with **huge potential for transformation**, given the synergies with SIMPAR. The opportunities also take into account the fact that the pandemic has accelerated digitalization, making the **digital market a necessity for all classes**, which facilitates the company's entry into this ecosystem; and the political agenda for looking after drivers (tax reductions and debureaucratization), which favors fintechs. Where challenges are concerned, there is the advance of Covid-19, since in the absence of effective vaccination there will be economic impacts that could lead to the renegotiation of contracts and the reduction in freight volumes and, consequently, of the market for BBC, while also increasing the delinquency rate; the growth of PIX as a method of payment, which requires BBC to be innovative in order **to maintain transaction-based revenues**.

Where all its businesses are concerned, SIMPAR continually evaluates the restrictions involving the availability of resources; the changes imposed by new technologies and new assets (bearing in mind contributions that can mitigate the adverse impacts of the emissions arising from the nature of its business); the impacts of extreme events, like pandemics; and regulatory changes within the industry and its own value chain, which could imply revising the [Business Model](#). Furthermore, the challenges to the perennial nature of the company's business model also include its dependence on the results of its subsidiaries, considering that the ability to

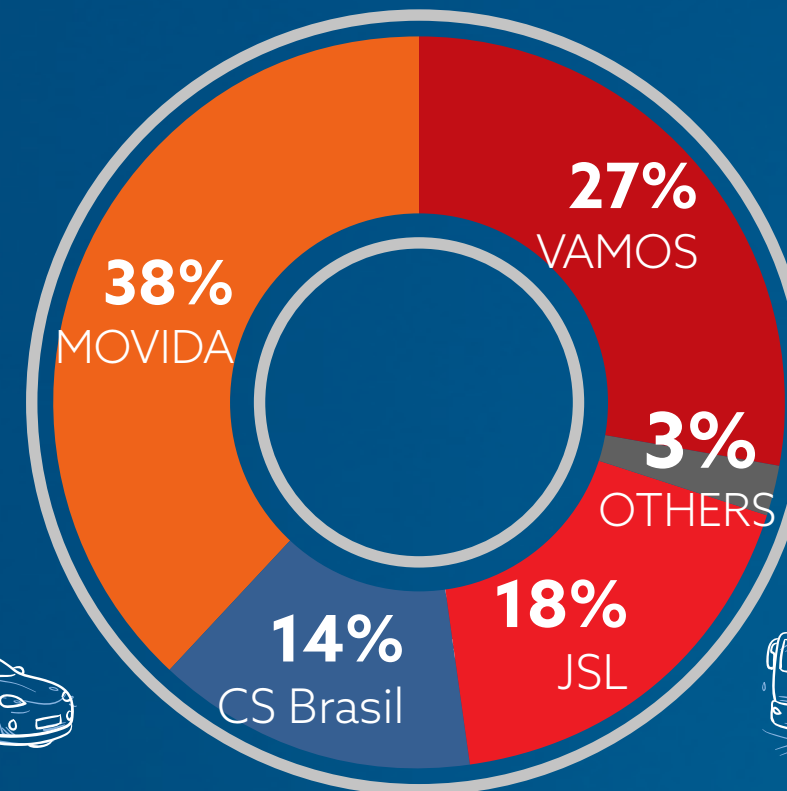
distribute dividends to shareholders depends on the operations, cash flow and profits of the subsidiaries; failure to make acquisitions, as well as unidentified and/or unidentifiable contingencies arising from the acquisition of other companies and higher-than-expected costs of integrating the company's business and activities with those of new subsidiaries; factors that can affect the growth strategy, like the ability to identify and satisfactorily close out opportunities for investment and for financing investments (whether through indebtedness, or not); the need for intensive long-term capital to finance the sustainable development strategy; the ability to **attract, hire, train, motivate and retain highly qualified professionals**, bearing in mind the competition for hiring qualified professionals in the sector where the holding company operates, and the scarcity of specialized and qualified labor; also, the loss of members of the senior management, which could affect the conduct of the business, among others described in the [Reference Form](#), which also includes the challenges risks related to the subsidiaries and affiliates of SIMPAR.

Growth vectors (division based on the EBITDA)

79%
Rentals-based
business model



- Leveraged growth by migrating to the rental model
- Know-how in maintenance and depreciation
- Predictability of results
- Capillarity in the sale of assets in the retail sector
- Scale in asset purchases (largest buyer of trucks and one of the largest in light vehicles in Brasil)



18%
Logistics
services-based
business model



- Proven track record of incorporating the companies acquired
- The most extensive services portfolio
- Expertise accumulated over more than 60 years
- Brand associated with quality and reliability
- Prevalence of the Asset-Light model (more than 65% of Revenue)
- Growth associated with the economic activity of 16 different sectors of the economy

INNOVATION AND TECHNOLOGY

GRI 103-1 | 103-2 | 103-3 - Innovation with a positive impact

SIMPAR monitors the market so that its subsidiaries continuously adopt solutions and standards that address the needs of the business and the strategic objectives, although the formal policy on innovation of processes and technology is still being drawn up. In this respect, if they are to be implemented, new technologies must increase revenue or reduce the costs of products and services. The commitment is to transform, improve and optimize in an innovative manner the routine of employees, drivers and customers.

Given the importance of the theme, management is monitored at weekly meetings between the executive board and the Innovation Committee of JSL consisting of two independent members and three executive officers. Information Technology (IT) area employees are also invited to sit in at some meetings.

SUSTAINABILITY MANAGEMENT

GRI 102-26 | 102-27

Sustainability is intrinsic to the operations of SIMPAR, and it takes into account in the management and business of the subsidiaries the creation of value in the environmental, social and economic spheres. In this respect, one of the company's values is to grow with sustainability, being careful its own resources and those of its stakeholders, namely customers, creditors, investors and society in general.

The company believes that, bearing in mind the possibilities for generating positive impacts, businesses must support the **transformations that society needs for a prosperous future**, with less inequality, and environmental equilibrium. Within the context of its business, SIMPAR is therefore focused on proactively positioning itself on issues like climate change, innovation, respect for diversity and joint construction of good practices in business relationships.

These issues are discussed by maintaining sustainability committees at the holding company – founded in 2020, and which will hold bimonthly meetings beginning in 2021 – and at three of subsidiary companies, that convene monthly: JSL (in 2020, with an eye on CS Brasil which, in 2021, will set up its own Sustainability Committee, since the issue has now matured internally), Movida and Vamos. All committees consist of a coordinator, director Fernando Antonio Simões Filho, an independent member, Tarcila Ursini, and one of the executive leaders of each company, as well as the presence of executives from several areas

invited to deal with the topics and projects in depth. Besides fostering the **incorporation of sustainability into the strategy**, decisions and purpose of the company, the committees formulate recommendations to the Board of Directors about the sustainability strategy and oversee the implementation of policies, actions and projects referring to the sustainable development of the Company's business and that of its subsidiaries.

Furthermore, four Working Groups (WGs) were retained during the year, with the participation of employees from several areas: JSL, Movida, Vamos and CS Brasil. The WGs meet once a month to ensure that the **projects are moving ahead, and undertake a performance appraisal of the indicators** referring to sustainability at each company, such as customer satisfaction, measured by the Net Promoter Score (NPS); indicators of turnover, frequency rate in health and safety, consumption of natural resources and the generation of waste and atmospheric emissions, among other topics. Also, every three months the topic is presented for appreciation by the Board of Directors of SIMPAR. In this way the company empowers the executives of its subsidiaries for continuous improvement in sustainability-oriented management.

Additionally, SIMPAR has a **Corporate Sustainability Department and a Sustainability Policy** which is also corporate.

GOVERNANCE IN SUSTAINABILITY



Strategy Validation and Alignment of the Business View

Board of Directors



- Validates positions of the Sustainability Committee aligned with the SIMPAR business view.



Sustainability Committee

- Drives the inclusion of Sustainability in the company's strategy, decision making and purpose;
- Influences the inclusion of the issue in the different areas of the company and in stakeholder relationships;
- Formulates recommendations to the Board of Directors about the sustainability strategy and oversees the implementation of policies, strategies, actions and projects referring to the sustainable development of the Company's business and that of its subsidiaries.

Sustainability Proposition and Strategy

Alignment and Qualification



Executive Sustainability Academy

- Fosters alignment among all Group companies;
- Introduces good practices, exchanges of experiences, themes and trends;
- Encourages meetings with specialists for executive training in ESG themes



Sustainability Working Group

- Transforms guidelines into Action Plans;
- Develops and creates projects focused on improving socioenvironmental and economic indicators;
- Validates the key actions, projects and activities with the Sustainability Committee.

Definition of Action Plans

TRAINING AND SHARING

Evolution during the year came in the form of concentration of executive meetings on sustainability at the Executive Sustainability Academy. So, where the aim before was to foster alignment among the subsidiaries based on presenting good practices, experiences, topics and trends within the sector, this will evolve into effective sustainability training for the leadership. Within this context, two meetings were held in 2020: at the first, the question of climate change was raised, with a presentation by a specialist on the theme, Tasso Azevedo, coordinator of the System for Estimating Greenhouse Gas Emissions of the Climate Observatory (SEEG) and the Project for the Annual Mapping Soil Cover and Use in Brazil (MapBiomass). Azevedo connected the issue to the business reality of SIMPAR.

At the second meeting, specialists in Environmental, Social and Governance (ESG) issues in the financial market gave presentations in order to debate with the managers of the subsidiaries the opportunities and challenges of the corporate world in regard to the topic. During the virtual encounter in the presence of 60 executives, there was an analysis of the importance of incorporating ESG aspects into the business. This stems from the belief at SIMPAR that businesses that take an early lead in dealing with the ESG challenges in their sectors will always be better structured and financially healthier. During the year, training was provided to the senior management, members of the board and the audit committees on the subject "The role of senior management in business ethics and transparency".

Risk management

GRI 102-11 | 102-15 | 102-30 | 102-31

SIMPAR's risk management methodology has been systematized in its own [policy](#) that establishes the principles, guidelines and responsibilities to be respected in the corporate risk management process, to enable proper identification, evaluation, treatment, monitoring and communication of the risks for which protection is sought and which could affect the strategic plan. The objective is to manage the appetite for taking risk within the decision-making process, seeking to deliver what was planned, in addition to the creation, preservation and growth of value.

As a result, **after the risks are identified, they are managed according to their criticality** (analyzed from the point of view of impact and likelihood), and the best methods for mitigating them are evaluated, defining the controls or accepting the risk – where the impact is less than the cost-benefit of managing it. Furthermore, to analyze the economic, environmental and social issues, the risks are assessed at (bimonthly) meetings of the Risks Committee and (monthly) meetings of the Audit Committee, when new risks are reported and, when necessary, assessed; and through ad hoc meetings with the Executive Board and/or the managers when a new risk is identified and/reported using process mapping, the complaints channel, actual deviations/failures, among others, where there is a need for a risk assessment. The mitigation controls are also submitted to testing.

Risk analysis

Impact	Description
High	● Serious consequences for the company if the risk is incurred
Medium	● Medium consequences for the company if the risk is incurred
Low	● Minor consequences for the company if the risk is incurred

Impact	Description
High	● It is almost certain that the risk will happen
Medium	● The risk is more likely than not to happen
Low	● Chances of the risk occurring are low

CORRUPTION-RELATED RISKS GRI 205-1

In 2020, SIMPAR's entire operations and those of its subsidiaries were assessed for corruption-related risks. The assessment process involves the company monitoring the assurance – an expression of confidence that this risk has actually been mitigated. The risks shown in the SIMPAR risks and internal controls matrix include:

- Crimes committed by employees and/or contractor when providing services when engaging with the government;
- Partiality to entities for sponsorships and donations;
- Partiality to partners;

- Partiality to suppliers;
- Companies accountable for acts of corruption and image risk when hiring contractors who have not been vetted;
- Absence of reliability and security in relationships with suppliers;
- Maintaining links to suppliers with risks of association;
- Failure to assess legal and compliance aspects.

This robust structure provides for clarity in the **mapping process and risk management**, in addition to the role of each of those involved and their respective responsibilities.

MANAGEMENT PROCESS GRI 102-30

SIMPAR adopts Integrated Risk Management, a methodology based on the business environment, listing as key risks Financial, Operational, Compliance, Health and Safety, Environmental, Image and Climate-related risks. The process was created based on the Coso methodology (2017) of the Committee of Sponsoring Organizations of the Treadway Commission, signing up to ISO 9001 and ISO 31000 standards, and on the aspects of Information Technology (IT) governance and management aligned with the Control Objectives for Information and Related Technologies (Cobit). This robust structure provides for clarity in the mapping process and risk management, in addition to the role of each of those involved and their respective responsibilities. The responsibilities of the Board of Directors, managers, the Executive Board, the Internal Controls and Risks Department, the Internal Controls and Risks Committee, Internal Audit, the Audit Committee, the Ethics and Compliance Committee and the Finance Committee are set out in the [Risk Management Policy](#).

Additionally, **in line with best market practices**, the Internal Audit area, through the Audit Committee, reports to the Board of Directors. Moreover, risks are continually mapped and reviewed, for example compliance, image and corruption – the Internal

Controls, Risks and Compliance Department undertake biannual assessments of these risks with managers and officers to evaluate the likelihood of the risk, its consequences and impacts, and the controls are tested once a year. Specifically in the case of environment risks, the Health, Safety and Environment HSE/Integrated Management area monitors the matrix of operational environmental aspects and impacts using **specific, externally-audited processes**.

SIMPAR can also call on external, independent lawyers to assess give their opinion about actual tax risks being contested in both the administrative and the judicial spheres. The company has adopted as its **fiscal strategy strict compliance** with the tax legislation, both core and ancillary aspects, and mitigates risks by monitoring on a daily basis the fiscal legislation at the federal, state and municipal levels. Tax practices are defined by a **Taxation Committee composed of members from both inside and outside SIMPAR**. GRI 207-1

THE BRAZILIAN GENERAL DATA PROTECTION LAW

GRI 418-1

In 2020, the company concluded mapping how it manages data at all its subsidiaries, an essential task given the creation during the year of the new Brazilian General Data Protection Law (local acronym, LGPD), and the huge amount of customer information held by the companies.

Extensive work was undertaken with the employees operating in the Customer Service units (CSUs) OF THE Group companies, with data protection training from professionals from legal department. In 2021, a video will also be provided containing key information about the new legislation, focusing on employees in the Human Resources area, in addition to the adoption of a data anonymization management tool in order to fully comply with the LGPD.

During the year there were no complaints about violations of privacy neither a loss of customer data.

Corporate Governance

GRI 103-1, 103-2 and 103-3 – Corporate governance, ethics and transparency | GRI 102-20 | 102-27

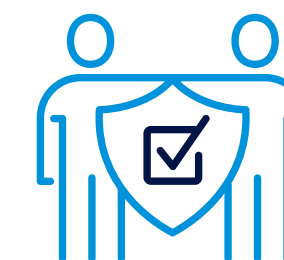
SIMPAR maintains a robust corporate governance structure and, since 2010, has been listed on the **Novo Mercado section of B3**, the Brazilian stock exchange. Consequently, it adopts the **highest standards of transparency, equity, corporate accountability and integrity**. Besides enabling the preservation of our values and differentiated management model, this commitment qualifies decision making and allows for modern strategic planning that reflects best market practices.

For the company, maintaining recognized standards of governance is conducive to **professionalism, innovation and the attainment of the values** of the organization and its strategic objectives – and is, therefore, fundamental to the sustainability of the business. So it was then that during its corporate restructuring, SIMPAR also equipped its **subsidiaries with the necessary independence for developing their various activities**, including their own boards of directors and committees, including Sustainability, in the various companies of the portfolio. Within this context:

- Business guidelines, targets and strategies are always supervised and approved by the Board of Directors of each company.
- The person responsible for executing and delivering the plan approved by the Board of Directors will always be the chief executive officer (the business owner) and his business leaders (owners of the businesses).

- The Chief Executive Officer and leaders of SIMPAR are always sufficiently close to support, follow up and monitor the business plan while contributing to the sustainable corporate transformation of all the businesses through people, strategic planning, capital and controls that ensure that value is generated for customers, employees, society and the shareholders.

With this structure, SIMPAR aims **to encourage and promote constant enhancement of governance in its portfolio**. As an example, Movida is also listed on the Novo Mercado segment of B3, is part of the Corporate Sustainability Index (local acronym, ISE) and was also the world's first publicly-quoted car rental company to be awarded Company B certification, reflecting its differentiated positioning and strengthening its commitment to sustainability.



SIMPAR aims to encourage and foster **constant enhancement of governance in this portfolio.**

GOVERNANCE STRUCTURE [GRI 102-18 | 102-19](#)

The corporate governance structure of SIMPAR is made up of the Board of Directors, the highest governance body, the Executive Board and the Fiscal Council. To enhance management, in addition to the **support of external auditors, there are support bodies that report directly to the Board of Directors:** the Finance and Supplies Committee, the Sustainability Committee, the Audit Committee, the Internal Controls and Risks Committee, and the Ethics and Compliance Committee. Complementing this all-in structure, **the company adopts differentiated practices**, like the extensive participation of independent board members at all levels.

BOARD OF DIRECTORS [GRI 102-24](#)

- Consisting of five elected members, who can be removed from office by shareholders, at a general meeting of shareholders, with a unified term of office of two years, with reelection permitted.
- Members from different generations, with knowledge and experience in an extensive range of areas and sectors of

the economy, with a watchful eye on the management and valuing of human capital, bearing in mind diversity as a value.

- The chairperson of the entity is not an executive officer of the holding company. [GRI 102-23](#)
- Two independent members, as defined in the Regulations of the Novo Mercado segment of B3.
- Responsibilities carried out as governed by the [Bylaws](#), in order to oversee the overall guidance of the business.
- Responsible for defining, updating and approving the purpose, mission, vision and values of the companies, taking into account occasional recommendations from different areas or committees; overseeing the social and environmental performance of the subsidiaries, define policies, authorize financial transactions, permit the issuance of securities, evaluate reports and the balance sheet, and set performance targets and compensation. [GRI 102-26 | 102-29](#)
- Four general meetings per annum and special meetings as and when required. [GRI 102-31](#).

The corporate governance structure of SIMPAR is made up of the **Board of Directors**, the highest governance body, the **Executive Board** and **Fiscal Council**.



Composition of the Board of Directors [GRI 102-22 | 405-1](#)

Member	Position	Term of Office	Experience
Adalberto Calil	CEO	From 05/22/2019 until the 2021 Annual General Meeting	He obtained a Law Degree from Pontifícia Universidade Católica de São Paulo (PUC-SP) in 1973. He was advisor and legal consultant to companies and economic groups across a range of segments such as chemicals, paper, forestry, transport & logistics, ceramics, metallurgy, port operations and hospitals. He was founding partner, in 1974, of law firm Radi, Calil e Associados, predominantly operating in corporate and tax law.
Fernando Antonio Simões	Director	From 05/22/2019 until the 2021 Annual General Meeting	A businessman, he has been with the company since 1981, having held the position of chief executive officer of SIMPAR since 2009.
Fernando Antonio Simões Filho	Director	From 05/22/2019 until the 2021 Annual General Meeting	Holds a Bachelor's Degree in Law from UMC, a Certificate in Holistic Sciences and Economics for the Transition from Schumacher College and International Certification in Social Business from the ESPM and Yunus Social Business, with an MBA from the Fundação Dom Cabral. He has been with JSL S.A. for 10 years, having spent time in the operations and corporate areas. He is currently a Director of SIMPAR (formerly JSL), heads up the Group's 5 Sustainability Committees, a member of the Consultative Council of the Black Jaguar Foundation, member of the Deliberative Council of the B Brazil System and Associate Director at Bemtevi Investimento Social.
Alvaro Pereira Novis	Independent Director	From 05/22/2019 until the 2021 Annual General Meeting	He holds a bachelor's degree in Economics from Universidade do Rio de Janeiro and a bachelor's degree in Government from Fundação Getúlio Vargas. He worked for 15 years at BankBoston, (1966/1980), having attained the position of vice president of the bank's domestic division in Brazil. He worked for 8 years (1980/1988) as an executive officer at Banco Iochpe de Investimentos. In 1992, he joined the Odebrecht Organization, where he worked until 2008, his last position being chief financial officer (CFO) of the holding company. He has sat on the board of directors of the companies: Braskem, ETH Bioenergia S.A., da Foz do Brasil S.A., Odebrecht Óleo & Gás and Banco Caixa Geral de Depósitos Brasil. He was deputy chairman of the board of Odeprev-Odebrecht Previdência Privada for 10 years. From 2008 to 2015, he was deputy chairman of the board of the American Chamber of Commerce (AMCHAM Brasil). In 2008, he became a shareholder of Valora Gestão de Investimentos Ltda. He has been an Independent Director and coordinator of the Company's Finance Committee since 2001.
Augusto Marques da Cruz Filho	Independent Director	From 05/22/2019 until the 2021 Annual General Meeting	Holds a degree in Economics from Faculdade de Economia, Administração, Contabilidade e Atuária at Universidade de São Paulo (FEA-USP), a graduate degree from Instituto de Pesquisas Econômicas, with a specialization at Institut Européen d' Administration des Affaires. He was chief executive officer of the Pão de Açúcar Group and Chief Financial Officer of the Bunge Group. He was a Director of Arafertil Fertilizantes S.A., the Pão de Açúcar Group, B2W (Submarino.com and Americanas.com), and member of the Consultative Council of Santa Bárbara Engenharia. He is currently a Director of General Shopping S.A., Deputy Chairman of the Board of Directors of BRF and Chairman of the Board of Directors of BR – Distribuidora. He is also a partner at MC&F Consultoria Financeira Ltda. and Director of the following companies: General Shopping S.A, BRF and BR – Distribuidora (Petrobras Distribuidora S.A.). Partner at MC&F Consultoria Financeira Ltda. At SIMPAR, he is also the coordinating member of the company's audit committee.

EXECUTIVE BOARD

- Consists of four officers elected by the Board of Directors.
- Members with complementary experiences in the operations management sectors of the companies in the portfolio.
- Weekly meetings.
- Responsible for managing and operating the business in line with the strategic planning and the guidelines laid down by the Annual General Meeting or Board of Directors of the company, with due regard for the provisions of the [Bylaws](#).

- Responsible for drawing up and monitoring strategies and targets based on the deliberations of the Board of Directors, in addition to deliberating on the allocation of resources when accepting, waiving, assigning rights, admitting debt, entering into agreements or making commitments.
- Responsible for validating the [materiality](#), content approved by the Sustainability Committee and the senior management, as well as the content of this Report. [GRI 102-32](#)

Composition of the Executive Board [GRI 102-22](#)

Member	Position	Term of Office	Experience
Fernando Antonio Simões	CEO	Two years, elected on 08/06/2020	A businessman, he has been with the company since 1981, having held the position of chief executive officer of SIMPAR since 2009.
Denys Marc Ferrez	Executive Vice President, Corporate Finance and Investor Relations Officer	Two years, elected on 08/06/2020	He holds an undergraduate degree in Business Administration and a graduate degree in Corporate Finance. He has had experienced as Investor Relations Officer of Redecard and Aracruz, where he also worked in Treasury. He worked for five years at Pricewaterhouse.
Samir Moises Gilio Ferreira	Officer	Two years, elected on 08/06/2020	He holds an undergraduate degree in Accounting Sciences and a graduate degree in Corporate Finance. He worked for 11 years at Deloitte Touche Tohmatsu and over the last six years was executive officer of the Controller's Department of International Meal Company. He joined the company as an executive officer in the Controller's Department.
Antônio da Silva Barreto Junior	Officer	Two years, elected on 08/06/2020	He holds a degree in Business Administration from Escola de Administração de Empresas de São Paulo of Fundação Getulio Vargas (Eaesp-FGV). He began his career in the financial market in 2006, working for an investment boutique in M&A and Private Equity operations. In 2009, while working for an American private equity fund, he took up a position in an investee company in the Renewable Energy (Ethanol and Biodiesel) industry as new business manager. From 2010 to 2018, he worked for the J&F Investimentos Group in several positions, ending up as Executive Officer for M&A.

STATUTORY AUDIT COMMITTEE

- Consists of six members, three full members and three substitutes, all independent and elected at a Shareholders' Meeting.
- Operates independently from the Board of Directors and the external audit department.
- Three general meetings per annum and special meetings as and when required.

- Responsible for reporting to the management bodies and the Annual General Meeting any errors, fraud or crimes detected, suggesting arrangement to ensure that the interests of SIMPAR are protected.
- Not permanently convened.
- Oversees the actions of the management, examines and offers opinions about the financial statements, always reporting its conclusions to the shareholders.

Composition of the Statutory Audit Committee [GRI 102-22](#)

Member	Position	Term of Office	Experience
Luiz Augusto Marques Paes	Full member	From 04/30/2020 until the 2021 Annual General Meeting	Holds a law degree from USP, and has been providing corporate, fiscal and financial consultancy to mid-size and large companies for thirty years, notably publicly-listed companies. Over the last 15 years he has been an associate director of Almeida Prado, Paes, Caruso e Colauto Consultoria Empresarial Ltda.. (a consulting company) since 1991 and member of the Statutory Audit Committee of Suzano Papel e Celulose S.A..
Luciano Douglas Colauto	Full member	From 04/30/2020 until the 2021 Annual General Meeting	Degree in Business Administration from Eaes- FGV and in Law from USP. Partner at Almeida Prado, Paes, Ca-ruso e Colauto Consultoria Empresarial Ltda., he was a full member of the Statutory Audit Committee of Nordeste Química S.A. – Norquisa between April 2003 and August 2004. Member of the Statutory Audit Com-mittee of Tecnisa S.A. since April 2008.
Rafael Ferraz Dias de Moraes	Full member	From 04/30/2020 until the 2021 Annual General Meeting	Holds a degree in Government from Eaes- FGV. Part-ner and member of the investments committee at Guepardo Investimentos. Was a buy-side analyst at Funcesp, Gas Investimentos and Pátria Investimentos. He was a member of the statutory audit committee of Magnesita S.A. and Randon S.A..
Marcio Alvaro Moreira Caruso	Substitute member	From 04/30/2020 until the 2021 Annual General Meeting	Holds an undergraduate and graduate degree in Business Administration from Eaes- FGV. Worked as a consult-ant at Arthur Andersen and is currently a partner at Al-meida Prado, Paes, Caruso e Colauto Consultoria Em-presarial Ltda..
Marcos Sampaio de Almeida	Substitute member	From 04/30/2020 until the 2021 Annual General Meeting	Holds an undergraduate degree in Business Administra-tion from FGV. He has been working for 35 years in providing consultancy in corporate, fiscal and financial affairs at mid-size and large companies. Over the last 15 years he has been an associate director of Almeida Pra-do, Paes, Caruso e Colauto Consultoria Empresarial Ltda..
Roberto de Magalhães Esteves	Substitute member	From 04/30/2020 until the 2021 Annual General Meeting	Holds an undergraduate degree in Business Administration from Eaes- FGV. Associate Director responsible for compliance with the rules, policies, procedures and internal controls and member of the investments committee at Guepardo Investimentos, verifying maximum limits and risk. He worked at Votorantim Asset Management.

SUPPORT BODIES

The corporate governance bodies of SIMPAR, especially the Board of Directors, which is the maximum decision-making level, relies on the support and advisory of committees on specific subject matters. This is to ensure quick, assertive and responsible decisions focused on ethics and the sustainability of the business and relationships with the company's various stakeholder groups:

Finance and Procurement

Committee: Provides support for analyses and decision making referring to purchases and financial aspects, by issuing opinions and recommendations. It consists of an executive officer and two directors, one of them an independent.

Ethics and Compliance Committee:

Works by dividing his time among all the subsidiary companies. There is an external member to ensure the impartiality of the recommendations. The resolutions are reported directly to the Statutory Audit Committee of SIMPAR and of the companies in the portfolio, to ensure that the [Code of Conduct](#) and the internal rules and regulations are complied with, divulged and updated. It is responsible, among other subject matters, for analyzing and imposing disciplinary measures, recommending and following up on preventive actions in cases where domestic legislation and the internal rules and regulations have been breached. It is also incumbent on the committee to follow up on and monitor the indicators of the [Compliance Program](#), to evaluate its efficiency and efficacy; analyze and validate suggested changes to the Anticorruption Policies and the Code of Conduct; and to analyze requests for donations and sponsorship to government bodies.

Sustainability Committee:

Corporate by nature, it is linked directly to the Board of Directors to which it reports the actions undertaken on a quarterly basis. Its responsibilities are set out in internal rules of procedure, the highlight being the support provided to senior management in compliance with legal obligations and the development of investments plans and projects from a financial and non-financial perspective, as well as on topics of an economic, environmental and social nature. Headed up by a director and an independent member, SIMPAR executives also participate in the bimonthly meetings to ensure that sustainability permeates [management and decision-making processes](#). **GRI 102-20**

Internal Controls and Risks

Committee: Created in 2018, its remit is to discuss [risk management](#) with the company's senior management. It consists of the financial officers of the portfolio companies and representatives of the Internal Controls, Risks and Compliance area.

Ethics and compliance

GRI 103-1 | 103-2 | 103-3 – Corporate Governance, ethics and transparency | GRI 206-1

To continually strengthen ethical principles and standards of transparency is a commitment of SIMPAR covering every subsidiary company, and is a non-negotiable value in all relationships. Since 1997, the company has adopted corporate mechanisms with the aim of ensuring compliance in its business, including preventive actions and a focus on training and communication for its workforce. Moreover, it has an independent Internal Controls, Risks and Compliance (CRC) department reporting to the Statutory Audit Committee, in addition to consultative support from the Ethics and Compliance and Internal Controls and Risks committees. The holding company is **signatory of the Business Pact for Integrity and Against Corruption** of Instituto Ethos – in 2020, all (100%) operations of SIMPAR and its subsidiaries were evaluated for [corruption risks](#) – and the policies governing how its subsidiaries conduct their business are kept up to date. The Anticorruption Policy, for example, encompasses a set of other policies essential to ethical conduct: [GRI 205-1](#)



Policy on Participation in Tenders: Defines the guidelines, prohibitions and rules to be obeyed when participating in public tender processes.



Donations and Sponsorships Policy: Stipulates the guidelines required for ensuring the traceability of the process and compliance with the prevailing legislation and the assumptions established by SIMPAR for granting donations and sponsorships. In 2020, the policy was widely observed, and its determinations constantly evaluated on account of the [actions and donations](#) undertaken to alleviate the effects of the Covid-19 pandemic.



Gifts, Presents, Entertainment and Amenities Policy: Aims to put in place concepts, stipulate amounts and impose rules of conduct on employees when offering items and amenities of any nature.



Government Relations Policy: Imposes rules and instructions so that interactions with the government are ethical, transparent and abide by the legislation.

This structure meant that, **in 2020 no legal actions were filed for unfair competition, trust and monopoly practices** in which SIMPAR, and its subsidiary companies were identified as participants.

[GRI 206-1](#)

Code of Ethics and Conduct

GRI 102-16

Another document that controls activities is the [Code of Conduct](#), updated in August 2020 to reflect the standards of ethics and compliance within the context of the corporate restructuring – a task that will be strengthened in 2021 with a fresh review of the material. The Code of Conduct combines mandatory principles and guidelines that everyone must obey – senior management, employees, contractors and suppliers –, as well as guidelines for perpetuating and guaranteeing that the **values of SIMPAR that must always guide the operations of the subsidiaries prevail.**

ETHICAL PRINCIPLES

The SIMPAR Code of Conduct da SIMPAR deals, among other issues, with:

Compliance with laws and regulations | Human rights | Labor relations | Employee conduct | Anticorruption | Conflict of interests | Donations and sponsorships | Presents, gifts, entertainment and amenities | External relations | Non-Compliance and disciplinary measures | the communication and complaints channel of the Compliance Program.

Compliance Program

A robust Compliance Program **based on the Clean Company Law and on the best practices** proposed by the Office of the Federal Comptroller-General (CGU), while providing support for the relations and businesses of the SIMPAR companies. Under the responsibility of the CRC Department, the aim of the Program is to prevent, detect and remediate the occurrence of deviations, frauds, irregularities and illegal acts, primarily in where the government is concerned, while strengthening the ethical principles and standards of transparency.

In 2020, one of the program's points of enhancement was the review of the [Complaints Canal flow](#). With systematic use of the RMC (Risk Management and Compliance) tool, when winding down internal investigation processes the CRC produces forms for following up on the action plans arising and/or internal control forms, in order to reach out to that area to review processes that can be adjusted to prevent a recurrence of the fact that had led to the complaint, all of which is designed to act preventively. The tool allows the forms to be monitored and tracked to better control the area's requirements. Also worthy of mention is the continuous monitoring of labor risks from occasional failure to comply with the labor laws, whose results are submitted to the managers once a month.

TRAINING AND COMMUNICATION [GRI 205-2](#)

The scope of the Compliance Program includes training and communication sessions. At the time they are onboarded (hired), all employees receive training about

the Code of Conduct and policies such as anticorruption, while also signing a term of commitment and conflict of interests questionnaire. Moreover, they are given annual **training about the Program itself**, including study materials, and they take a test at the end of each module with content covering: the Code of Conduct, the Complaints Channel, the Anticorruption Law, and the Anticorruption and Risk Management policies. Furthermore, certain areas receive specific training, according to their respective fields of operation. In 2020, SIMPAR provided training for the senior management (officers, general managers and members of the board), given by external consultants, about ethics, credibility and the role of the Compliance Program. Around **115 executives received training** on issues like the mission of sharing what they learn with their teams. **Compliance Dialogs**, also take place, dealing with the day-to-day operations while reiterating ethical values like "Employee Conduct", "Prohibition on Moral Harassment" and "Conflict of Interests", among others.

In 2020, 19,142 employees (88% of the total) received training on anticorruption policies and procedures. Among the members of the governance bodies, which include directors, committee members, officers and general managers, 72 persons received training, representing 82% of total. For 2021, the target is to provide training to 92% of the employees of SIMPAR and its subsidiaries. The breakdown of the training sessions is available in the [GRI Exhibits](#).



Members of the governance body who received training on anticorruption policies and procedures¹ [GRI 205-2](#)

	2018	2019	2020
Total number	2,120	1,899	72
Percentage	97%	96%	82%

1. The data cover SIMPAR, JSL, Movida, Vamos, CS Brasil, Original Concessionárias and BBC Leasing & Conta Digital. In 2018 and 2019, all management positions were included in the indicator: the executive board, managers, general managers and coordinators. In 2020, only board, committee, executive board and general manager levels were taken into account.

Employees that received training on anticorruption policies and procedures¹ [GRI 205-2](#)

	2018	2019	2020
Total number	20,382	19,597	19,142
Percentage	90%	90%	88%

1. The data cover SIMPAR, JSL, Movida, Vamos, CS Brasil, Original Concessionárias and BBC Leasing & Conta Digital. The data for 2019 and 2018 took into account the history of the closure of the compliance indicator presented to the pertinent committees. In 2020, the data were aligned with the HR base in response to GRI disclosure 102-8.

In addition to training, notifications are sent from time to time by e-mail to all employees while other employees are deployed as "compliance facilitators" covering all companies, with responsibility for constantly divulging the company's values and ethical principles. The Internal Controls, Risks and Compliance area also shares issues involving critical concerns with the Ethics and Compliance and Audit Committees at monthly meetings. However, in 2020, no highly material issues were recorded requiring special reporting and treatment. Nor were any corruption-related lawsuits filed. [GRI 102-33](#) | [102-34](#) | [205-3](#)



MONITORING

The Internal Controls, Risks and Compliance area is responsible for monitoring the actions of the Compliance Program by evaluating continuous and ad hoc indicators and actions. In addition, to ensure that obligations are met the area evaluates donations and sponsorships for government and private sector entities, as well as all compliance clauses in the company's contracts; and provides guidance about the rules of the Program, issuing opinions about legal obligations applicable to the business. The indicators monitored on a monthly basis include data from the Complaints Channel, disciplinary measures imposed and action plans arising from the conclusion of the investigations and compliance audits undertaken at branches; the number of contractual compliance clauses evaluated, employees trained, and contractors certified, among others.

COMPLAINTS CHANNEL AND TRANSPARENT LINE

GRI 102-17 | 406-1

The Complaints Channel processes were centralized in the same tool 2020, to enable **monitored and systemic accompaniment**. At the end of the investigation, a form is forwarded to the Internal Controls area which evaluates it, as well as the reason for the complaint and how to mitigate new incidents. During the year, this work included an evaluation of freight payments to JSL, for example.

The Complaints Channel, open to both the in-house and external stakeholders of SIMPAR and its subsidiaries, was created in 2010 and, since 2016, has been managed by a fully independent outside company. The complainant's **anonymity is guaranteed**, and they can accompany the progress of the investigations. The Channel functions around the clock, and contact can be made by telephone (0800-726-7111) or the [site](#). The conclusion of the investigation can produce three outcomes: justified, unfounded or partially justified. In justified or partially justified cases, the company defines the appropriate disciplinary measures based on its policies and on its preventive action plans – which may also be determined for unfounded cases (examples: training, communications, compliance dialogs). The [GRI Exhibits](#) show the cases by subsidiary company. The table on this page does not show all Complaints Channel cases received during the year; the numbers shown are exclusively cases classified as “moral harassment”.

Cases of moral harassment and actions taken¹ GRI 406-1

	2018	2019	2020
Total number of cases received	135	118	118
Total number of cases analyzed	135	102	63
Total number of cases for which a plan of re-dress is being implemented	0	0	0
Total number of cases for which a plan of re-dress has been implemented and the results analyzed using routine internal management analysis processes	135	102	63
Total number of cases closed in the period	135	102	63
Number of cases pending analysis	0	16	55

1. The data cover employees of SIMPAR, JSL, Movida, Vamos, CS Brasil, Original Concessionárias and BBC Leasing & Conta Digital. We wish to point out that the figure shown for SIMPAR refer to complaints involving employees allocated and/or processes undertaken by corporate areas providing shared services with Group companies. The above numbers are sum total of the complaints investigated (justified and unfounded) and pending investigation. The numbers shown are exclusively cases classified as "moral harassment"; and there are no cases of discrimination to report.



Based on its principles of ethics, **SIMPAR ensures the rectitude in its decision-making processes.**



PREVENTION OF CONFLICTS OF INTERESTS

GRI 102-25

SIMPAR uses its Code of Conduct, policies and Compliance Program to strive to ensure that all decisions that might result in some personal advantage for any of its managers, their families, entities or relatives are taken with complete fairness. In this respect, the Board of Directors has approved a [Policy on Transactions with Related Parties and Other Situations Involving Conflicts of Interest](#). In situations in which transactions with related parties require approval, the person who has a potential conflict of interest declare themselves disqualified from participating in the process, explaining their involvement in the transactions and, if requested, provide details of the transaction and the parties involved. Should that person not raise the issue, any other member of member of the body to which they pertain, and who is aware of the situation, may do so. The absence of voluntary manifestation by any decision maker will be considered a violation of the principles of good corporate governance, and such behavior shall be immediately notified to our Board of Directors.

Additionally, with due regard for Brazilian Company Law, shareholders in a conflict of interests with the subject matter on the order of the day are not permitted to vote, in accordance with the prohibition enshrined in Brazilian legislation.