

2019 SUSTAINABILITY REPORT

Localiza headquarters in Belo Horizonte (Minas Gerais) with a message of hope for society in the midst of the Covid-19 pandemic. #MovimentodoBemLocaliza



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COVID-19 PANDEMIC

The world experienced an unprecedented situation in the first quarter of 2020: the dissemination of the SARS-CoV-2 coronavirus radically altered the daily routines of the entire population, posing a major challenge for large and small companies in every segment. The measures to restrict people's movements directly impact our business. However, confident of our capacity to react rapidly to crises, it presented an opportunity for us to reinvent ourselves, engaging people and rethinking processes and operations.

We initiated crisis management with six immediate priorities:

- > Protect our employees;
- > Communicate efficiently;
- > Take care of our customers;
- > Ensure operational continuity;
- > Maintain financial solidity;
- > Contribute positively to society.

Aligned with best practices in transparency, since the public health crisis broke out before the 2019 report was published, we opted to include this incident of such importance for the global economy in this publication.

Accordingly, in this text we include the initial measures adopted to confront the proliferation of Covid-19. This information was disclosed in a communication to the market published on March 24, 2020.



ACTIONS ADOPTED INTERNALLY

- > **Establishment of an executive committee** to monitor events and adopt appropriate measures;
- > **Preparation of service channels** to provide orientation, healthcare and psychological assistance for employees, among others:
 - > **Outreach** – a support channel to provide employees and their dependents with 24-hour psychological, legal and financial support;
 - > **24-hour healthcare** – a channel for employees and dependents registered in the health plan to provide information related to Covid-19. This service was staffed by nurses and doctors around the clock and was available all over Brazil. The service was also extended to the owners and employees of partnering auto repair shops and their family members.
- > **Actions for high risk groups:** the elderly, mothers-to-be and employees with chronic illnesses were relieved from work requiring their presence on company premises;
- > **Expansion of medical services** and internal social service, with monitoring of all suspected and confirmed cases of Covid-19;
- > **Financial support for employees:** advance payment of one month's salary together with employees' March salary;
- > **Increase in restocking of alcohol 70%** and intensification of cleaning and sanitary procedures in shared spaces;
- > **Provision of alcohol 70% for employees and customers** in the branches that remained open;
- > **Loan of cars and free parking** for all employees who needed to be on company premises;
- > **Closure of 100% of the Seminovos stores at the beginning of the crisis.** Gradual partial opening based on analysis of each city's situation;
- > **Closure of a major part of the car rental agencies at the beginning of the crisis.** Based on each local legislation and situation, agencies were gradually opened, either partially or fully, with new hygiene and care processes;
- > **Apprentices** were given paid leave from work;
- > **Implementation of online version** of University Localiza training courses;
- > **Suspension of international business travel** and restriction of national travel to essential cases;
- > **Remote working** for 100% of eligible staff at the head office;
- > **Remote working** for the sales teams;
- > **Rapid and effective transition of** call center to remote working.

ACTIONS AIMED AT CUSTOMERS

- > **Facilitation of rental** for qualified drivers aged under 21;
- > **Facilitation of rental policy** to permit third-parties to return cars on behalf of the customer;
- > **Intensified cleaning** for cars and vans, employing alcohol 70% and chlorine, with the adoption of rigorous protocols such as the 12-point method, which intensifies cleaning of contact points like handles, seats, steering wheels, arm rests, safety belts and other surfaces;
- > **Temporary suspension of return charges.** This enables the customer to rent a car from one of our agencies and return it to any other agency in Brazil;
- > **Changes in various processes** to improve safety for employees and customers;
- > **Free extension of rental** for drivers in cities in which there is no agency open for return of the vehicle;
- > **Special rate with discount** for customers wishing to extend rental.

CIVIC CONTRIBUTION – SOCIAL ACTIONS

DISTRIBUTION OF ADDED VALUE (R\$ MILLION) GRI 201-1

FRONT	INSTITUTION	ACTION	DONATION
More vulnerable communities	GERANDO FALCÕES (GENERATING FALCONS)	Food vouchers for vulnerable communities, including communities surrounding the Localiza head office in Belo Horizonte (MG).	R\$ 1,000,000.00
Small businesses	2020 STIMULUS INITIATIVE	Donation to credit and financial literacy program for small companies impacted by the pandemic, aimed at sustaining the businesses and jobs, in addition to orientation on the post-crisis period. The initiative involves diverse companies and members of the business community.	R\$ 2,000,000.00
	AUTO WORK SHOPS	Provision of 24-hour nationwide telemedicine support for more vulnerable suppliers, their employees and family members. This service staffed by medical teams benefited more than 72,000 people. Additionally, webinars were organized to help these small businesses during the crisis.	–
Healthcare system	FIEMG	Construction of a hospital to treat Covid- 19 patients in partnership with Fiemg, Mater Dei, Andrade Gutierrez, MRV, Banco Inter, Banco BMG, Barbosa Mello Construtora.	R\$ 2,000,000.00
	HOSPITAL SANTA CASA	Donation for purchase of building material for works on expansion of hospital to treat Covid- 19 patients in Belo Horizonte.	R\$ 635,000.00
	MOVIMENTO BEM MAIOR (GREATER GOOD MOVEMENT)	Purchase and donation of medical materials and equipment for SUS public hospitals in partnership with Bsocial and Instituto para o Desenvolvimento do Investimento Social (Idis).	R\$ 500,000.00
	DIVERSE HOSPITALS IN MINAS GERAIS	Purchase and donation of 10 respirators for diverse public hospitals in Belo Horizonte.	R\$ 320,853.25
		AÇÃO DIAS MELHORES (BETTER DAYS ACTION) – Jointly with other companies in Minas Gerais, we organised a live transmission of a Jota Quest show with a QR Code to receive donations. The company matched the donations raised by the event. More than 100,000 masks were purchased with the amount donated by Localiza.	R\$ 197,000.00
	HOSPITAL DA BALEIA	Donation for the purchase of personal protective equipment for doctors treating Covid- 19 patients.	R\$ 20,000.00
	MINAS GERAIS GOVERNMENT	Loan of 140 cars for health and safety activities in the state of Minas Gerais.	Loan of 140 cars
	HEALTHCARE PROFESSIONALS	Exemption from three daily rental rates on group C cars (economy with air conditioning) for Brazilian healthcare professionals, who also receive free flights from the airline Gol.	Car loan

In addition to the donations, we also launched an internal and external engagement campaign, **#MovimentoBemLocaliza (#LocalizaMovementForGood)**. The goal was to engage a large chain of people contributing towards mitigating the damage caused by the pandemic. We encouraged small gestures such as donating blood, providing psychological support and donating food for those in need, as well as helping free lance workers, among others. The campaign is still producing results during the preparation of this report, but it has already generated significant engagement and many social actions by private individuals nationwide.



MESSAGE FROM THE CEO

GRI 102-14, 102-15

THE FUTURE OF MOBILITY HAS ALREADY BEGUN

Mobility has always been part of our history. For 47 years we have been dreaming of ways to transform lives and delight people. We are guided by our ethical, transparent and responsible conduct, which enables us to look back and be proud of the legacy we are building. A legacy with a clear purpose and solid values, underpinned by the trust of our employees, customers and partners.

In recent years our growth has been exponential, with impressive results that demonstrate the company's enormous capacity to generate value, and 2019 was no different. It was a year marked by important achievements, much learning and ongoing evolution, enabling us to generate a positive impact in the economic, environmental and social spheres.

In this Report, we present our mobility journey guided by Sustainable Development. However,

to better understand this, it is necessary to look closely at the changes society has undergone. People's behavior has changed in recent years due to the facilities enabled by the digital revolution. A culture of sharing goods and materials is growing stronger. Ownership is no longer a necessity. Modern life requires greater practicality, more and better short cuts, safer routes and faster, more customized responses. And so does mobility.

With innovation in our DNA, our green-blooded team worked tirelessly to offer customers a unique and unforgettable experience. After all, customers are our true passion.

In 2019, through digital transformation, we re-designed processes, we innovated and evolved in the way we work and further enhanced our deliveries and facilities for customers in their mobility journey. We launched services such as Localiza Pass and further enhanced products such as Localiza Driver, which enables application drivers to be more

productive and better manage their work. We are leaders in innovation, and we are proud of this.

To build the future of mobility, we work with agility and resilience, supported by strong values and teams that inspire and transform. In this respect, in 2019 we made a point of delighting our employees even more, with a growing number of opportunities for fulfillment. We launched the Localiza University, a corporate education platform focused on development; we reinforced healthcare and quality of life initiatives; we evolved in training in diversity and inclusion; and we strengthened our way of being and doing things, with the continuation of the Organizational Culture Project. The result could not have been more extraordinary: we have promoted a company climate characterized by dialogue and team engagement.

We believe that building a future for mobility will only be possible based on a society that is

**To build the future
of mobility, we
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transform**

supportive, ethical and responsible. To drive the sustainable development of our business, we combine financial, environmental and social results with strong governance. As signatories to the UN Global Compact, we reaffirm our commitment to progressing in our priority topics, in line with the Sustainable Development Goals (SDGs). We exceeded our target for dry car washing, with important savings in water; we advanced in our solar energy project; we supported vulnerable communities; we promoted gender equality measures; among other actions. We also worked hard to ensure trust and ethics, which is the basis of everything that we do, by means of training in our Code of Ethics and Conduct.

In March 2020, before the publication of this report, we were faced with a situation that is challenging the whole of mankind: the Covid-19 pandemic. The first thing we did, and this could be no different, was to ensure the protection of our greatest asset: people. While the streets took respite from the normally intense traffic due to the new routine of social isolation, our team adapted to ensure excellence and safety in customer service. In parallel, we guaranteed the company's financial health, making us more resilient.

We are a civic minded company, and we reinforced the care we take with our employees and their dependents, with customers, with suppliers and with society. We boosted our capacity to transform and to adapt and, above all, we became more united. In this respect, we paid equal attention inside and outside the company

with a view to minimizing the impact of the pandemic on people's lives. In terms of contribution to society, in our Movement for Good, we invested more than R\$ 10 million in company actions and measures in partnership with other companies and NGOs, focused on three heavily impacted fronts: public health, vulnerable communities and small businesses.

It is now time to prepare for a new conjuncture, understanding the changes, the lessons and the opportunities that will enable us to improve year on year. We will continue to deploy innovative solutions; generating value for our entire business platform; cultivating long-term relationships; and creating an exemplary legacy by promoting a fairer, more responsible society.

My best wishes to you all, long may we remain together!

Eugênio Mattar



Identity

Based on a history of trailblazing innovation in mobility, Localiza enhances its management of sustainability



IN THIS CHAPTER

- > LOCALIZA
- > ABOUT THE REPORT
- > MATERIALITY
- > MANAGING SUSTAINABILITY



LOCALIZA

Founded in 1973 in the city of Belo Horizonte (Minas Gerais), Localiza Rent a Car S.A. is a Brazilian company that began as a car rental agency with six VW Beetles and which now operates with more than 320,000 vehicles. [GRI 102-1](#)

Since the beginning, our strategy has sought to promote sustainable growth by investing in quality, good customer service and a leading stance in the market. During the course of 46 years, we have written a success story which has resulted in an outstanding position in the business universe: operating on an integrated business platform, we have become the largest car rental chain in South America, with over 10,000 employees. [GRI 102-8](#)

At the end of 2019, the Localiza platform – which includes franchisees in Brazil and abroad – had 602 agencies in Brazil and in another five countries in Latin America: Argentina, Colombia, Ecuador, Paraguay and Uruguay. Of these agencies, 528 are in Brazil, of which 427 are operated by Localiza and 101 by franchisees, and 74 agencies are overseas.




In 2019, we advanced even further with the Localiza Culture project, an initiative begun in 2018 that reinforces and updates our values and our way of being, preparing us for future challenges.


Purpose

BUILDING THE FUTURE OF MOBILITY WITH YOU


Values



OUR CLIENTS,
OUR PASSION



INSPIRE AND
TRANSFORM



DRIVEN BY
EXTRAORDINARY
RESULTS

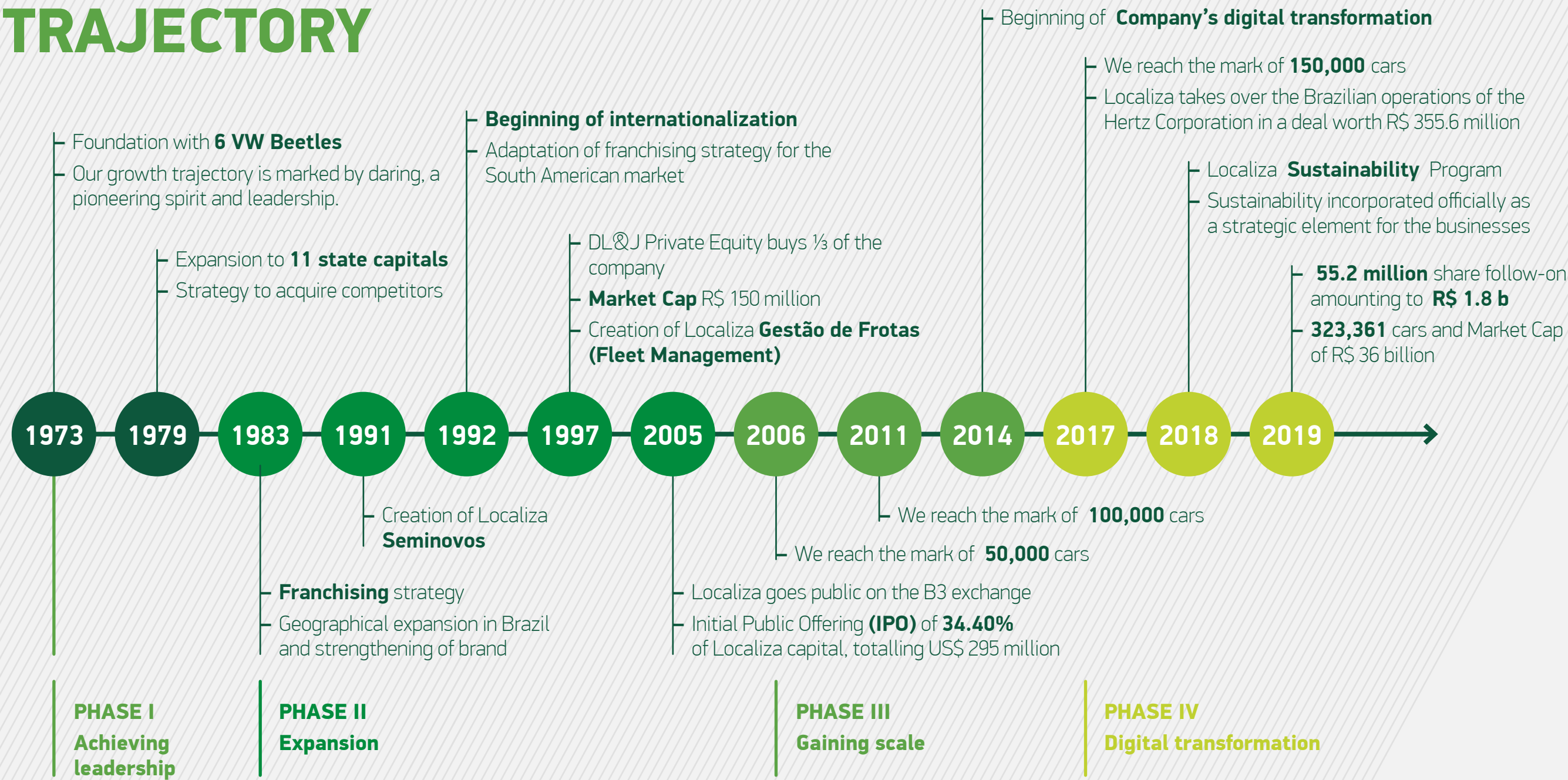
✓ DO	✗ DONT'S	✓ DO	✗ DONT'S	✓ DO	✗ DONT'S
Be loved by our clients	Set up clients out of priority	Have boldness and leading role	Lack collaboration and care	Growth with value generation	Disregard the high reputation
Serve with kindness and joy	Give up of simplicity and agility	Practice meritocracy	Be arrogant	Innovate to perpetuate	Get results at any cost
Cultivate long-term relationships	Accept bureaucracy	Create the opportunity to achieve	Stay quiet when it must be said	Be a company with corporate citizenship	Aim at non challenging targets

TRUST AND ETHICS

BE ADMIRABLE

Localiza

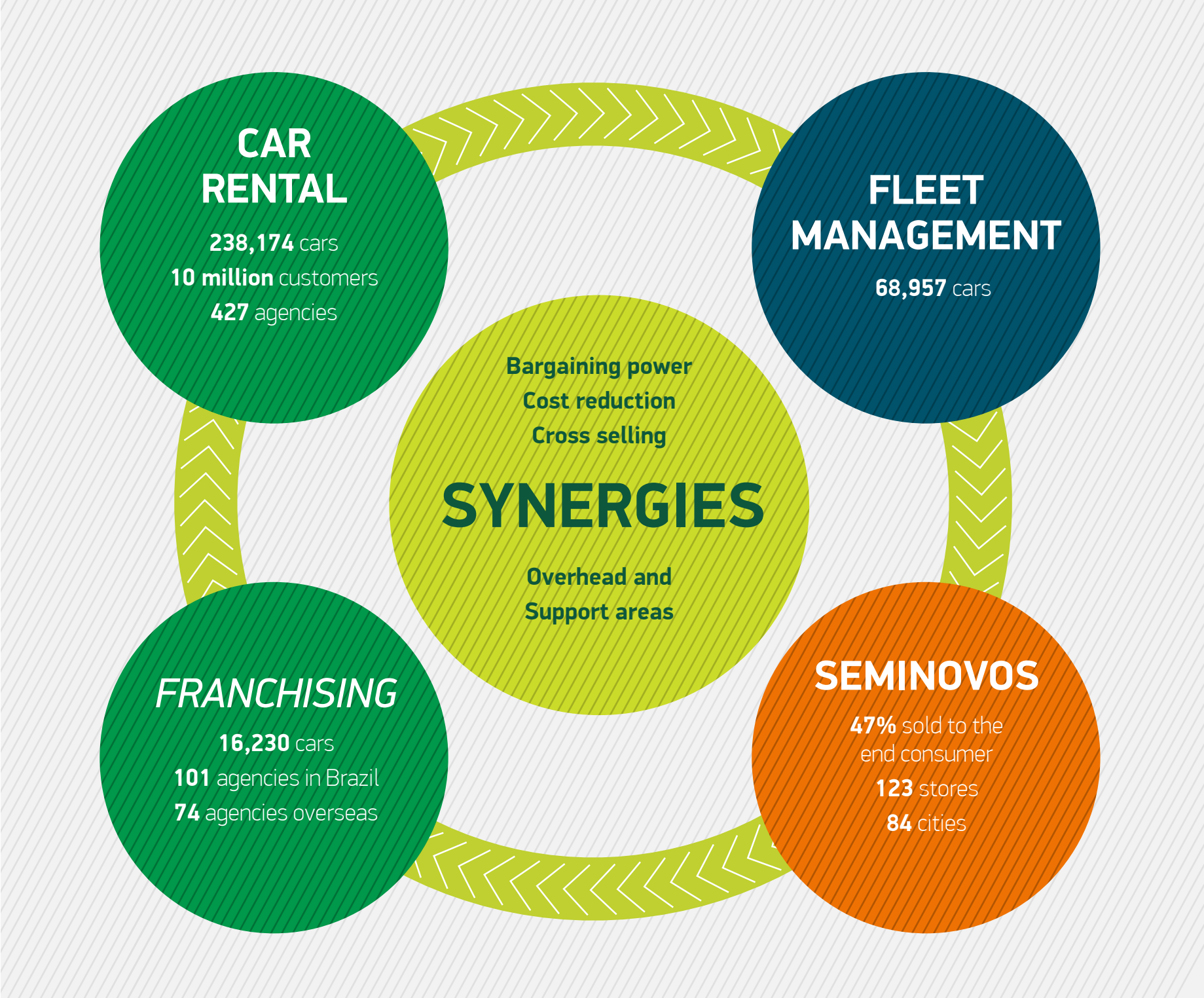
TRAJECTORY



OUR BUSINESSES

With our head office in Belo Horizonte, we are present all over Brazil and in other countries in Latin America, operating in three segments: Car Rental, Fleet Management and Franchising. Moreover, based on our Car Rental and Fleet Management divisions, we have developed an area that acts as a strategic complement to the business, which is the commercialization of decommissioned cars, the efficiency area known as the Seminovos or Used Car segment.

GRI 102-2, 102-3, 102-4, 102-6, 102-7





CAR RENTAL

With a fleet of over 238,000 cars of different makes and models, the Car Rental division operates by means of the Localiza platform corporate agencies, as well as individually owned channels, partners or distribution channels.

We offer solutions for diverse types of business and private customer profiles, renting light vehicles of at most one-year old on a daily, weekly or monthly basis.

The Car Rental division may be segmented as follows:

- 1. Daily rental:** short-term contracts for private individuals or companies for business or for leisure;
- 2. Monthly rental:** rentals for private individuals or companies on monthly contracts;
- 3. Replacement:** replacement cars offered by insurance companies and/or auto-makers to their customers for vehicles requiring repairs or servicing;
- 4. Rental to application drivers:** aimed at application drivers, such as Uber, 99 and Cabify.

238,174 cars

427 agencies

10 million customers

FRANCHISING IN THE CAR RENTAL BUSINESS

This division is responsible for franchising the car rental brand in Brazil and South America. It administers the concession of franchises in geographically defined areas, including transfer of the knowledge necessary to run the business and the right to use the brand name. It underpins Localiza’s expansion strategy and the growth of the distribution network in South America. We contribute to the success of our franchisees by efficiently transferring know-how and promoting strong business relationships. The company controls quality by means of a business management system, training programs, instruction materials and franchisee development visits, among other instruments, in addition to a franchisee consulting council. On December 31, 2019, there were 175 agencies in the franchise network, of which 101 in Brazil and another 74 in Argentina, Colombia, Ecuador, Paraguay and Uruguay.

16,230 cars

175 agencies



FLEET MANAGEMENT

This covers the entire fleet management process for companies, ranging from an individualized study for the customer, with the determination of the size of the fleet, including acquisition, adaptation, rental, maintenance to the replacement of cars that are damaged and/or at the end of their working life. The long-term contracts, generally for periods of 24 to 36 months, are tailored in accordance with the needs and requests of the customer, including the choice of make and model. Localiza’s business expertise ensures intelligent and differentiated management, driving reduced costs, greater control, productivity and safety, in addition to reducing the customers’ asset base, enabling them to focus on their core business.

Customers have at their disposal a specific Fleet Management call center, providing online service and tools to monitor the fleet in real time. The company’s maintenance service includes towing facilities nationwide, offering the most convenient service providers for the car users.



68,957 cars



SEMINOVOS

In addition to the three business divisions, the company also an efficiency area, known as Seminovos, responsible for selling decommissioned cars for the renewal of the Car Rental and Fleet Management fleets. With market know-how and well defined strategies and processes, backed by teams fully aligned with

the business and having in-depth knowledge of our customers, we are able to sell our fixed assets (cars) in a way that optimizes prices and asset turnover, thus reducing depreciation costs, which are significant in the industry.

47% of the cars sold to the end consumer

123 stores 84 cities

ABOUT THE REPORT

For the third consecutive year, the 2019 version of the Localiza Sustainability Report presents information on the economic, social, environmental and governance performance of the company between January 1 and December 31, 2019. It was prepared in accordance with the Core option of the Global Reporting Initiative (GRI) Standards methodology, a standard adopted worldwide for reporting on corporate sustainability. **GRI 102-50, 102-51, 102-52, 102-54**

Organized in accordance with best communication and transparency practices, the content is divided into chapters based on the company's values and material topics – which were regrouped in this edition.

The information presented in the text and covered by the financial statements includes the operations of all the companies within the Localiza legal structure. These are: Localiza Rent a Car S.A., Localiza Fleet S.A., Rental Brasil Administração e Participação S.A., Localiza Serviços Prime S.A., Car Assistance Serviços de Administração de Sinistros S.A., Localiza Franchising Brasil S.A., Localiza Franchising International S.R.L., Car Rental Systems S.A. and Localiza RP Aluguel de Carros Ltda. **GRI 102-45**



If you require further information or would like to make any suggestions about this report, please contact **sustentabilidade@localiza.com.br**

GRI 102-53

MATERIALITY

GRI 102-21, 102-31, 102-40, 102-42, 102-43, 102-44, 102-46, 102-49

The Localiza materiality matrix was built based on a meticulous listening and analytical process in accordance with the GRI guidelines. This involved consulting our most relevant stakeholder groups, selected in accordance with three premises:

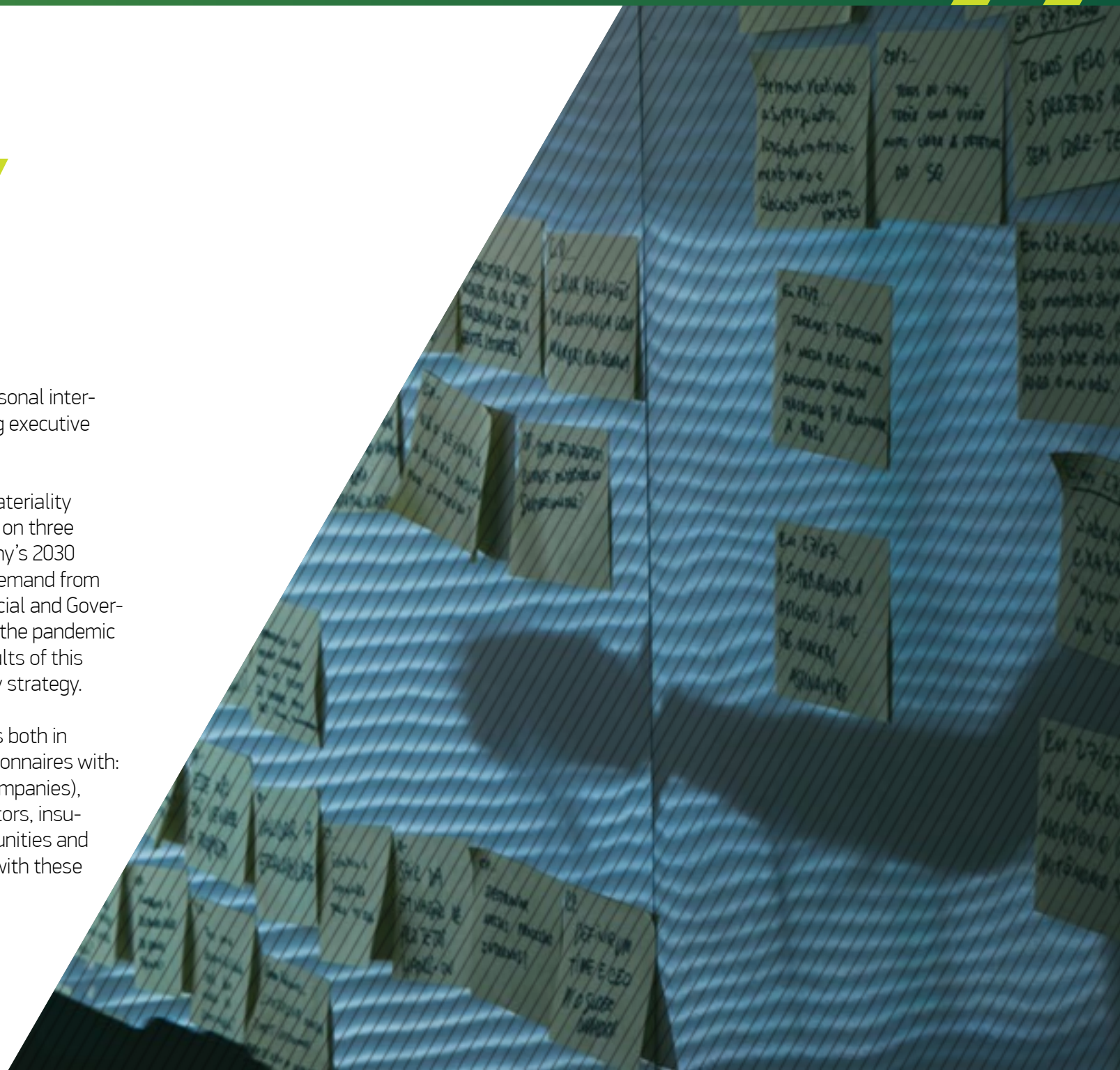
- > stakeholders with a history of engagement with the organization;
- > stakeholders directly impacted by the Localiza business;
- > stakeholders of strategic importance for the business.

The survey of topics involved the analysis of internal documents, including the report on engagement with surrounding communities, benchmarking with the car rental and insurance sectors, assessments of investors and of global trends (in particular the UN Global Compact 2030 Agenda), an

internal survey of employees and personal interviews with senior managers, including executive directors and the CEO.

Localiza plans to undertake a new materiality process in 2020, with particular focus on three aspects: reinforcement of the company's 2030 Agenda commitments, the growing demand from investors for ESG (Environmental, Social and Governance) information and the impact of the pandemic on society and the economy. The results of this work will serve as inputs for company strategy.

Additionally, we conducted interviews both in person and by means of online questionnaires with: customers (private individuals and companies), suppliers, financial institutions, investors, insurance companies, franchisees, communities and employees responsible for relations with these



stakeholder groups, including the Investor Relations area.

As a result, 27 material socioenvironmental and economic topics were identified, of which ten were prioritized after analysis by senior management. This evaluation took into account certain variables: whether the impact occurs in the short, medium or long-term; whether it is direct or indirect; and the company’s capacity to act in relation to these impacts, risks and opportunities. **GRI 102-29**

This process was initiated in 2017 for use in that year’s Sustainability Report – our first –, and the base of this matrix also shaped the topics in this report. However, even though we maintain the essence of the topics indicated as relevant by our stakeholders and validated by our senior management two years ago, we have adopted a new configuration of these material topics in the 2019 report. In work done internally by the sustainability team, overseen by the Sustainability Committee, we decided to regroup and rename the ten topics worked on to date, with a view to ensuring greater clarity and focus for management.

As a result, the six adjusted material topics (former 10 topics) – which incidentally serve as titles for the chapters and sub-chapters of this publication – are: **GRI 102-47**

- > Sustainability culture in the value chain
- > Professional development and growth
- > Diversity and inclusion
- > Ethics and transparency
- > Sustainable mobility
- > Efficient use of natural resources and waste management

UNDERSTAND THE GROUPING



Sustainability culture in the value chain



Renaming of topic 1 “Promoting a sustainability culture in the value chain” and extension of scope to include part of topic 7 “Sustainable business growth”, diluted among two other topics because it is considered to cut across management.



Professional development and growth



Renaming of topic 2 “Purpose of work and professional growth”



Diversity and inclusion



Simplification of nomenclature of topic 10 “Combating discrimination and promoting diversity”



Ethics and transparency



This groups topic 13 “Transparency and ethics in business” and part of 7 “Sustainable business growth”, which is transversal.



Sustainable mobility



This simplifies the nomenclature of topic 5 “Fueling the fleet with biofuels” and also incorporates part of topic 7 “Sustainable business growth”



Efficient use of natural resources and waste management



With the advance in topic 3 “Structuring Socioenvironmental Management’, this new topic addresses socioenvironmental management and aspects related to managing water, energy and waste, also concentrating the topics 9 “Managing car maintenance waste”, 12 “Managing consumption and prioritizing renewable energy sources” and 14 “Efficient and rational water use” in a single scope.

SUSTAINABILITY STRATEGY

Our commitment to sustainability is incorporated into business strategy. It is reflected in the company's goals and values and is aligned with the United Nations 2030 Agenda.

This wide-reaching vision is translated into the Localiza sustainability program which is based on the principle that extraordinary results depend on generating shared value, on exercising civic engagement and on investing in innovation to perpetuate our activities. We believe that this is only possible by means of synergy between an excellent team that is fulfilled and valued – People who inspire and transform –, awareness of our impacts and continuous improvement in our processes and services to optimize the use of resources, mitigate negative impacts and leverage positive impacts on the environment – Green mindset – and satisfied, loyal and engaged customers who are aware of the shared value generated by the company – Customers are our passion.

We are signatories to the United Nations Global Compact and are actively engaged in the Global

Compact Network in Brazil, a voluntary initiative aimed at mobilizing the business community to adopt fundamental, internationally accepted values in the areas of human rights, labor relations, the environment and anti-corruption in their practices.

Within the context of the Global Compact we participate in working groups dedicated to the 2030 Agenda, its 17 Sustainable Development Goals (SDGs) and 169 targets. This is a global action plan aimed at promoting prosperity for everyone. A plan in which we believe and work towards achieving.

Based on the materiality process conducted in 2017, we correlated our strategic topics with the SDGs. But the maturity of the company and the advance of society and the market in understanding the questions raised by the 2030 Agenda have led us to further develop our approach. We initiated a process of reflection which, in 2020, will enable us to identify the SDGs that we may impact more and those that have a greater impact on our business. The result of this work will contribute towards our strategy and will be disclosed in our communications, including our next report.

SUSTAINABILITY COMMITTEE

The Localiza Sustainability Committee meets on a quarterly basis – and extraordinarily when necessary – with the purpose of ensuring the company adopts the best practices and has policies and procedures that guarantee the reinforcement of a sustainability culture. By tracking indicators related to the material topics and based on the precautionary principle, the committee reinforces the company's strong points and proposes improvement measures when this is deemed necessary to achieve the targets. **GRI 102-11**

Reflecting the company's positioning whereby sustainability is key to business strategy, the committee is further reinforced by the fact that three of its eight members are executive directors of Localiza.

A process of reflection in 2020 will identify the SDGs which we may impact more and those that have a greater impact on our business

Corporate governance

The #nocaminhocerto (#ontherightpath) campaign commemorated the evolution of the Ethical Compliance Program, which ensured even greater management transparency

1 NO POVERTY

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

IN THIS CHAPTER

- > GOVERNANCE STRUCTURE
- > ETHICS AND TRANSPARENCY
- > RISK MANAGEMENT

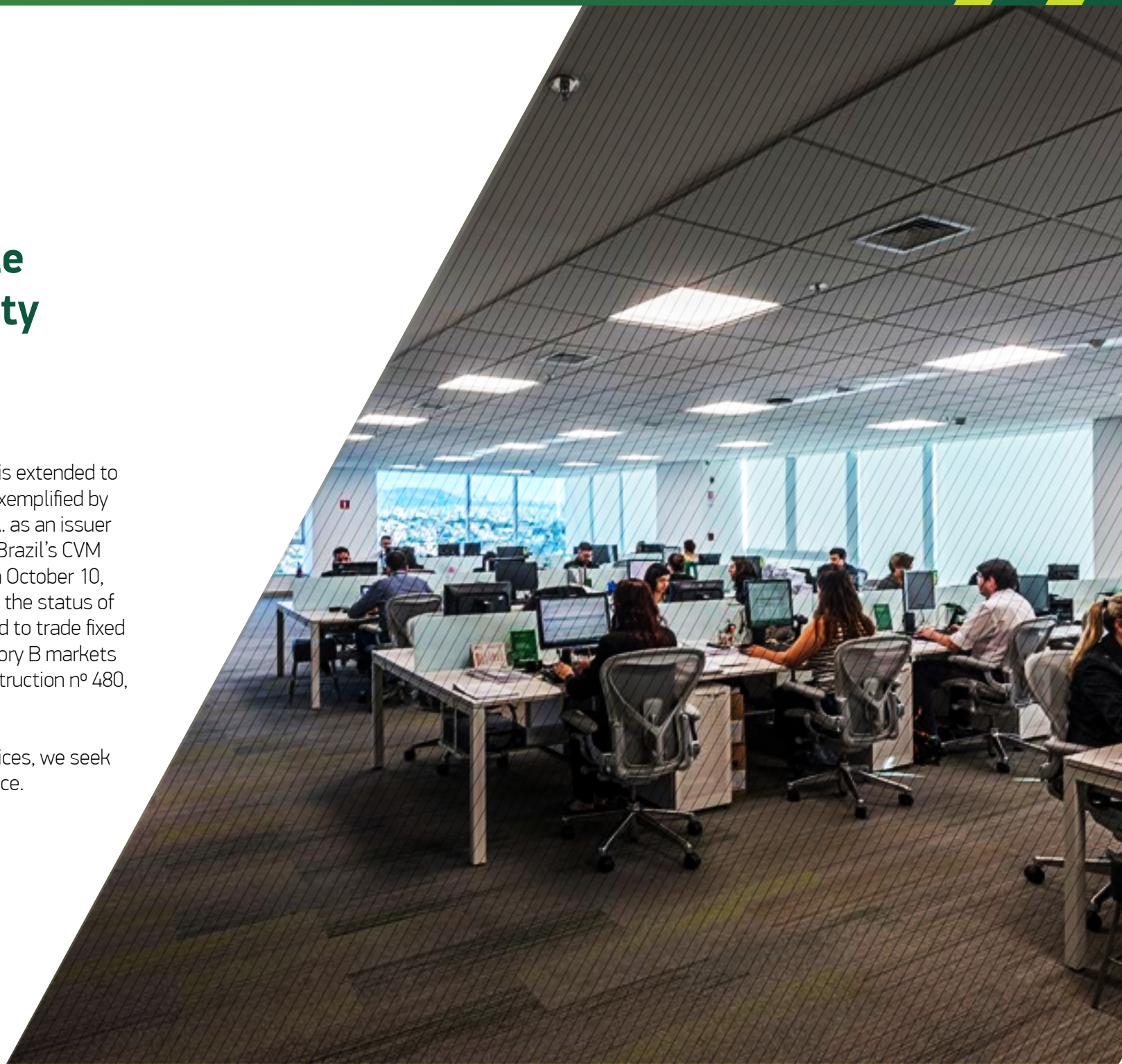


With a business model considered to be a benchmark, Localiza values conduct characterized by transparency, equitable treatment, compliance and accountability to all its stakeholder groups.

A joint-stock company (S.A.) on the B3 exchange since 2005, Localiza shares (RENT3) are traded on the Novo Mercado, the highest level of corporate governance in the Brazilian capital market. Additionally, the company adopts the ABRASCA Code (Self_Regulation and Good Practices for Publicly Traded Companies) and is aligned with the recommendations of the Brazilian Corporate Governance Code - Publicly Traded Companies, established by the business governance body IBGC (Instituto Brasileiro de Governança Corporativa). **GRI 102-5**

This transparent governance model is extended to the company's subsidiaries. This is exemplified by the registration of Localiza Fleet S.A. as an issuer of category B securities, granted by Brazil's CVM (Comissão de Valores Mobiliários) on October 10, 2019 (CVM). This gives the operation the status of a publicly traded company authorized to trade fixed income securities in regulated category B markets in Brazil, in accordance with CVM Instruction nº 480, dated December 7, 2009. **GRI 102-10**

Even though aligned with best practices, we seek to constantly evolve in our governance.



GOVERNANCE STRUCTURE

GRI 102-18, 102-25

Our governance structure consists of a Board of Directors, a Board of Executive Officers and five advisory committees which support and provide grounds for company decisions. Two of these committees are directly subordinated to the Board: The People Committee and the Audit, Risk Management and Compliance Committee. The Sustainability and Ethics committees are operationally subordinated to the CEO, reporting to the Board of Directors. The Disclosure committee reports to the Executive Board.

Currently there is no Fiscal Council in place, given that the functions normally executed by this body are the responsibility of the Audit, Risk Management and Compliance Committee in Localiza. The Fiscal Council was installed only in 2018 and deactivated by the Ordinary General Meeting on April 29, 2019.

The nomination of Members of the Board, the Board of Executive Officers and the Board Advisory Committees is oriented by a **Nomination Policy**. Moreover, the selection of candidates is supported by an external consultancy which assesses and weighs the competencies of the candidates, taking into account aspects related to diversity, independence, experience and qualifications, including knowledge of technological innovations, urban mobility and new business models.

The company bylaws, which may be downloaded from the Localiza Investor Relations website, set forth the details of the governance structure, including the functions of the main hierarchical levels.



BOARD OF DIRECTORS

With its own **Internal Regulations** (reviewed in March 2020 and available on the IR website), the Board of Directors is responsible for establishing the guidelines, values, goals and general policies of the business. It is also responsible for determining, supervising and monitoring the activities of the executive officers, for selecting the independent auditors and for setting up committees, among other activities. The regulations set forth the attitudes and conduct expected of the members and establish the attributions of the Chairman and the Secretary of the Board of Directors. The company bylaws establish the competencies of the Board of Directors, which include approving strategic planning, the target plan and the company’s risk management policy, which takes into account impacts on society and the environment. **GRI 102-19, 102-20, 102-26**

The Board of Directors is composed of at least six and at most eight members, who are confirmed by election in the Shareholders’ Meeting. The members are elected for a unified term of two years, with re-election permitted. The Shareholders Meeting is open to all shareholders, who also may participate remotely via absentee ballot.

GRI 102-24

At the end of 2018, one of the company’s founders withdrew from the Board of Directors. In 2019, the Board underwent further significant changes with the withdrawal of another two founders of the company. At this moment, two independent members were elected to the Board. Accordingly, only one of the current seven Board members has executive responsibilities in running Localiza. With six external members, five of whom are independent, Localiza exceeded the requirement of a minimum of two or 20%, whichever is higher, independent members set forth in the bylaws. These alterations also increase diversity of gender and age on the Board, as well as professional experience.

BOARD OF DIRECTORS GRI 102-8, 102-22

Chairman	Oscar de Paula Bernardes Neto	Member for seven terms, his second as chairman
Vice chairman	José Galló	In his sixth term, the first as vice chairman
Member	Eugênio Pacelli Mattar	Founder and CEO, in his tenth term
Member	Maria Letícia de Freitas Costa	In her sixth term
Member	Paulo Antunes Veras	In his second term
Member	Pedro de Godoy Bueno	In his first term
Member	Roberto Antônio Mendes	He was an executive in the company and is in his first term



SUMMARY OF MEMBERS’ EXPERIENCE AND QUALIFICATIONS GRI 102-27

Experience	Oscar Bernardes	José Galló	Eugênio Mattar	Roberto Antônio Mendes	Maria Letícia Costa	Paulo Antunes Veras	Pedro Bueno
Experience							
Experience as CEO/Chairman of the Board of Directors							
International experience							
Organizational and Cultural Transformation							
New Business Models/Innovation							
Business to Consumer							
Sectors of activity							
Automotive							
Finance							
Mobility							
Retail							
Technology							
Consumer goods							
Healthcare							

SUMMARY OF MEMBERS’ EXPERIENCE AND QUALIFICATIONS [GRI 102-27](#)

Experience	Oscar Bernardes	José Galló	Eugênio Mattar	Roberto Antônio Mendes	Maria Letícia Costa	Paulo Antunes Veras	Pedro Bueno
Functional qualifications							
Strategy							
Finance and Accounting							
Risk Management							
Corporate Governance							
Marketing and Communication							
Operations							
Sustainability							
Talent Management							
IT							
Innovation and Digital Transformation							

Evaluation – The Board of Directors and its members are evaluated annually by an independent external consultancy contracted for this purpose. The evaluation covers the joint performance of the group, taking into account aspects such as quality, quantity and variety of information received about strategic questions; the activities of the committees; and the formulation of long-term strategy. There is also an individual evaluation of the members, which considers factors such as attendance, knowledge of the business, participation in discussions and presentation of topics for meetings, among others. [GRI 102-28](#)

STATUTORY BOARD

Responsible for running the Localiza businesses as set forth in its **Internal Regulations**, the statutory Board reports directly to the Board of Directors. The board is composed of at least four and at most 12 directors, all of whom must be resident in Brazil and who are elected by the Board. The terms of office are unified, with a term of one year and re-election permitted. Of the directors, one shall receive the designation of Chief Executive Officer (CEO), another will receive the designation of Chief Financial and Investor Relations Officer, one may receive the designation of Executive Vice President, while the others will be considered Executive Directors.

At the end of 2019, the Statutory Board had nine members (two more than the previous year). One was the Chief Executive Officer (CEO), one was the Chief Financial and Investor Relations Officer; there were seven Executive Directors; there was no Executive Vice President during the year.

STATUTORY BOARD¹

GRI 102-22

Chief Executive Officer (CEO)

Eugênio Pacelli Mattar

Chief Financial Officer and Investor Relations Officer (CFO)

Maurício Fernandes Teixeira

Chief Operating Officer (COO)

Bruno Sebastian Lasansky

Car Rental Director

Elvio Lupo Neto

Legal Director

Suzana Fagundes Ribeiro de Oliveira

People Director

Daniel Guerra Linhares

Seminovos Director

Heros di Jorge

Procurement and Logistics Director

João Hilário de Ávila Valgas Filho

Technology Director

André Luiz Lopes Petenussi

¹ The list refers to the statutory directors of Localiza Rent a Car. In Localiza Fleet, João Alberto Mazoni Andrade is also a Statutory Director.

INTERNAL COMMITTEES

GRI 102-22

The five Localiza advisory committees also have their own **Internal Regulations**, in addition to following specific mandates delegated by their supervisors with the objective of generating the best possible economic, social, environmental and governance results for the company.

SUBORDINATED TO THE BOARD OF DIRECTORS

People Committee – This committee is responsible for proposing remuneration and performance appraisal policies, profit share and share purchase option programs, as well as general personnel management policies. It comprises three members: two independent members (one of whom is a coordinator) and an external human resources specialist.

- > Coordinator: José Galló
- > Member: Pedro de Godoy Bueno
- > Specialist: Maria Susana de Souza
- > Secretary: Daniel Guerra Linhares

Audit, Risk Management and Compliance Committee – The committee has three members, all from the Board of Directors, one being the coordinator and the other two members. Two of the members are independent, including the coordinator. The committee is charged with assessing the quality of financial opinions and reports, the accounting principles adopted and the effectiveness and sufficiency of the internal controls structure.

- > Coordinator: Maria Letícia de Freitas Costa
- > Member: Roberto Antônio Mendes
- > Member: Paulo Antunes Veras
- > Secretary: Alehandra Castro Brant

SUBORDINATED TO THE CEO,
REPORTING TO THE BOARD OF DIRECTORS

Ethics Committee – The committee is responsible for determining the company’s ethical principles and values and ensuring rigorous compliance with them. It takes decisions on ethical dilemmas with the company’s best interests in view, regardless of specific questions. It comprises five members, one external, none of whom are independent.

- > Coordinator: Suzana Fagundes Ribeiro de Oliveira (Executive Director)
- > Eugenia Maria Rafael de Oliveira (external member)
- > João Hilário de Ávila Valgas Filho (Executive Director)
- > Daniel Guerra Linhares (Executive Director)
- > Fabrício dos Santos de Oliveira (Internal Audit Manager)
- > Secretary: Juliana Cordoval (Compliance and Ethics Coordinator)

Sustainability Committee – The committee is charged with identifying, discussing, monitoring and addressing sustainability-related issues that pose risks or could have a significant impact on business activities, long-term results, relations with customers and employees and corporate image. The committee consists of seven non-independent members, operationally subordinated to the CEO, reporting to the Board of Directors.

- > Coordinator: Daniel Guerra Linhares (Executive Director)
- > Maurício Fernandes Teixeira (Executive Director)
- > Suzana Fagundes Ribeiro de Oliveira (Executive Director)
- > Fabrício dos Santos de Oliveira (Internal Audit Manager)
- > Kelly Dauanny (Sustainability Analyst)
- > Ilane Saraiva (Communication Manager)
- > Secretary: Emerson Ferreira Gomes (Branch Legalization Manager)

SUBORDINATED TO THE
BOARD OF EXECUTIVE OFFICERS

Disclosure Committee – This body is responsible for reviewing drafts of economic and financial documents and information that must be filed with the CVM (Securities Exchange Commission) to ensure that the financial information disclosed to the market by the company is timely, correct and complete. It consists of up to 15 non-independent members.

- > Coordinator: Maurício Fernandes Teixeira (CFO and DIR)
- > Antônio Hiroyuki Hyodo (Functional Director)
- > Myrian Buenos Aires Moutinho (Functional Director)
- > Heros Di Jorge (Executive Director)
- > João Alberto Mazoni Andrade (Executive Director)
- > Bruno Sebastian Lasansky (COO)
- > Alehandra Castro Brant (Market Information Manager)
- > Secretary: Nora Mascarenhas Lanari (Functional Director)

ETHICS AND TRANSPARENCY

GRI 103-1, 103-2, 103-3

Ethics and transparency are principles that underpin our culture and conduct, generating value and strengthening the company's integrity and reputation.

The broad, in-depth dissemination of these two principles throughout the Localiza operations is aimed at discouraging anti-ethical mindsets and conduct, as well as promoting long-term relationships based on trust.

We believe that every employee plays an important role in consolidating this culture, promoting Localiza's good name and reputation.

This is the reason the company has a Compliance and Ethics area, that is responsible for coordinating the program that bears the same name. The purpose of the Compliance and Ethics Program is to oversee compliance in general, including anti-corruption and bribery.





CODES AND COMMITMENTS

Code of Ethics and Conduct – Reviewed in November 2018, the code demonstrates the company’s commitment in this area. The code applies to all employees, members of the Board of Directors and advisory committees, as well as franchisees, suppliers and service providers in Brazil and overseas. The document sets forth the personal and professional posture expected within the company in a clear and objective manner, covering the prevention and combat against corruption, as well as questions such as conflicts of interest, discrimination, harassment, customer relations and sustainability. In 2019, the company organized online communication and training sessions related to the document that were disseminated to all Localiza staff.

GRI 102-16

- > The company has an **Anti-corruption Policy** approved by the Board of Directors which establishes guidelines to ensure compliance with the anti-corruption laws in force, including but not limited to law n. 12.846/2013 (Brazilian Anti-corruption law) and the decree regulating it, n. 8.420/2015.
- > Also approved by the Board, the **Policy on Reporting and Non-Retaliation** protects anyone making a report in good faith and the witnesses involved in investigations of reports against any type of retaliation.

In 2020, Localiza will conduct training on ethical behavior, with particular reference to the Anti-corruption Policy, and will enhance the program in relation to the activities conducted in 2019.

Business Pact for Integrity and Against Corruption – We have been part of this initiative organized by the Instituto Ethos in partnership with the United Nations Development Program (UNDP), the World Economic Forum, the Global Compact Network Brazil and Patri Government Relations & Public Policies. By means of the program, which is aimed at promoting integrity and ethics in the marketplace, Localiza undertook a commitment to disseminate the guidelines of Brazil’s anti-corruption law among its work force aimed at ensuring knowledge of and compliance with the legislation. We also undertook to combat all kinds of bribery and corruption and to prioritize information transparency. Localiza is also committed to verifying if individuals or companies engaged in our production chain are on any public authority blacklists. Through the UN Global Compact, to which we are signatories, we are also committed to combating all forms of corruption, including extortion and bribery.

GRI 102-12

TRAINING AND DUE DILIGENCE

GRI 103-1, 103-2, 103-3, 205-1, 205-2, 206

Our new Compliance and Ethics Program was renamed in 2019 in a campaign using the hashtag #nocaminhocerto (#ontherightpath). The different communications transmitted the key principles of the program, as well as the contacts for the reporting or whistleblower channel (email, website, 0800 hotline).

An evolution of the Integrity Program, the Compliance and Ethics Program implements monitoring on three fronts, all overseen by the Audit, Risk Management and Compliance Committee:

- 1. Training:** monitoring to verify that training was effectively undertaken and whether the employees and third-parties convened actually attended;
- 2. Due diligence:** evaluation of the risks related to contracting third-parties and intermediaries, the volume of procedures conducted, among others;

3. Reporting or whistleblower channel: monitoring of investigation deadlines, diverse internal statistics relative to market averages, the main locations involved in reported violations and the main types of incidents and situations reported.

As a result, in its last update the procedure for evaluating risks of fraud and corruption in the company – undertaken periodically – identified two main risks: bribery or unwarranted advantages for public authorities to ensure, maintain or to influence decisions and collusion between competitors to frustrate or fraud tender processes. This led to the detailing of potential corruption incidents and schemes, which were used to establish control processes aimed at mitigating and eliminating such risks.

At Localiza, all employees are submitted to training on the Code of Ethics and Conduct. Similarly all business partners considered to be third-party

intermediaries undertake training based on the Anti-corruption law. Monitoring of training in the Code of Ethics and Conduct is the responsibility of the People Management area, while training of third-party intermediaries is overseen by the Internal Audit area. Localiza ended 2019 with more than 93% of its work force trained in the Code of Ethics and Conduct.

For example, 100% of the seven members of the Board of Directors received communications and were trained in our anti-corruption policies and procedures in 2017, 2018 and 2019.

More than 93%
of the workforce
was trained in
the Code of Ethics
and Conduct

NEW FORMAT

In 2019, training on the Code of Ethics and Conduct was reformulated to make it more extensive and interactive. In the opening video, for example, the company’s CEO Eugênio Mattar underscores that “Ethics and trust have been part of our DNA since the very beginning”. The training was preceded by a publicity campaign with pieces that asked “Do you know how this story ends?”, showing situations in which the application of the code is necessary, such as: “Carlos receives a watch as a present from a supplier”.

When we launched our new page on LinkedIn, we also disseminated a number of points on the behavior expected of our employees in this social network. On another occasion, the campaign addressed what employees should do to avoid sharing rumors on social networks.

We also prepared engagement measures related to this matter in 2019, such as:

National Ethics Day – To mark the date, May 2, the company created a campaign aimed at valuing and underscoring ethical practices as part of the company’s culture, which included: not jumping queues, not talking loudly on cell phones in public places, not being rude and/or offensive, not discarding trash in inappropriate places.

National Anti-Money Laundering Day – We conducted a campaign on this day, October 28, emphasizing that Localiza is compliant in this area and that everyone in the company is responsible for combating money laundering and corruption.

COMMUNICATION AND TRAINING OF EMPLOYEES ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES, BY REGION IN 2019 GRI 205-2

Region	Communicated		Trained	
	Number	Percentage	Number	Percentage
Midwest	541	100%	513	94.82%
Northeast	1,377	100%	1,308	94.99%
North	383	100%	367	95.82%
Southeast	6,911	100%	6,421	92.91%
South	1,110	100%	1,052	94.77%
Total	10,322	100%	9,661	93.59%

Reporting channel

GRI 102-17, 103-1, 103-2, 103-3

To promote the identification of situations and incidents involving violation of the company’s values, Code of Ethics, internal policies and procedures as well as legislation, Localiza has a confidential channel through which employees, customers, suppliers, franchisees, investors and other stakeholders may report any breaches. The channel, which permits anonymous and identified reports, is operated by a specialized, independent company.

The Confidential Channel may be accessed by telephone, by internet and by email from within or outside Brazil. After a report is made, a case number is generated enabling the person who made the report to track progress in the investigation, as well as to include information complementing that already provided and answer any questions from the team responsible for the investigation. The reports are investigated by the Internal Audit area.

RISK GRI 102-15 MANAGEMENT

The Internal Controls and Corporate Risk Management area is responsible for establishing standards for monitoring and managing the company's corporate and operational risks. This includes mapping and adapting the action plans developed for each corporate risk identified to ensure that effectiveness tests for the controls established may be executed by Internal Audit.

Another work front is aimed at operational risks: the team visits carefully selected branches to observe how risk is managed on the front line of the business.

The area's activities are reported to the Audit, Risk Management and Compliance Committee which, in turn, reports to the Board of Directors.

In 2019, the corporate risk matrix was reviewed with support from a specialized external consultancy. The tool was elaborated based on

a meticulous survey involving the senior management of the company. It took into account risk mitigation controls and classified risks as low, medium, high and very high. The document is monitored constantly, and risks for the company are reviewed on an annual basis.

Approved by the Board of Directors on March 22, 2018, the company's **Risk Management and Internal Controls Policy** is the instrument used to oversee activities related to monitoring and controlling operational and financial processes, aimed at ensuring the adoption of preventive, prospective and proactive measures regarding the control of risks.



Customers are our passion

Safety, innovation, sustainable mobility and women’s empowerment drive delight and loyalty

1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

IN THIS CHAPTER

- > SUSTAINABLE MOBILITY
- > ROAD SAFETY



The center of attention since Localiza was founded, the relevance of our customers is expressed in our primary value: **Customers are our passion.**

Accordingly, we value lasting relationships, investing in quality services, in innovation and in technology. Our strategy ensures leadership in global trends aimed at finding solutions that delight our different customer profiles, exceeding their expectations and driving loyalty.

Delighting customers

10 million customers
in the Car Rental division alone

The highest NPS score among
the **25** most valuable brands
in the Interbrand ranking



Localiza Fidelidade (Localiza Loyalty)

Launched in 2000, the Localiza Fidelidade loyalty program is the largest in the car rental sector in South America, with around 10.4 million members. The program attracted 1.4 million new participants in 2019, an increase of 13.9% over the previous year. In 2019, the company was recognized in the annual study conducted by the magazine *Exame* in conjunction with the consumer relations body IBRC (Instituto Ibero Brasileiro de Relacionamento com o Cliente), coming in first place in customer service in the *Exame IBRC 2019 Ranking*.

The benefits offered by Localiza Fidelidade include room rate discounts in the AccorHotels chain (Ibis, Ibis Styles, Ibis Budget, Mercure, Novotel, Adagio, Mama Shelter, Grand Mercure, Pullman, MGallery and Sofitel), 27-hour daily car rentals (tolerance on return), exclusive transfer between agencies and airports, free car model upgrades, check-in and choice of car model through the application and self-service terminals, priority check-in at the agencies, free additional driver and bonus points. In the program, customers may accumulate points and redeem them easily and rapidly. The benefits vary in accordance with the category (Green/Gold/Platinum) and type of contract.

DELIGHTING OUR DRIVERS

Localiza supports women's empowerment through diverse campaigns and by encouraging women to work as professional drivers with a view to promoting gender equality, equality in the labor market and financial independence.

On March 8, International Women's Day, an external campaign was conducted praising women's performance behind the steering wheel and communicating Localiza's pride at the prudence women exhibit when driving: women receive fewer fines, have fewer accidents and, accordingly, pay lower car insurance premiums than men.

Also during March, an event named VOE Mulher has held in the Mineirão stadium in Belo Horizonte, in which Localiza was the official car rental agency. VOE (Valente, Ousada, Empreendedora) Mulher or Courageous, Daring and Enterprising Women, was attended by around 25,000 women from Minas Gerais, with the goal of inspiring and connecting new female success stories.

Another initiative supported in 2019 was the Elas na Direção (Women at the Wheel) platform. Created by Uber in partnership with the Rede Mulher Empreendedora (Enterprising Women Network), the project is aimed at increasing and strengthening the community of female Uber drivers in Brazil and included both women who already drive for the application as well as ones who have not yet signed up for it.

The goal is to try to decrease inequality between men and women in the labor force. While in the USA almost 25% of all Uber driver partners are women, in Brazil the figure is no more than 6%.

GRI 203-2

Launched in October in Campinas (SP), Curitiba (PR) and Fortaleza (CE), the project should be extended to the whole of Brazil in 2020. The partnership with Localiza offers exclusive car rental conditions in the three pilot project cities: women who register with Uber but have never ridden with a fare may rent a car at a lower rate than regular for the category and without needing to have a credit card for the rental.



SUSTAINABLE MOBILITY

Digital transformation is part of the Localiza Culture. We pursue innovation as a premise for offering sustainable mobility solutions. To do this, we closely track market trends and consumers' wishes. We have multidisciplinary teams to drive progress in this area, such as 100% digital car sales, already a reality in 2020. Digital sales also offer the possibility of delivery of the car to the buyer's home.

Public awareness of costs, pollutant emissions and the time wasted in travel has contributed to making sustainability even more central to our projects. Having the largest shared fleet in Latin America, we are at the center of this major movement, with our sights set on the future of mobility, both to rapidly provide our customers with multiple services and to engage them in consuming cleaner fuels.

Fostering the use of biofuels is part of the national greenhouse gas emissions mitigation strategy, a subject that impacts both the national and international conjuncture.

Accordingly, in addition to fueling around 98% of our fleet with ethanol, given the nature of our business, we invest in Localiza's potential to contribute towards the consumption of biofuels, generating value both for our brand and for society.

Dedicated to furthering our proactive stance in digital transformation, we took some important steps in 2019: we consolidated Localiza Driver – an exclusive service for application drivers that contributes towards this form of mobility and enterprise in Brazil, in addition to promoting positive social impact. We also launched Localiza Pass by ConectCar in the Car Rental division and expanded services via WhatsApp. **GRI 203-2**



LOCALIZA PASS BY CONECTCAR

This nationwide automatic toll and parking lot payment service, offered through a partnership between Localiza Hertz and ConectCar, has been in place in the state of São Paulo since November. Prior to this, a pilot project had been launched at the Viracopos airport agency in Campinas (SP) in May.

Customers who are registered with Localiza Hertz do not need to activate the Localiza Pass by ConectCar service because it is fully automated: the product is unblocked and provides a more fluid and convenient driving experience for the customer. If customers do not wish to use the automatic ConectCar lanes at toll booths, they may simply go through the normal lanes and pay with cash. In parking lots, the barriers open automatically and the customers may take their ticket and pay normally.

Daily rental customers are charged up to ten working days after the car has been returned, with the service debited to their credit card. For monthly rental customers, payment is also charged to their credit card every 30 days.

In both cases, a statement detailing use of the service is sent to the customer via email. Use of the service may also be consulted online via application.

Other **Car Rental** projects and solutions in 2019 were:

Apple Business Chat (ABC) – An artificial intelligence tool from Apple was made available on the Localiza Hertz website in December, representing a new relationship channel with the consumer. This enables the user to access information by means of iMessage (an iOS messaging application) in order to make reservations, ask for information and instructions and request services, among diverse other resources. The differential offered by this system is its graphics interface, which permits the addition of images when reserving a car, for example.

Luxury cars in the fleet – Luxury vehicles such as the Volvo XC60 T5 Momentum and the Mercedes C 180 were included in the fleet, offering consumers more powerful and technologically advanced cars.

Self Check-in – Automatic capture of driving licence for registration of new customers. The

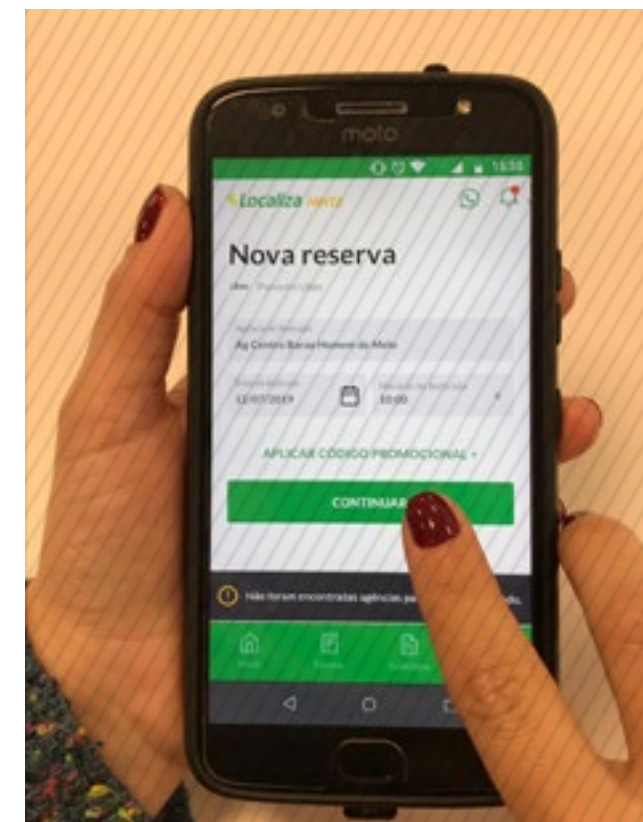
technology streamlines and simplifies the process of picking up a rental car. It enables the customer to check reservation information and select the car, ensuring that the rental pre-authorization is ready when he/she arrives at the counter.

Localiza Chatbot – A reservation assistant via Facebook/Messenger, simulating human service in conversations with people. This enables Car Rental customers to change their data and to make or cancel reservations. For Seminovos customers, the Chatbot may be used for post-sale service.

Enterprise WhatsApp – We use the application as a reservation and assistance channel for Car Rental customers.

Localiza Fast – Unprecedented in Latin America, this is the only 100% digital rental service in the market, enabling the customer to pick up the vehicle without having to go to the service counter. This smartphone application gives the customer access to the key of the vehicle with just a selfie and a signature.

Mobile Check-out – A solution that streamlines and simplifies the return of the vehicle to the agency patio.



Localiza Driver – A digital solution for application drivers aimed at optimizing their results in the partnership between Localiza and the application company. The functions implemented include validation of the drivers' identification, exchange of information, digitalization of vehicle documentation and the deduction of payments owed by the driver to Localiza by the application company. The latter item is optional for the driver. It is aimed at simplifying the financial routine for drivers and can also reduce delinquency for Localiza.

SEMINOVOS

Sales Center – Telephone service (0800-2002000) and digital sales via WhatsApp or via chat on the website focused on sales to the end consumer, resellers and other store owners.

Data Analytics – Utilization of the data base to personalize and optimize the fleet mix, prices and operations of each used car store.

Store Owner Portal – Exclusive access for store owners providing sales records, digital signature and online service, enhancing monitoring and management.

#TEATENDO – Post-sale service that may be accessed by different channels, such as telephone, WhatsApp or chat on the **portal**.

FLEET MANAGEMENT

Connected Car – Improvement in the telematics system by means of a new portal with easy to understand information and indicators to streamline decision making. Provision of reports on productivity and cost reductions.

Consultancy – Specialists help the customer to clearly understand the fleet profile and indicators in their operation, enabling the establishment of targets, process optimization, reductions in expenses and actions to make the fleet more sustainable. From a sustainability perspective, the customer’s carbon footprint is analyzed, mapping opportunities to mitigate emissions.

Fuel Management – This solution permits cost management and improvements in efficiency by cross referencing refueling data with other fleet information, such as fines and servicing.

Management Portal – MyFleet enables the customer to check all the information related to each vehicle in the fleet, including data on the driver, fines and indicators that facilitate decision making and boost management autonomy.



ROAD SAFETY

GRI 103-1, 103-2, 103-3, 416-1

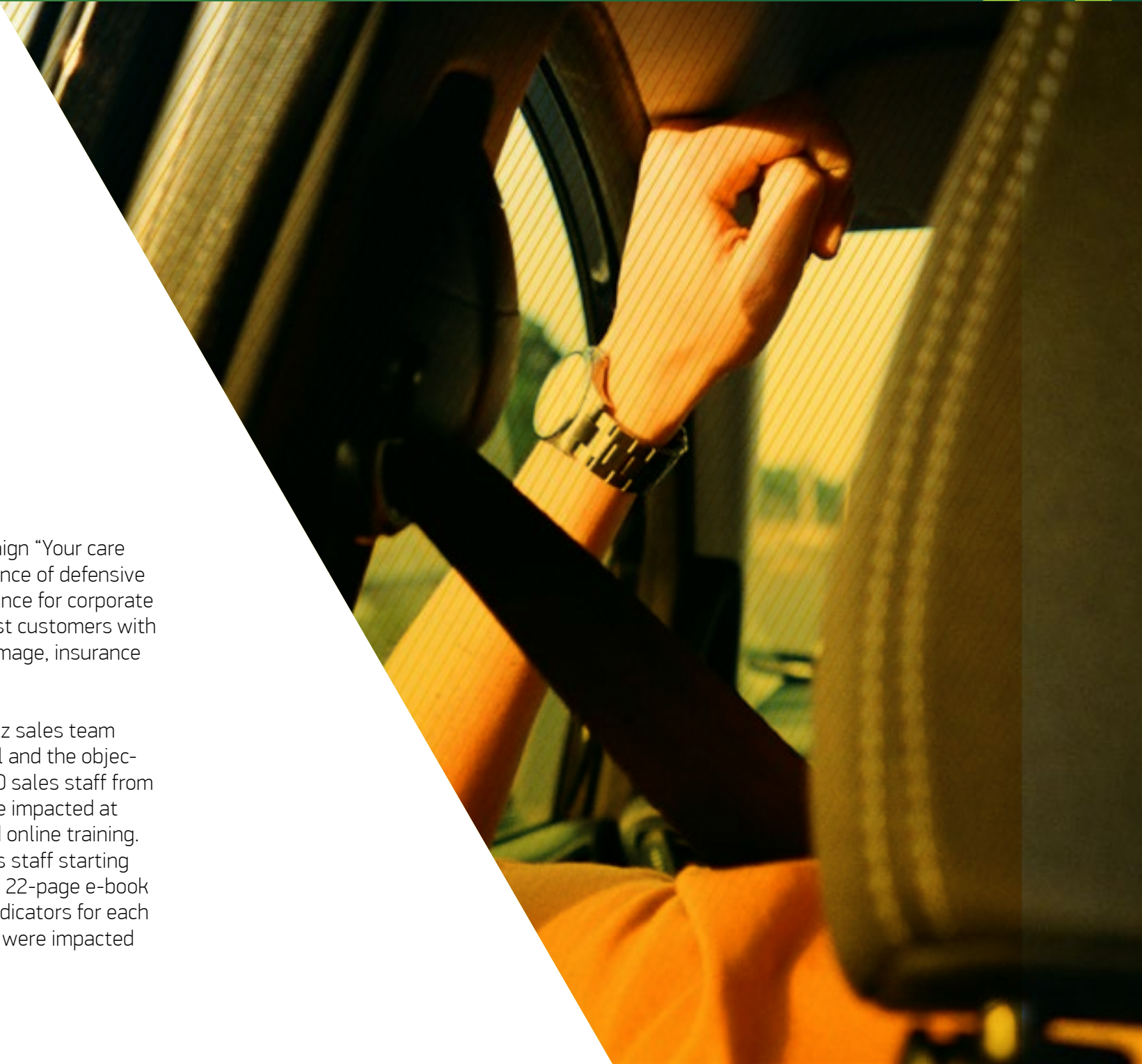
Our commitment to our customers' experience transcends the boundaries of our operation. In addition to ensuring safer travel with cars that are properly serviced, we want to raise awareness of road safety in general with a view to driving a consistent reduction in the number and the seriousness of traffic accidents.

Accordingly, we invest in road safety and defensive driving campaigns for our customers, with initiatives that include partnerships, talks and events, as well as training and contents to promote engagement. These measures are customized in accordance with the different customer profiles in each segment.

CAR RENTAL

In 2019, we launched the campaign "Your care cares for others" on the importance of defensive driving and preventive maintenance for corporate customers, particularly high-cost customers with higher than average rates of damage, insurance write-offs and fines.

Initially, the entire Localiza Hertz sales team receiving training in the material and the objective of the project. A total of 200 sales staff from the 11 regional sales areas were impacted at this stage, with face to face and online training. In the following phase, the sales staff starting visiting customers, presenting a 22-page e-book on this subject, together with indicators for each customer. 202 corporate clients were impacted during the year.



FLEET MANAGEMENT

We provide consultancy for the analysis of the customers’ fleet indicators (fines and accidents). We measure the results and propose action plans that include road safety campaigns, talks, courses and events on the customer’s premises.

We offer two training programs for customers in this segment. The sustainable driving course is online and addresses aspects such as car maintenance and efficiency, as well as reducing negative impacts associated with vehicle use, such as tire pressure, conscious use of air conditioning, using ethanol as a fuel and dry washing. In 2019, 45 people were trained.

The defensive driving course was taken by 3,315 people in 2019. Lasting one hour, this theoretical course is 100% online. We also offer practical training on demand.

Localiza employees have Road Safety **targets** which impact their variable remuneration. In Localiza Hertz, for example, the target is linked with the cost of damages and insurance write-offs for corporate customers.



Yellow May

Attentive to initiatives aimed at improving road safety, we underscore and support Yellow May, an international movement to drive awareness and promote safety in traffic. Every May, we engage our employees and customers in an awareness campaign. In 2019, our campaign reinforced the importance of caring for loved ones, promoting an experience in which the voice of the application Waze encouraged people to drive carefully. By means of this partnership, we pioneered the use of this new Waze functionality to increase awareness of the importance of road safety.

QUALITY AND ASSISTANCE

All our agencies provide cars in excellent working condition. Our operational team follows the manufacturers' orientations for servicing and maintenance. The majority of the company's cars are serviced in authorized dealers upon completing 10,000 km.

Before reaching the mileage recommended for servicing, the customer service areas measure satisfaction with the mechanical condition of the vehicles by means of an NPS survey. They receive and record any feedback related to poor performance, mechanical failures or problems with the vehicles, taking the necessary measures to have them repaired by authorized dealerships.

Our user telephone help line and our channel for fleet managers receive and record all contacts, ensuring problems are resolved as rapidly as possible.

The cars commercialized via the Seminovos sector are subject to a rigorous quality check: before going on sale they undergo a full service to guarantee their performance and condition.

We follow all vehicle conservation and maintenance guidelines, as well as the determinations for vehicle inspections issued by the traffic authorities DETRAN, DENATRAN and CONTRAN. Additionally we are fully compliant with the Civil Code, the Consumer Defense Code and the Brazilian Traffic Code.



Results for the year

In pursuit of outstanding performance, Localiza boosts revenue, provides incentives for the value chain and wins awards

1

NO POVERTY

2

ZERO HUNGER

3

GOOD HEALTH AND WELL-BEING

5

GENDER EQUALITY

7

AFFORDABLE AND CLEAN ENERGY

8

DECENT WORK AND ECONOMIC GROWTH

9

INDUSTRY INNOVATION AND INFRASTRUCTURE

10

REDUCED INEQUALITIES

11

SUSTAINABLE CITIES AND COMMUNITIES

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

16

PEACE, JUSTICE AND STRONG INSTITUTIONS

IN THIS CHAPTER

- > CONJUNCTURE
- > ECONOMIC-FINANCIAL PERFORMANCE
- > SUSTAINABILITY CULTURE IN THE VALUE CHAIN
- > AWARDS AND RECOGNITION



CONJUNCTURE

During the course of 2019, the Brazilian economy maintained the lukewarm recovery initiated the previous year.

Even though approval of the Social Security system reform may have inspired momentary optimism and inflation and interest rates maintained their downward trend, unemployment in the country remains very high. Wealth generation was also below expectations, leading to Gross Domestic Product (GDP) growth of only 1.1% in the year.

In addition to internal factors, this performance was influenced by low levels of economic activity on the world scene, pressured by political and commercial uncertainty – notably the commercial war between the United States and China and the economic slowdown in the emerging countries. Oil prices saw their highest annual gains at the end of the year, supported by the prospect of a cooling off of the slowdown between the USA and China, and cuts in oil supplies by the producer countries.

The use of shared solutions, such as car rental and the services offered by applications such as Uber, 99 or Cabify, signalled a new relationship between the public and urban transportation, one that is more efficient and economical in comparison with car ownership. By providing an alternative to car ownership and, in parallel, enabling the integration of car rental systems with application services, Localiza made a positive contribution to mobility

Accordingly, we demonstrated our capacity not only to perform well in unfavorable circumstances, but also to respond positively to the challenges presented by the economic conjuncture and the development of the car rental segment. Consequently, we reaffirmed our commitment to grow and to generate value for our shareholders, increasing the size of our fleet and expanding our presence on the continent.



ECONOMIC-FINANCIAL PERFORMANCE

GRI 102-7, 103-1, 103-2, 103-3

Localiza publishes its financial information on a quarterly basis, enabling investors, shareholders and market analysts to access all the indicators necessary for assessing and interpreting the performance of the business. These reports are public and may be obtained from our **results center**, on the company's Investor Relations page on the internet.

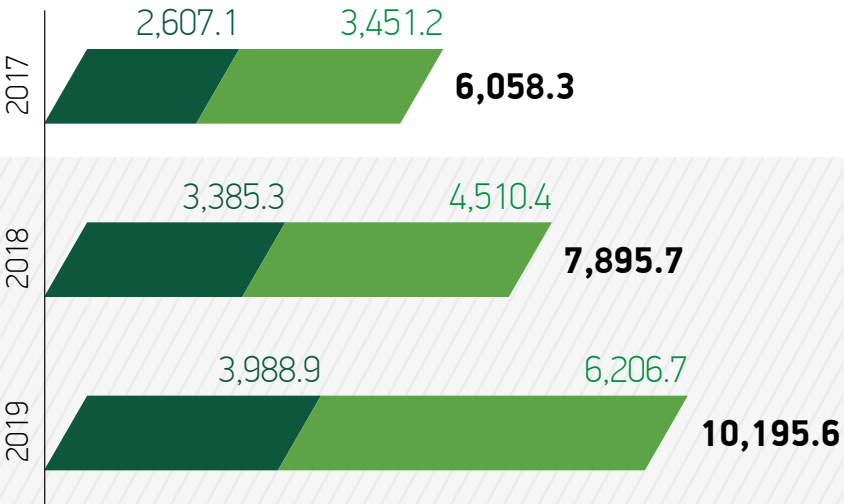
The company has Investment and Indebtedness, Derivatives and Concession of Guarantees and Sureties policies which establish the parameters for financial management. There is a financial planning and control area that analyses and tracks results on a monthly basis.

Even within the conjuncture of slow economic recovery last year, Localiza's figures, as presented in its consolidated 2019 report, were positive. These results demonstrate the efficiency of the strategy adopted by the company to maintain its competitiveness in the market, improving its indicators and generating greater value for shareholders.



NET REVENUE (R\$ million)

Rental (cars and fleets) Seminovos



VARIATION 2018-2019

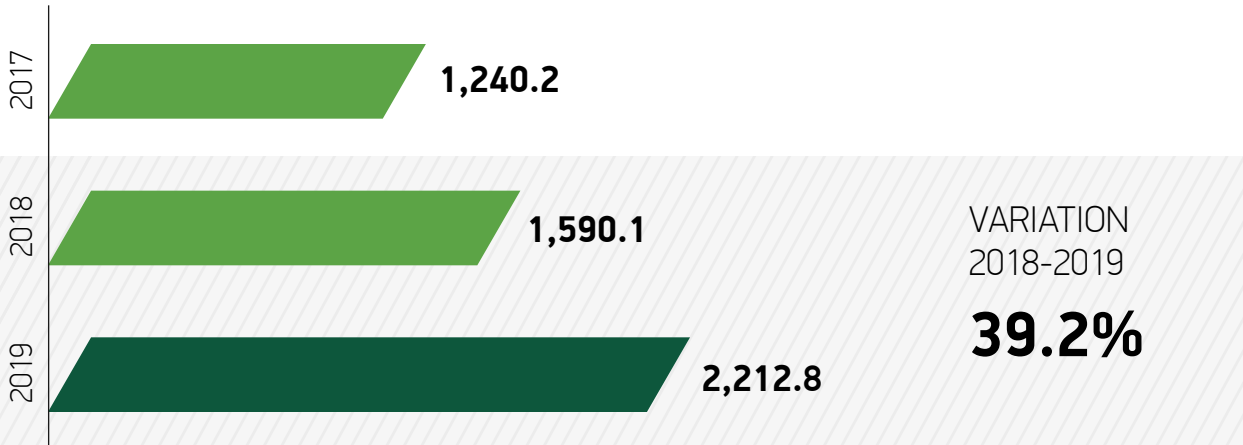
17.8% 37.6%

TOTAL

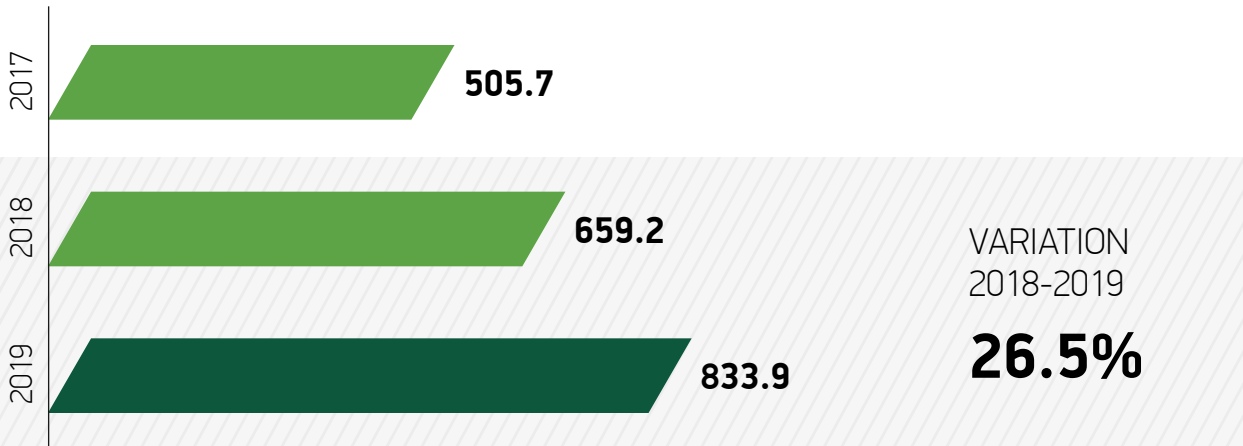
29.1%

The main driver of the company’s overall results was the performance of each of the three business fronts in 2019 – which maintained the growth trend observed the previous year.

Ebitda (R\$ million)

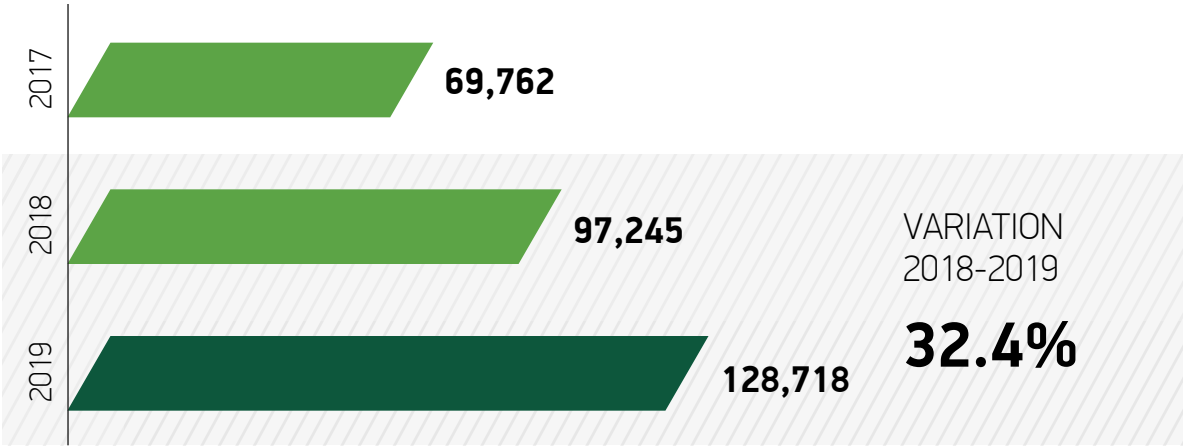


NET INCOME (R\$ million)



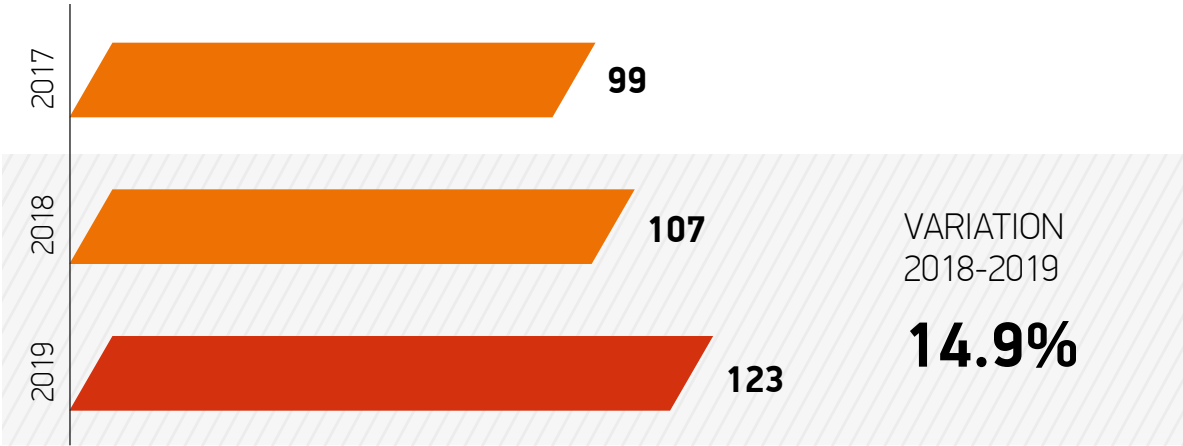
CAR RENTAL

Average rented fleet



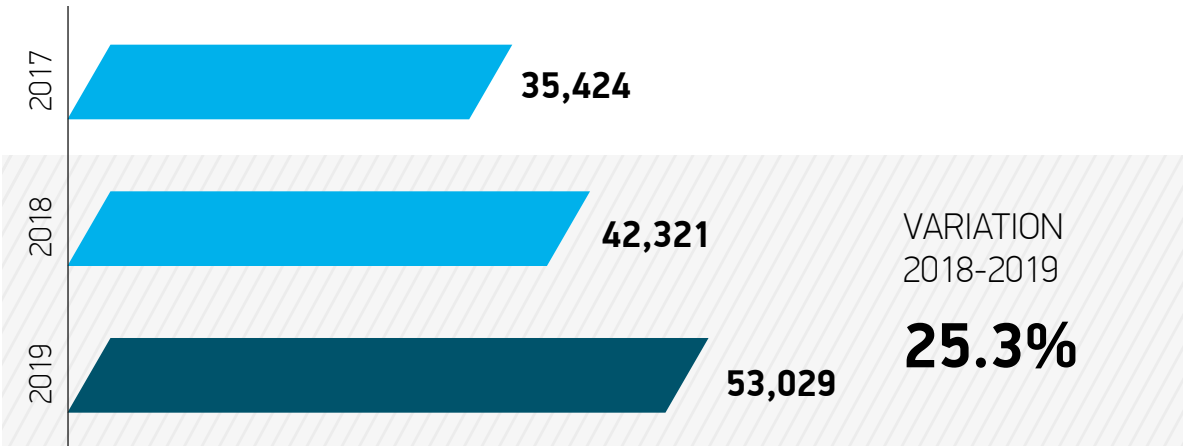
SEMINOVOS

Number of stores



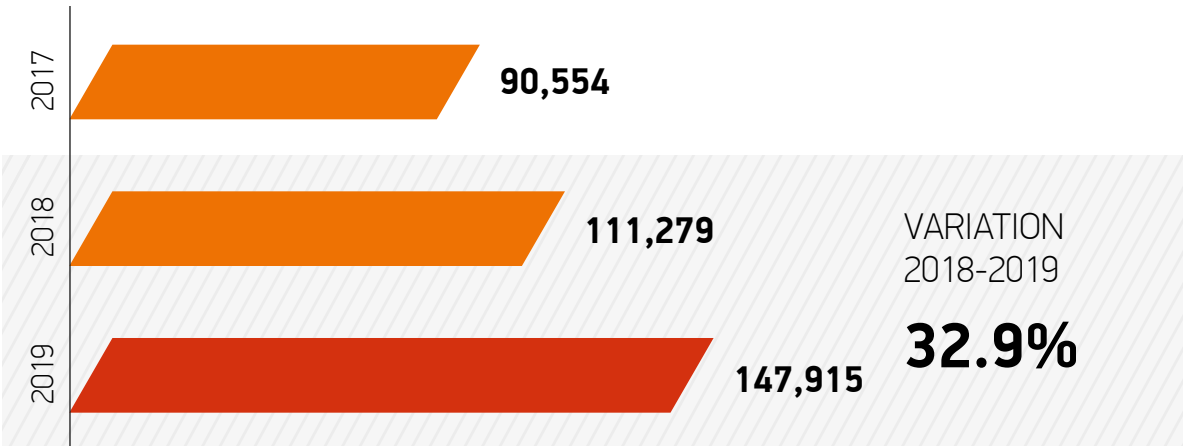
FLEET MANAGEMENT

Average rented fleet



SEMINOVOS

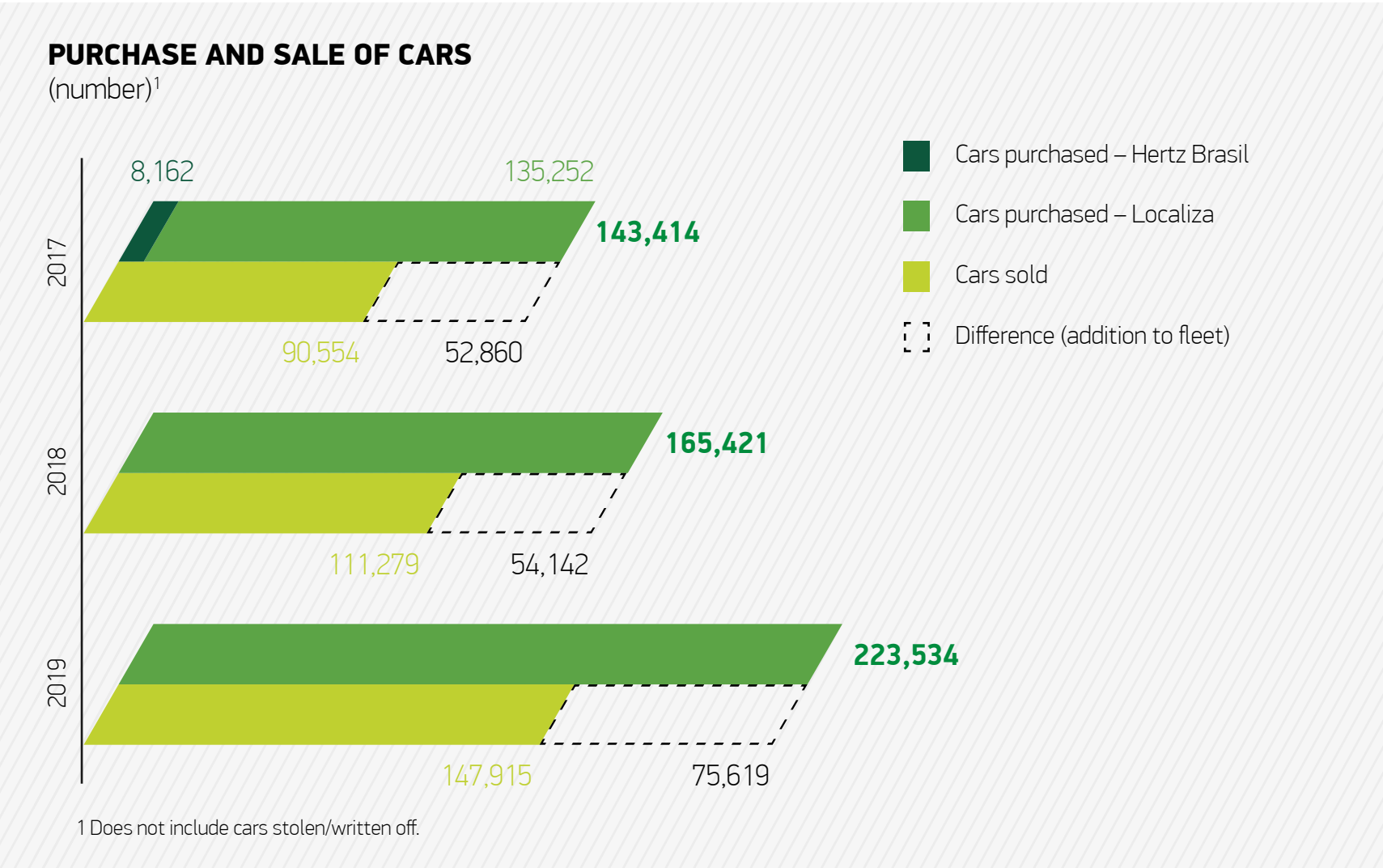
Cars sold



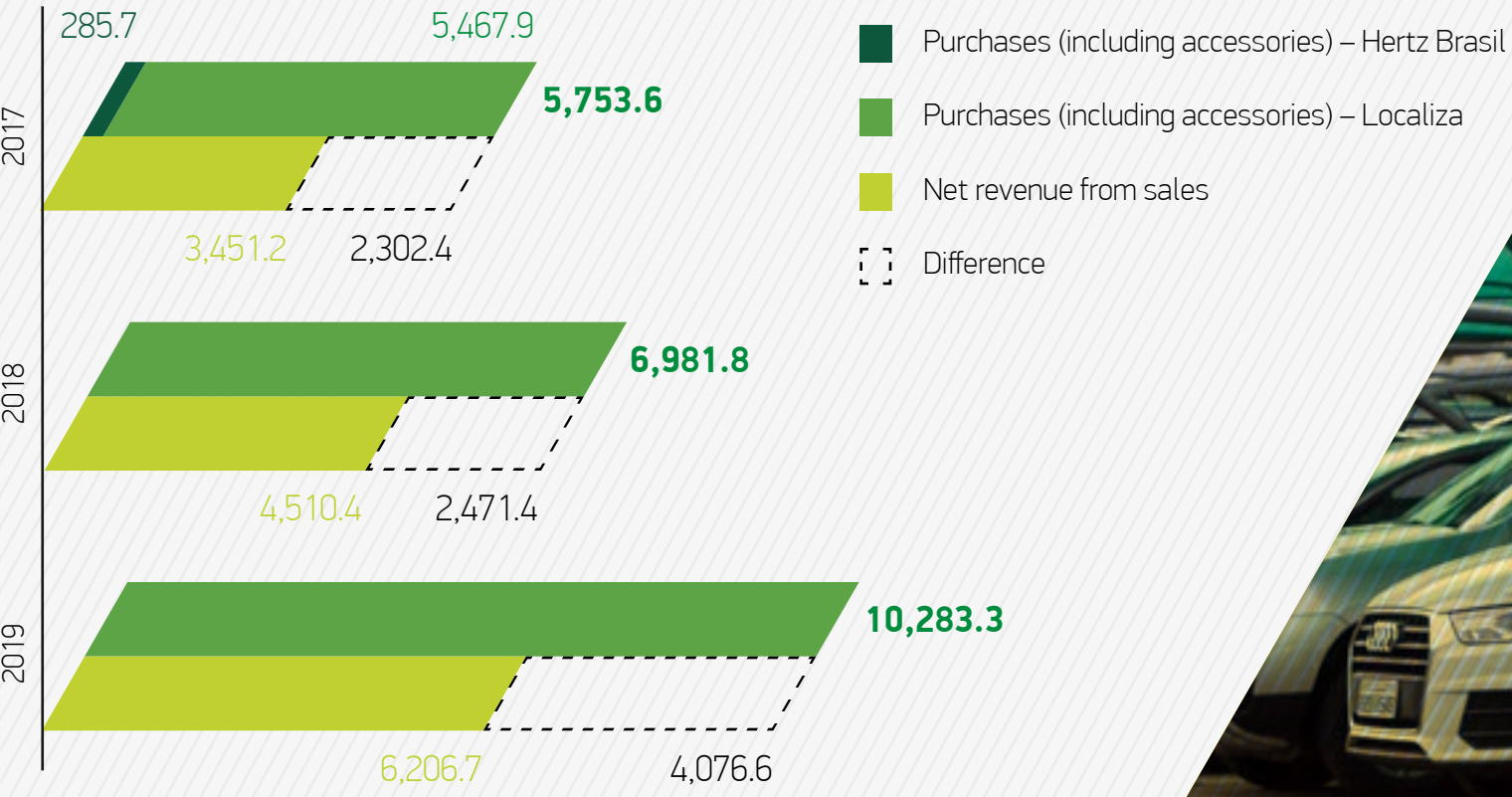
INVESTMENTS

In order to maintain this sustainable growth, Localiza is aware of the need to invest continually in the fleet. The fleet cars are maintained in perfect working condition and are renewed every 12-14 months in the Car Rental division. In 2019, 223,534 cars were bought and 147,915 sold, resulting in an addition of 75,619 cars, a 39.7% increase compared with the addition of 54,142 cars in 2018. This growth was made possible by a net investment of R\$ 4,076.6 million.

In January, the company undertook a primary public share offering, raising the largest amount of funding since it went public: R\$ 1.8 billion through the issue of 55,200,000 new shares at the price of R\$ 33.00 per share. The purpose was to raise funds to expand the fleet, to invest in innovation and in operational improvements, as well as to reinforce working capital.



NET INVESTMENTS IN FLEET
(R\$ million)



SUSTAINABILITY CULTURE IN THE VALUE CHAIN

While working to obtain solid economic-financial results in the long-term, creating value for shareholders, we also focus on sharing value with society as a whole and with our stakeholders.

Accordingly, we participate strategically in the following organizations: **GRI 102-13**

- > **ANAV** – the national vehicle rental and fleet management association (Associação Nacional das Empresas de Aluguel de Veículos e Gestão de Frotas), with a seat on the board and participation in commissions
- > **ABRASCA** – the Brazilian public traded companies association (Associação Brasileira das Sociedades de Capital Aberto)
- > **IBGC** – the Brazilian corporate governance institute (Instituto Brasileiro de Governança Corporativa)

During the course of 2019, the company distributed around R\$ 3 billion in economic value to society – 15% more than the R\$ 2.6 billion distributed in 2018.

This value was distributed on four fronts: remuneration of the company's work force, including salaries and benefits; compensation for our shareholders, in the form of interest on own equity and retained earnings; remuneration of our suppliers and financial institutions, based on contracts, loans and financial transactions; and payment of taxes and charges to municipal, state and federal governments.





DISTRIBUTION OF ADDED VALUE (R\$ MILLION) GRI 201-1

	2017	2018	2019	Variation 2018-2019
Taxes, charges and contributions				
Federal	329.3	398.5	468.7	17.6%
State	100.0	132.8	168.9	27.2%
Municipal	29.9	38.2	53.8	40.8%
Total	459.2	569.6	691.4	21.4%
Personnel				
Direct remuneration	417.6	483.5	572.8	18.5%
Benefits	87.6	98.9	113.7	15.0%
FGTS (social security)	30.4	34.3	40.5	18.0%
Others	8.9	10.4	10.5	1.0%
Total	544.5	627.0	737.5	17.6%
Remuneration of third-party capital				
Interest	511.9	536.8	630.0	17.3%
Real estate rental	161.2	182.2	71.4	-60.8%
Other rents	15.5	21.0	25.7	22.2%
Total	688.6	740.1	727.1	-1.7%
Remuneration of own equity				
Interest on own equity	162.9	178.9	291.0	62.7%
Retained earnings	342.8	480.3	542.9	13.0%
Total	505.7	659.2	833.9	26.5%
Added value distributed and retained	2,197.9	2,595.9	2,990.0	15.2%







SOCIAL DEVELOPMENT

GRI 103-1, 103-2, 103-3

In addition to the wealth distribution inherent to the business, Localiza believes in the development potential of the regions in which it operates. We play an active role in driving social transformation and believe that our activities should generate a positive legacy.

We share resources and participate in programs focused on cultural and educational actions, as well as entrepreneurship in partnership with institutions selected based on criteria such as solid background, excellent reputation and high impact. In 2019, the organization donated more than R\$ 3.3 million to social, cultural and sports institutions through tax incentive laws.

Federal tax incentives (R\$)

	Localiza Rent a Car S.A.	Localiza Fleet S.A.	Total
 Rouanet law	260,000.00	1,350,000.00	1,610,000.00
 Sport Incentive law	85,000.00	357,500.00	442,500.00
 Childhood and Adolescence Fund	85,000.00	357,500.00	442,500.00
 Elderly law	85,000.00	357,500.00	442,500.00
 Pronon (Law n. 12.715/12)	20,000.00	112,500.00	132,500.00
 Pronas/Disabled Persons (Law n. 12.715/12)	20,000.00	112,500.00	132,500.00
Total	555,000.00	2,647,500.00	3,202,500.00

SOME OF THE PROJECTS BENEFITING IN 2019

Cultural and sports actions	Sunset Boulevard Show
	Primavera de Oliveira Festival
Social actions	Japan Festival
	Minas Gerais Philharmonic
	Inhotim
	Minas Tênis Clube Women's Volleyball
Education actions	Hospital Angelina Caron
	Hospital Pequeno Príncipe
	Instituto Mário Penna
	Santo Antonio de Pádua Home for the Elderly
	São José Home for the Elderly
	Cidade dos Meninos São Vicente de Paulo
	Junior Achievement

Located in Brumadinho (Minas Gerais), the Instituto Inhotim houses one of the most important contemporary art collections in Brazil and is considered to be the largest open air museum in the world.



ÓRBI CONECTA

Another value generation initiative we are directly involved in and which we consider to be very important is Órbi Conecta. As part of our actions aimed at fostering enterprise, we established a partnership with a community of start-ups in Belo Horizonte, in conjunction with other large Brazilian corporations – Banco Inter, MRV, Rede Mater Dei de Saúde and Sociedade Inteligência e Coração (SIC) – aimed at creating and maintaining an accelerator to boost connections between start-ups, corporations, investors, academia, civil society and other partners in the creativity ecosystem in our home city.

In 2017, this led to the creation of Órbi Conecta, a 4.0 environment to develop experiences in digital era concepts and practices and to foster the skills necessary for the development of innovative businesses. In 2019, Localiza invested R\$ 0.7 million in Órbi Conecta, supported the event Futuros da Mobilidade (Futures of Mobility), organized by the Singularity University Belo Horizonte Chapter and hosted the first Growth Hackathon, an innovation

marathon for the future of mobility which brought together 44 professionals for 27 hours of uninterrupted work during August.

Located in the Lagoinha district of Belo Horizonte, Órbi Conecta disseminates knowledge through courses, events, talks and meetings, in addition to providing mentoring and training for its resident start-ups. The figures for the program in 2019 were:



6,573 visitors
393 connections established
1,357 companies visited
48 companies hosted
(23 residents and 25 members)
95 events
120 hours of space ceded for events
to foster entrepreneurship
7 deals closed

NEIGHBORING COMMUNITIES

GRI 103-1, 103-2, 103-3, 203-1, 203-2

Our business contributes to the regions in which we operate by generating opportunities of work and income, demand for services, appreciation in the value of real estate and infrastructure improvements. Furthermore, we aim to generate a legacy by investing in ongoing dialogue with these communities, principally the ones surrounding our administrative headquarters in Belo Horizonte (Minas Gerais). We undertake investments and encourage our employees to participate in the Volunteer Work Program.

In this respect, we continued with the activities in the Acolher (Outreach) project, in place since 2017 in partnership with the NGO Junior Achievement in the Bananal and Vila Nova Cachoeirinha communities, close to the Localiza headquarters. The initiative promotes goodwill and an exchange between the local population and the Localiza network of employee volunteers, furthering the development and generating opportunities for these surrounding communities. In 2019, the initiative promoted four programs which directly impacted a total of 244 people.

Connected to Tomorrow – Developed for ninth grade students in public schools in these communities, the program helps familiarize the students with the labor market, inducing them to reflect on their future. It offers information about career prospects and the behavioral competencies necessary for the labor market. In 2019, 160 students participated in the initiative.

Mini-company – This provided 35 young people with practical experience in the main areas of a company: management, finance, marketing, sales, HR and others. Over the course of 15 weeks, the young participants created a company and received detailed consultancy from a multidisciplinary team of volunteer employees.

Enterprising Women – Created to develop the entrepreneurial spirit and to empower socially vulnerable women, the program benefited 25 women in 2019. The program employs management and financial control tools, as well as instruments for pricing products and services. The participants also receive training in marketing, leadership and team work, preparing them to be successful in their ventures. Further information available at [YouTube](#).

Girl for IT – Developed specifically for female secondary students, the program is aimed at providing a grounding in IT development to stimulate the girls' interest in the area and make them aware of the opportunities it offers. There were 24 participants in 2019.



Secondary level girls learn about Information Technology in the Girl for IT program



Native tree seedlings were planted along the borders of the Marginal Pinheiros highway by the Mais Verde (More Green) project in São Paulo

OTHER COMMUNITY ACTIONS

Movimento Bem Maior (Greater Good Movement): formed by a network of members of the Brazilian business community dedicated to increasing philanthropy in the country, the movement selected 50 social projects throughout Brazil to receive financial contributions. Localiza developed a specific volunteer work campaign for the branches under the orientation of the head office team, which visits and monitors the social projects on a monthly basis, identifying their needs by means of status reports. The initiative unifies the capillarity of a team that is present nationwide with a movement that is active in diverse states.

Feira na Praça (Fair in the Square): this is a fair for local artisans, producers and tradespeople held around twice a month at the Localiza head office. The fair was held 33 times in 2019, positively impacting some 50 exhibitors.

Donation campaigns: engagement for the periodic collection of school materials, basic household items, non-perishable foods, and clothes etc, for donation.

Urban development in Belo Horizonte:

- > The company invested R\$ 320,528.64 in a project to open access and refurbish traffic signs in a thoroughfare in the Savassi district, greatly improving mobility in the region;
- > We undertook measures to improve traffic flow in the streets close to our head office, involving changing the direction of traffic and improving road signs in a project amounting to R\$ 5,400.00;
- > As a condition imposed by the permit to construct the Localiza building, we invested approximately R\$ 442,000 in refurbishing a walkway and slip roads on Av. Antônio Carlos, a street close to the head office in Belo Horizonte. This robust landscaping plan involved planting 212 native specie seedlings, 71,000 liner seedlings and replanting over 1,000 m² of grass, resulting in more efficient soil drainage.

More Green in São Paulo: Localiza adopted the area bordering the Marginal Pinheiros highway close to the University of São Paulo (USP), planting 500 native tree specie seedlings, such as purple ipe, Brazilian orchid tree and white angico. The seedlings were planted in two stages: 250 in July and 250 in September, taking into account the diversity of the flowers and arranging them based on their colors and the period when they blossom. Consequently, each month one of the species will be in blossom.

Local suppliers

GRI 102-9, 103-1, 103-2, 103-3, 204-1

We also promote social development by contracting local suppliers. We always prioritize local suppliers of maintenance services in the areas around our agencies. This speeds up fleet repairs and reduces the risk of fines, accidents and car theft.

In supply purchases undertaken by the head office, we seek to include quotes from local suppliers, strengthening the local economy while generating gains in delivery times and lower freight costs. We also prioritize local builders for construction and remodeling work in the agencies. Regarding managing sustainability in the supply chain, our contracts include special clauses designed to ensure the legality of the operation, to promote socially and environmentally correct procedures and to encourage our suppliers to engage in sustainable activities.

In 2019, we registered more than one thousand new direct suppliers, representing 12.1% of the active supplier base. The geographical distribution of these suppliers was 46.8% in the Southeast, 16.7% in the South, 19.3% in the Northeast, 9.0% in the Midwest and 8.2% in the Northern region.

In spite of our efforts to strengthen regional economies, we have not yet quantified the proportion of our spending on local suppliers. We do however measure the volume of parts imported between states, that is, the volume of parts purchased in a different state from the one in which they are used. Our 2019 target of 8.0% for the importation of parts was exceeded, reaching 8.75%. To achieve the same target in 2020, we intend to increase and reinforce our part and accessory distribution network.



AWARDS AND RECOGNITION

Due to the robustness of our values and principles, throughout our history we have achieved important awards and recognition in numerous areas

based on market analyses and assessments. This recognition reinforces our institutional standing and motivates us to proceed.



REPUTATION

- > Best Services Company in the Country in the *Estadão* Empresas Mais ranking

> 20th position among the Interbrand 25 Most Valuable Brazilian Brands ranking

> Brazilian brand with the Highest NPS (Net Promoter Score) from Interbrand
- > Second fastest growing company among the 25 Interbrand award winners

> 2019 Ecovadis Gold Seal for Localiza Gestão de Frotas

> 22nd place in the Most Valuable Brands in Brazil ranking by WWP, Kantar Consulting and the magazine *Istoé Dinheiro*

CUSTOMERS

- > Best in Excellence in Customer Service (Car rental category) from the magazine *Consumidor Moderno*

> 1st in Best Service in the Car Rental and Used Car categories, in the *Época Negócios ReclameAqui* Awards

> RA 1000 Certificate – companies distinguished by their reliability, quality and commitment in post-sale service, from ReclameAqui

FRANCHISING

- > 2019 Excellence in Franchising Seal from the Brazilian Franchising Association (ABF), for the 13th time

> 2019 International Franchising Certificate from ABF



Localiza Professionals (CEO, CFO and IR team) received awards in diverse categories of the Latin American ranking of the international publication *Institutional Investor*

GOVERNANCE

- > Most Transparent Companies in Brazil, 2019 Transparency Trophy from the financial executives association Anefac (Associação Nacional de Executivos de Finanças Administração e Contabilidade)
- > One of the 10 Best Brazilian Publicly Traded Companies in financial management and corporate governance in the 2019 Broadcast Empresas Award
- > Best CEOs in Brazil from *Forbes* magazine
- > CEO of the Year for Eugênio Mattar – Consumidor Moderno Award for Excellence in Customer Service
- > First place in all categories of the Latin American ranking of the international publication *Institutional Investor*, including:
 - > Best company in ESG (environment, social and governance)
 - > Best Investor Relations Program
 - > Best Analysts' Meeting (Localiza Day)
 - > Best IR team
 - > Best website
 - > Best CEO for Eugênio Mattar
 - > Best CFO for Maurício Teixeira
 - > Best IR professional for Nora Lanari
- > Best IR Program, Best IR Executive (Nora Lanari), Best IR by CEO or CFO (Maurício Teixeira) and Best Investors' Meeting in the IR Magazine Awards

People who inspire

GRI 103-1, 103-2, 103-3

A professional journey characterized by care, development, recognition, diversity and inclusion with a team that inspires and transforms

1 NO POVERTY

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

IN THIS CHAPTER

- > DIVERSITY AND INCLUSION
- > PROFESSIONAL DEVELOPMENT



The Localiza People Management area has a permanent commitment to delight our employees. This is why it employs modern, agile management techniques to create a welcoming environment that strengthens the power of our value “People who inspire and transform”.

In frank expansion, we are motivated to attract and maintain talent, because we believe that developing the entire team is the basis for our growth and for a sustainable operation.



We make every effort to ensure that this journey is inspiring and transformational from the moment an employee is recruited, through succession and career development processes, until their retirement. We invest in an organizational culture that values inclusion and diversity. In 2019, we established our 2022 People Commitment to make Localiza an even more admirable company based on the quality, agility and simplicity of the services it provides for each employee.

We progressed in the Localiza Culture project, an initiative begun in 2018 to reinforce and update our values and way of being, preparing us for the challenges of the future. In 2019, a Culture Committee was established. For 2020, the plan is to establish measurements for the evolution in the attributes of the Localiza Culture.

As a result of these initiatives, we achieved a favorability rating of 80 points in our climate survey. This enabled us to reach our target, which

is incorporated into the contracts of Localiza leaders, as well as being one of the indicators monitored by the Sustainability Committee, linked with the material topic Professional Development and Growth.

During the year, we proceeded with our **Intern Program** which, for the first time ever employed gaming as an innovation in the selection of interns. The 418 candidates took virtual tests based on RPG gaming models. The finalists participated in the Localiza Experience, developed in *Escape Room* format, a type of game in which a group of people either have to escape or solve a mystery within a specific time frame. The new tools helped to identify candidates' competencies and values. A total of 74 new interns were selected.

In 2019, we launched the Localiza **Trainee Program** using a blind selection process, which means there were no restrictions in terms of educational background, educational institution or age. From among 14,000 candidates, we selected 17 people, of whom 13 were female. Included in the group were two Localiza employees whose performance earned them the opportunity to develop professionally.

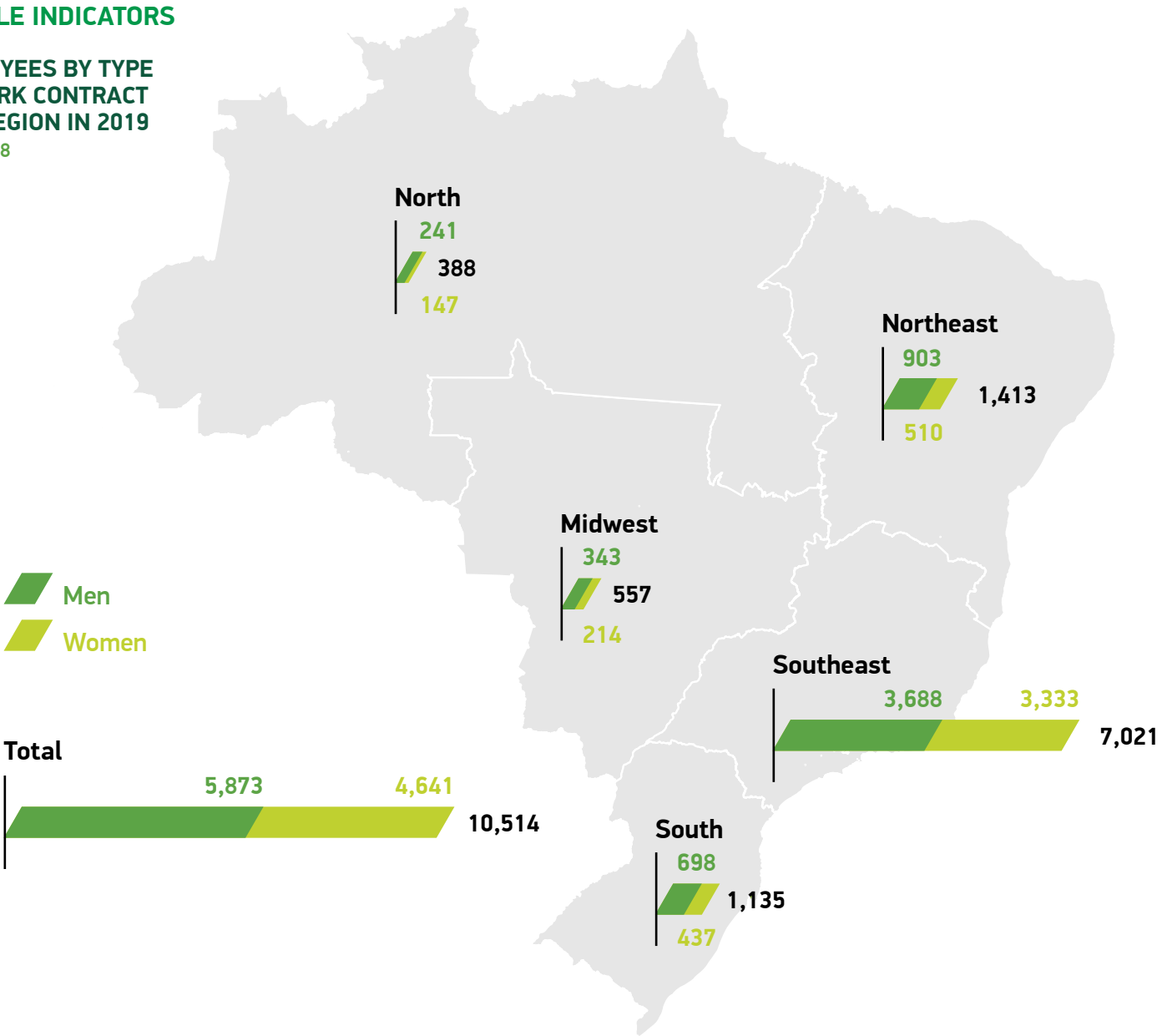
The program was designed so that the trainees undergo integration into the company in the first six months. This involves talks, courses and job rotations, enabling them to get to know different company areas and locations. In the second half of the year, they will be allocated to a specific area in the company in accordance with their affinities and vocation. During this time they will engage in the development of specific strategic projects with mentoring from company leaders.

To facilitate hiring, we also creating a new career webpage based on the concept **Live the Localiza Experience**, with a talent bank comprising the more than 45,000 candidates who apply for jobs at Localiza every year.

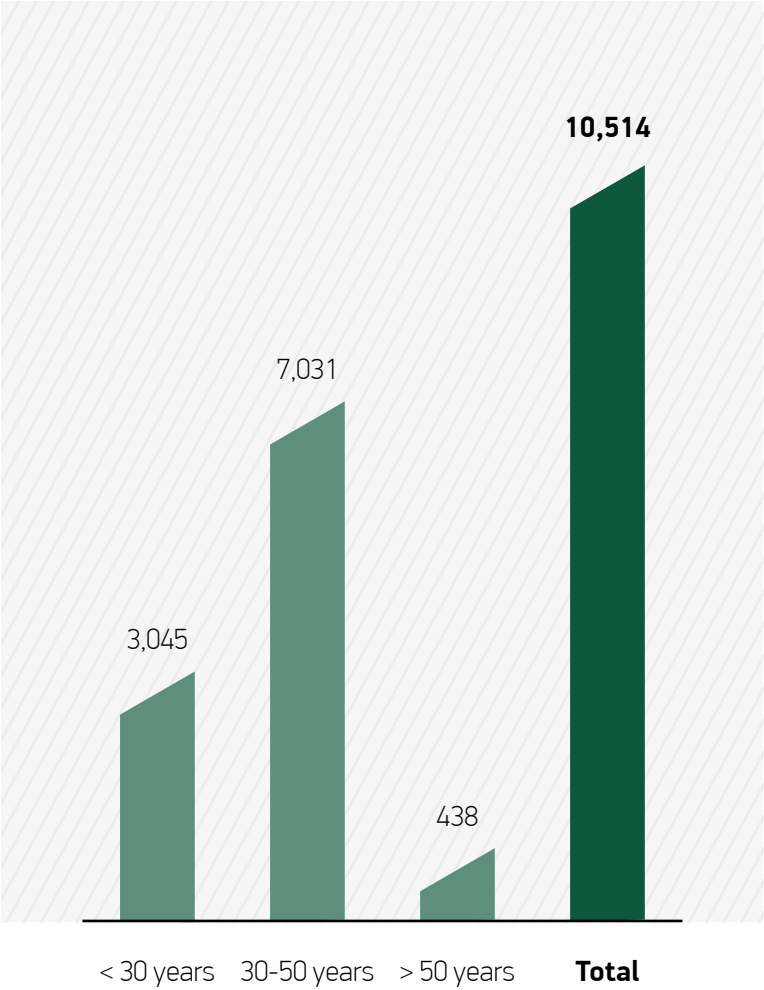
We ended 2019 with 10,514 employees, an increase of 29.4% over the previous year.

PROFILE INDICATORS

EMPLOYEES BY TYPE OF WORK CONTRACT AND REGION IN 2019
GRI 102-8

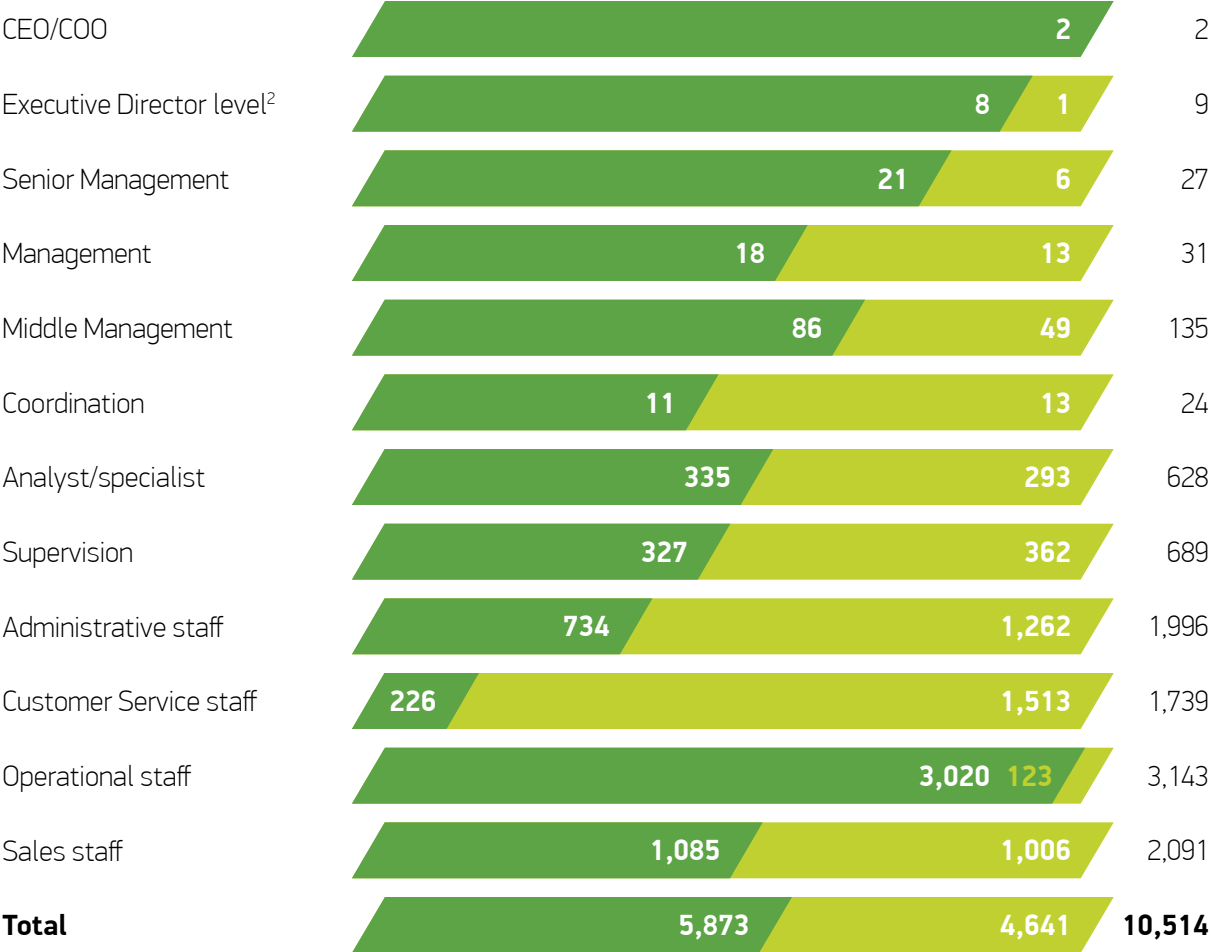


EMPLOYEES BY AGE GROUP IN 2019 GRI 102-8



EMPLOYEES BY FUNCTIONAL CATEGORY AND GENDER IN 2019¹ GRI 102-8

Functional categories



 Men
 Women

¹ All employee contracts are permanent.
² The statutory directors are those allocated in the company's administration. The term executive director is used internally for the highest positions (including the statutory directors) hierarchically subordinate only to the CEO and COO.



TURNOVER

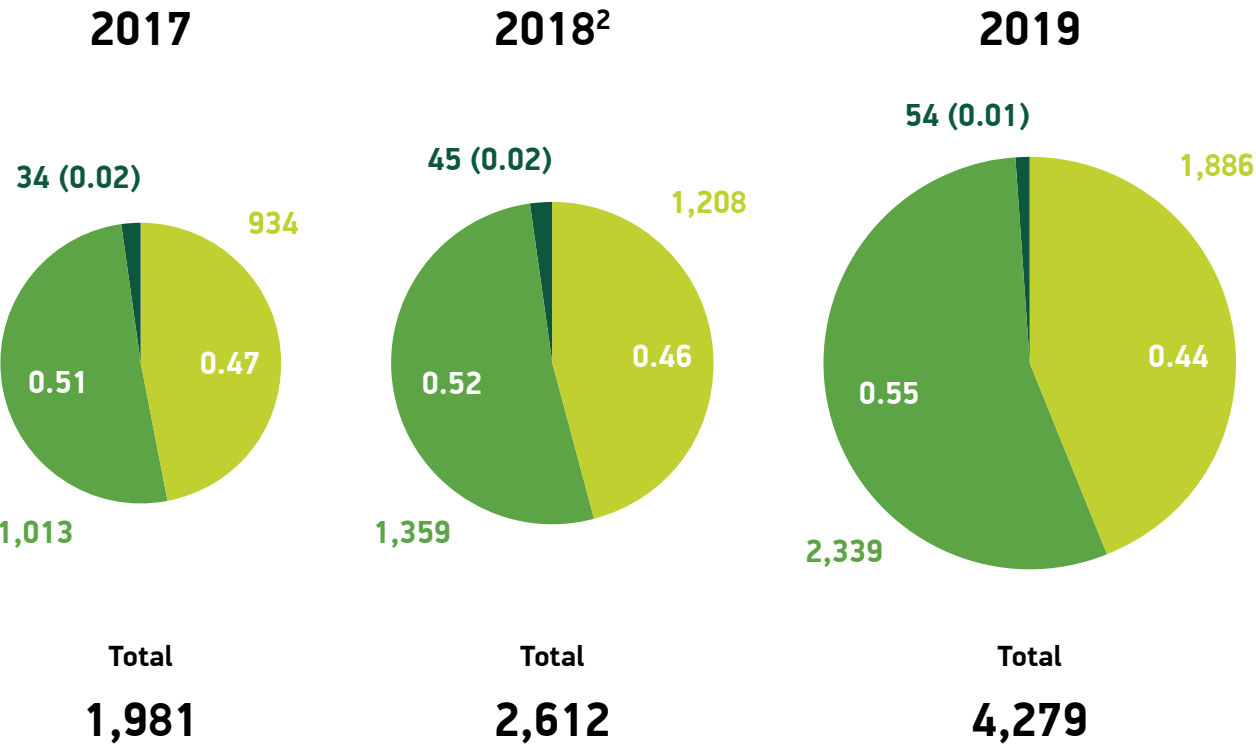
With two peaks in hiring directly related to the seasonality of the tourism segment, our segment has a higher number of hires and terminations than other sectors. By means of transparent selection processes, we hire personnel to meet the increased demand

in the high season. These workers are not necessarily maintained at the end of these seasons. However, regardless of the type of hiring, we prioritize merit. In fact, employee retention targets are linked with executive bonus payments.

NEW EMPLOYEE HIRES AND TURNOVER RATES

EMPLOYEES HIRED BY AGE GROUP¹ GRI 401-1

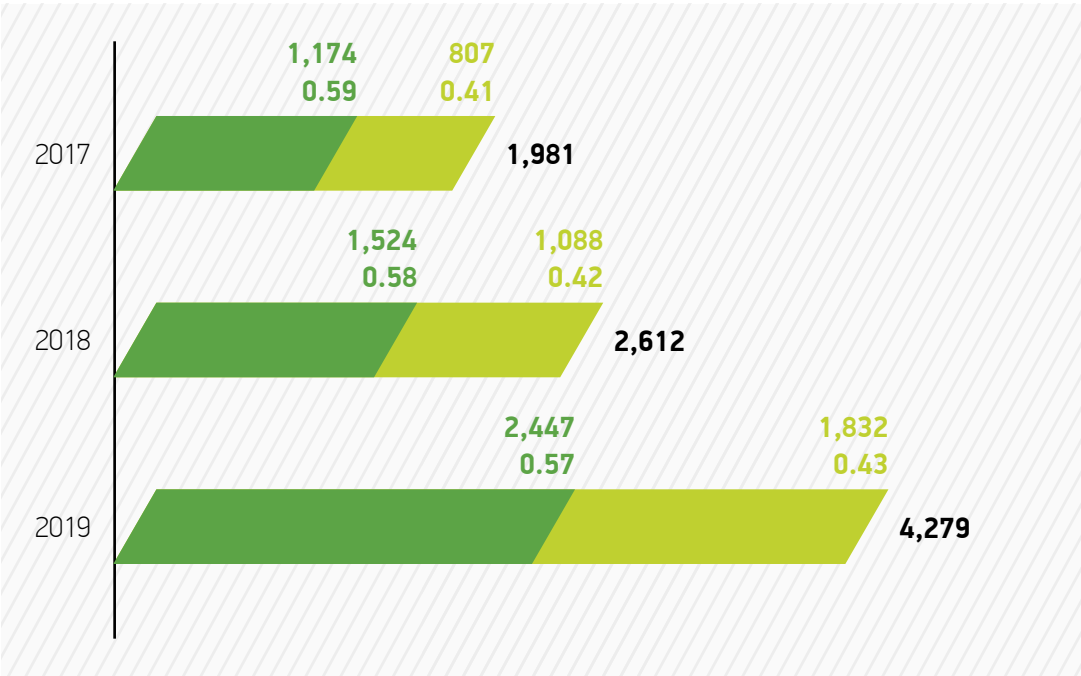
- < 30 years
- 30-50 years
- > 50 years



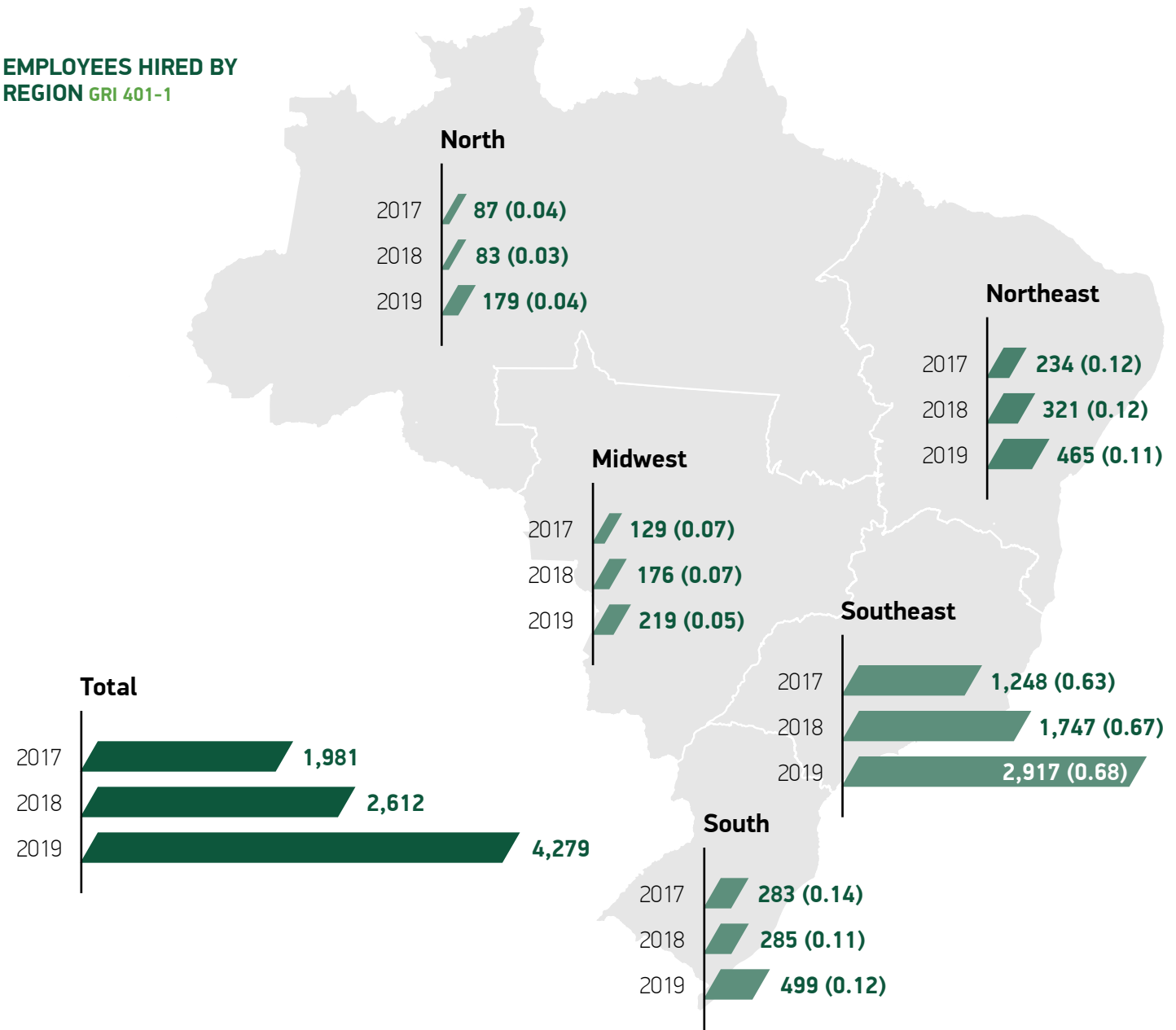
¹ The number of employees does not take into account interns, apprentices, board and statutory board members.
² The data were restated.

EMPLOYEES HIRED BY GENDERGRI 401-1

Men
Women



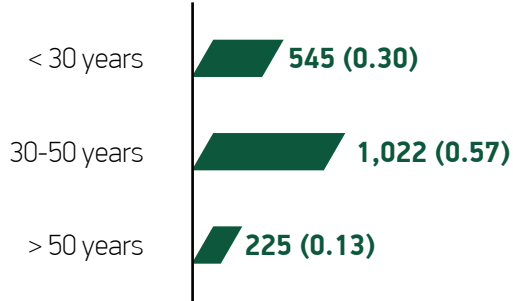
EMPLOYEES HIRED BY REGION GRI 401-1



EMPLOYEES WHO LEFT THE COMPANY IN 2019 GRI 401-1

Total 1,792

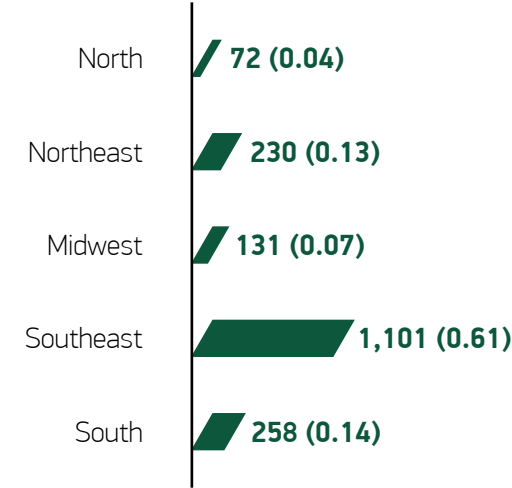
By age group



By gender

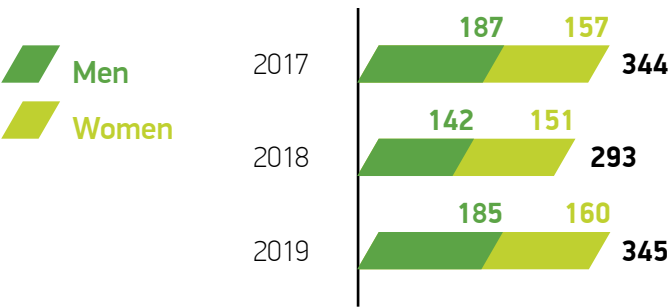


By region

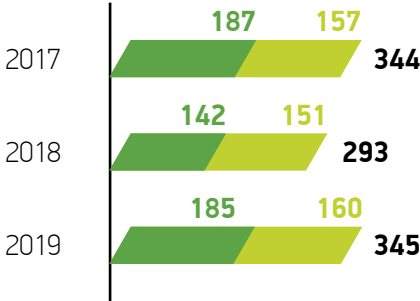


MATERNITY AND PATERNITY LEAVE GRI 401-3

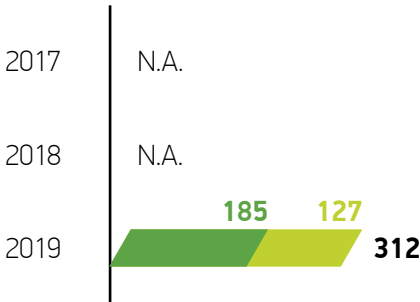
Employees who were entitled to leave



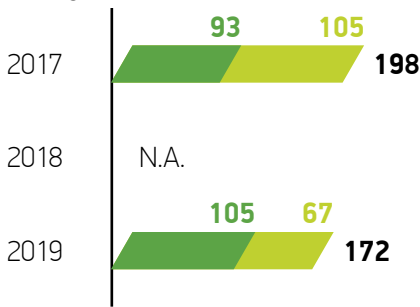
Employees who took leave



Employees who returned to work after the end of leave



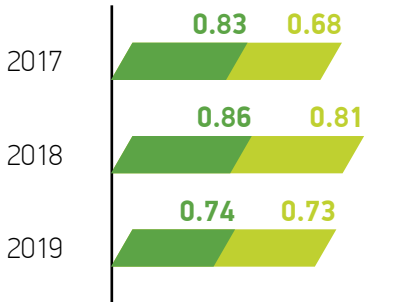
Employees who returned to work after the end of the leave and were still employed 12 months after returning



Return rate



Retention rate



Retirement

Localiza offers a private pension plan to complement the state social security system (INSS).

The percentage contribution varies from 1% to 5%, according to the employee's position. Operational employees, for example, make a contribution to the private pension plan equivalent to 1% of their salary. The company's matching contribution is the same percentage as the employees, that is, if the employee pays 1%, the employer also pays 1%; for employees who make a contribution of 5%, the employer also contributes 5%. At the end of 2019, 8% of the work force were participating in the complementary private pension plan, a benefit which is not provided for members of the Board of Directors and the Fiscal Council.

GRI 201-3

Localiza Kids

Around 650 children of Localiza employees, between the ages of 1 and 12 years, commemorated Children's Day at the company's head office in Belo Horizonte on October 10 and 11. With both fun and learning, the main theme of the event was technology, addressing questions such as taking care with online games and the use of messaging applications and social networks.

The children of employees working in the branches received a digital puzzle, with a focus on innovation, play and learning. The goal was to help parents and children from two different generations to experience the digital transformation Localiza is undergoing and to learn to appreciate different viewpoints.



DIVERSITY AND INCLUSION

GRI 103-1, 103-2, 103-3

We increased the percentage of women in all middle and senior leadership positions.

It is Localiza’s understanding that promoting diversity, inclusion and creating a multicultural environment is the company’s duty, a commitment that will drive positive impacts for the team and for the business, reflecting the fairer society that we are targeting.

This is why we have a heterogeneous work force, made possible by our commitment to offering equal career opportunities for everyone, based on merit and transparency.

In line with the principles of the Sustainable Development Goals (SDG 5), we recognize the importance of increasing female participation in

leadership positions, which is why we proactively seek to develop women’s careers. In 2019, for example, we organized a room for breast feeding in our head office to facilitate the return to work for women ending their maternity leave. These mothers are also accompanied by a doctor and a nurse who provide guidance on pumping and storing milk and feeding the child, among other factors.

There were other significant advances in terms of equality during the year: we elected women both to the Board of Directors and to the Board of Executive Officers.

DIVERSITY IN THE GOVERNANCE BODIES

INDIVIDUALS ON THE BOARD OF DIRECTORS BY GENDER GRI 405-1

	2017	2018	2019
Men	87.5%	85.7%	85.7%
Women	12.5%	14.3%	14.3%

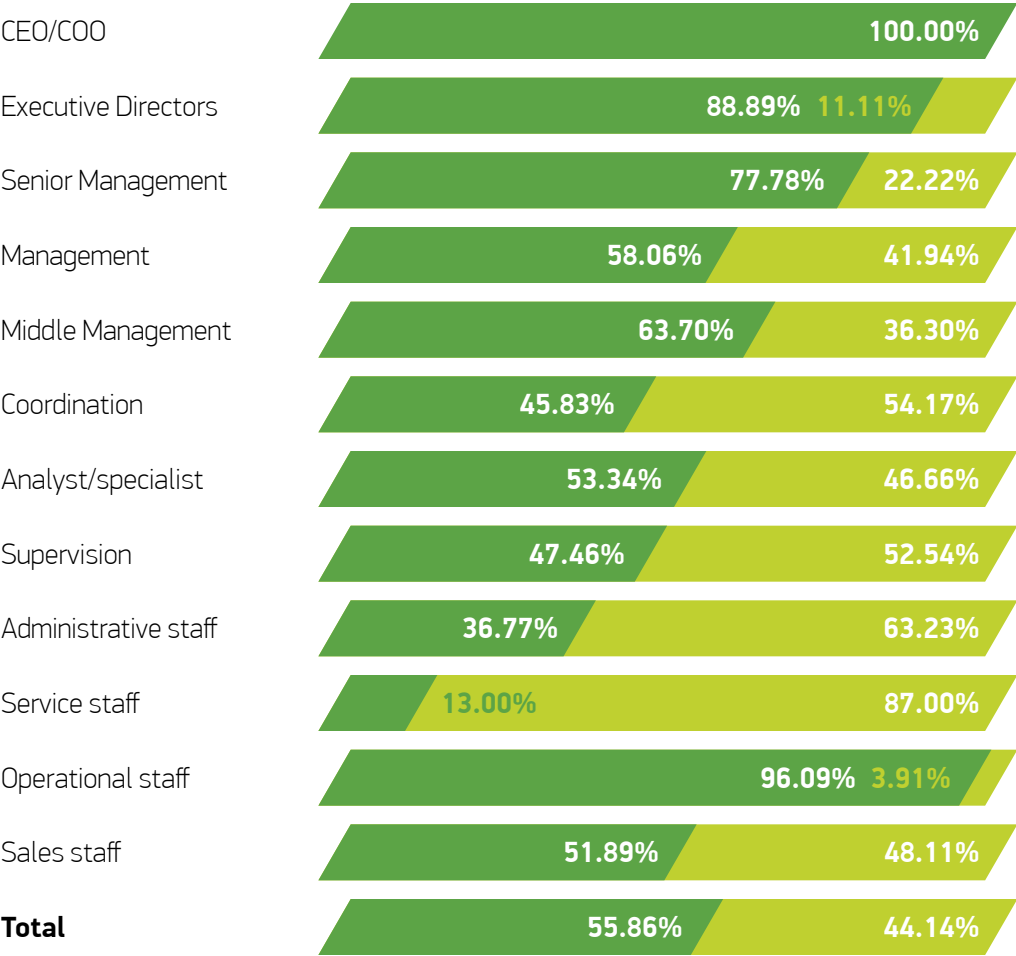
INDIVIDUALS ON THE BOARD OF DIRECTORS BY AGE GROUP GRI 405-1

	2018	2019
< 30 years	0.00%	14.3%
From 30 to 50 years	14.3%	14.3%
> 50 years	85.7%	71.4%



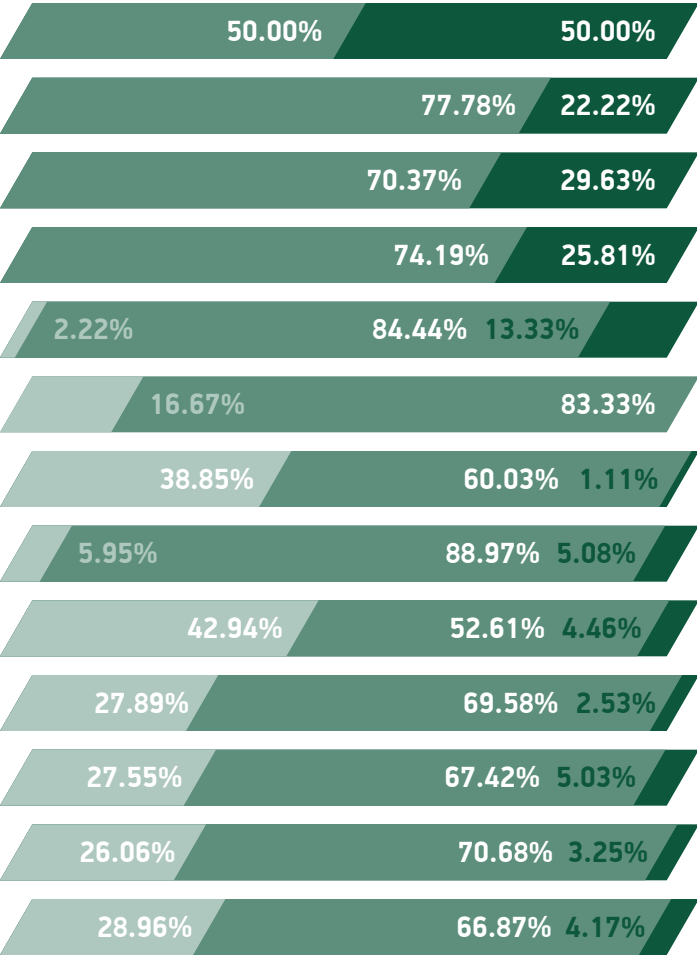
PERCENTAGE OF EMPLOYEES BY FUNCTIONAL CATEGORY AND GENDER GRI 405-1

Men Women



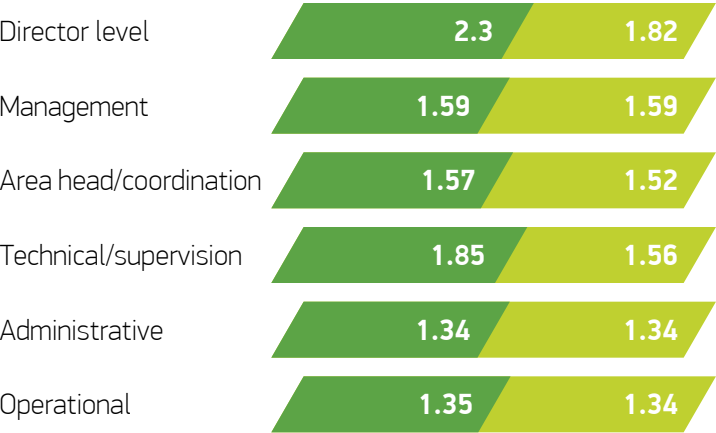
PERCENTAGE OF EMPLOYEES BY FUNCTIONAL CATEGORY AND AGE GROUP IN 2019 GRI 405-1

< 30 years 30-50 years > 50 years



RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN IN EACH FUNCTIONAL CATEGORY GRI 405-2

Men Women



Localiza’s actions to promote diversity transcend the question of gender. All of the People (Human Resources) area teams underwent training in Diversity and Inclusion during the course of 2019, with emphasis on identifying and overcoming covert bias, a key factor for a team responsible for championing and developing this aspect in the company. In 2019, we also promoted a campaign to promote flexibility in the Style Guide with the motto “We want you the way you are”. The message was designed to value people, individuality and diversity.

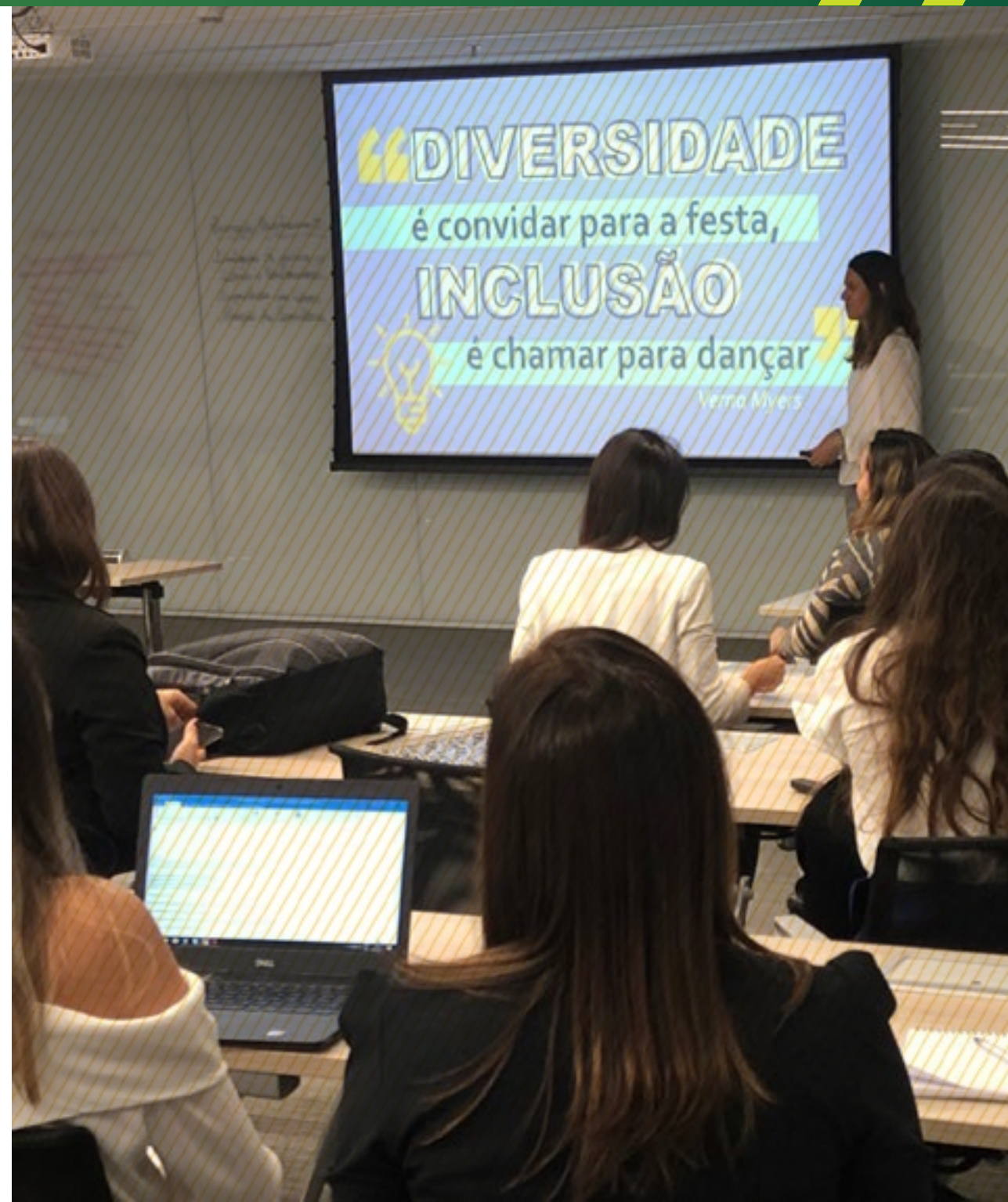
Furthermore, we have implemented a number of different inclusion programs in recent years which have motivated the work force, incorporating greater empathy into the workplace and improving results. These are:

Immigrant Hiring Program – Consolidated by means of partnerships with NGOs that provide shelter and support for refugees, hiring under this program also involves the evaluation of the competencies and skills required for the position to be filled. Candidates are submitted to the same merit-based criteria as other employees, the differential being that immigrants who are hired receive help to overcome cultural and linguistic difficulties. We ended 2019 with 117 immigrants in our work force. These represented 19 nationalities, including citizens from Senegal and the Republic of Haiti.

Inclusion Program – We promote the inclusion of disabled people in the Localiza work force, training them with a view to contributing to their development and career in the company. In 2019, the work force had a total of 400 people with physical, hearing, visual or intellectual impairments, an increase of 11.73% over the 358 disabled employees in the team at the end of 2018. Localiza already had employees with Down Syndrome on the work force. In 2019, we hired two individuals with Autism Spectrum Disorder.

Apprentice Program – This program is for young people from low-income families aged from 15 to 18 years. The candidates selected are monitored by a partnering institution that evaluates their school performance and their family and professional context. They participate in workshops covering subjects such as financial education, business communication, public presentations and the Localiza business area. The goal is to prepare them to enter the labor market, either working for Localiza or for another organization. There were 152 youngsters in the Localiza apprentice program in 2019.

People area teams undertake diversity training





“

I was born into a big family in the south of Senegal. I am married and I have a nine-year old son, who has a disease that causes anaemia and requires constant medical accompaniment. Because of financial difficulties I had to give up studying Philosophy at university and I came to Brazil in July 2013, without speaking a word of Portuguese, but armed with a lot of hope. I managed to get a job as a painter in Rio Grande do Sul, but then the crisis broke out, and I was dismissed. An African friend invited me to go to Joinville, where I took part in a selection process at Localiza. I was approved in the interviews and was hired as a car cleaner. I’ll never forget that day. I was really happy because the salary and benefits meant that I would be able to save money. For my holidays in 2017, I was able to visit my family in Senegal. Localiza came into my life and changed everything. I still hope to be able to bring my son over here. I believe that Localiza and I have a lot in common: we are both determined to bring about a brighter future. I am very grateful and am fully dedicated to achieving all my targets. Deep down inside we know everything is going to work out well, and Localiza is showing me how.”

Papa Mady Diop, 33 years, recruited under the Immigrant Hiring Program. Papa took part in an internal contest aimed at reinforcing the Localiza values and culture. As one of the finalists, he was selected to speak at the company’s largest internal event, the Annual Convention for all leaders and sales teams, held in 2019.

Greater diversity in 2020

In addition to seeking to increase the number of hires among the consolidated programs (immigrants, disabled and apprentices), Localiza plans to develop new inclusion programs and fronts in 2020.

One of these involves hiring more people with Autism Spectrum Disorder, specifically for positions in the Information Technology (IT) area, within the Inclusion Program for the disabled.

Another project being planned is Mature Talents, aimed at hiring people aged over 50 years of age.

There is also a plan in the customer service area that will create opportunities for prisoners undergoing rehabilitation, conducted in partnership with the convict support body APAC (Associação de Proteção e Assistência aos Condenados).

EQUALITY IN REMUNERATION GRI 102-35, 102-36

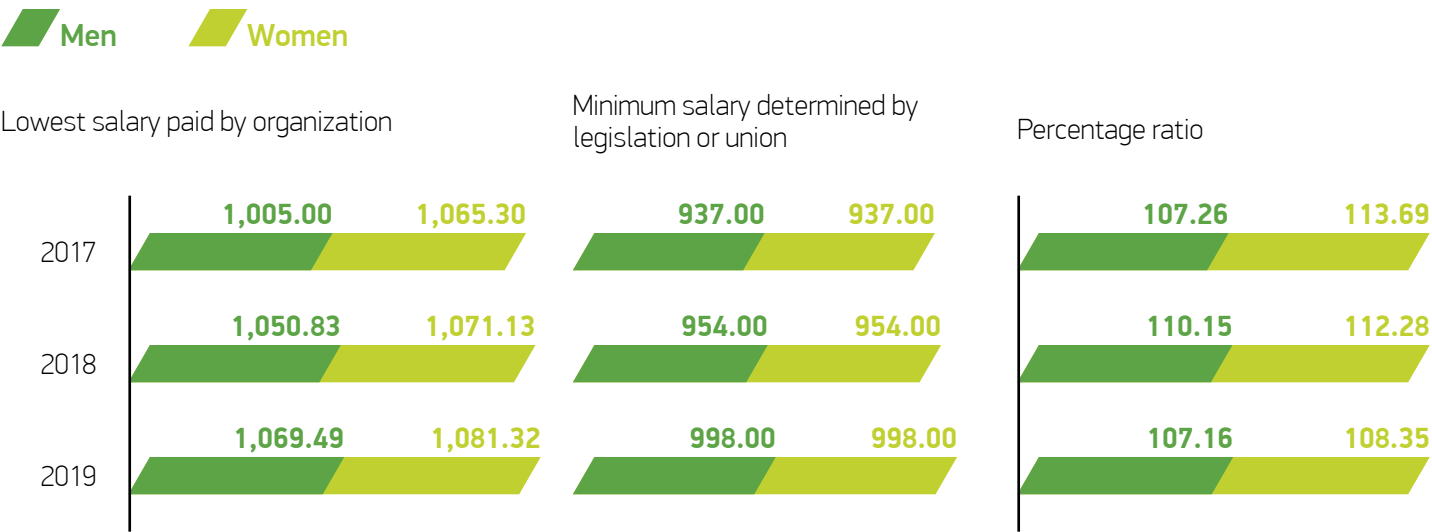
One of the company’s principles is to recognize our employees’ performance. We conduct periodic salary surveys to assess the competitiveness of remuneration at Localiza compared with the market based on job assessment methodology, and we update our policies in accordance with these. In isolated cases, more in-depth studies may be carried out

We have an Internal Remuneration Policy approved by senior management. The compensation of our Board of Directors comprises a fixed component in accordance

with the attributions, responsibilities and the time demanded of each member, and is not linked with results. Additionally Board members receive fees for coordinating and/or participating in committees, but they do not receive variable remuneration and benefits.

The monthly remuneration of our employees consists of a base salary, a length of service award, guaranteed minimum or commissions, fixed salary, monthly bonus and campaigns, with some of these components being exclusive to determined positions.

RATIO OF LOWEST SALARY TO MINIMUM SALARY BY GENDER (R\$) GRI 202-1



PROFESSIONAL DEVELOPMENT

GRI 103-1, 103-2, 103-3

Developing our employees is one of the principal concerns of our company, which places its people at the center of the operation. The development programs for Localiza staff are the responsibility of the Selection and People Development management area. There were advances on all fronts in 2019.

In the **Intern Development Program**, we offer an internal and external training program to promote the development of technical and behavioral competencies.

The **Oxygen Program**, aimed at higher level employees who are not leaders but whose performance is considered superior, involved technical and behavioral training to accelerate the careers of staff members

fully aligned with our culture. In 2019, R\$ 67,000 was invested in providing 104 hours of training. As a result, all the 18 participants were promoted, 45% of them to coordination roles. In 2020, the program will be reviewed in order to offer a more robust development package to individuals who want to stand out in their areas of activity. The program will also give greater weight to the role played by leaders, both as the persons responsible for nominating candidates and for providing support during the course of the program. **GRI 404-2**



CONSTANT MEASUREMENT

In pursuit of continuous improvement, our policy stipulates that all training courses should be measured by means of a questionnaire filled out by the employee at the end of each program.

In 2019, the major highlight in the area was the launch of the **Localiza University** in April. This is a corporate education platform the purpose of which is to drive the development of employees, connecting culture and strategy and stimulating learning, a proactive mindset, innovation and career mobility. It is segmented into the four pillars of the Localiza culture:

Customer: it reinforces the value “Customers are our passion”, oriented to developing focus on the customer and on the market;

People: this reinforces the value “People who inspire and transform”, with an emphasis on visionary leadership, strategic management and integrated performance;

Results: this component underscores the value “We are driven by extraordinary results”, covering the competencies excellence in results, sense of urgency in innovation and productivity, processes and costs. It also provides the training necessary for employees to exercise their function;

Trust and ethics: actions and training focused on a culture of compliance and ethics.

10,166 people developed by the Localiza University in 2019

66,473 courses concluded

95% satisfaction rate with the new platform

More than R\$ 13.4 million invested in developing people

Learning Journeys

To better meet our employees’ expectations regarding professional development, in 2019 we launched the Learning Journeys project. This is an educational model that enables the employee to follow different learning paths within the Localiza University, depending on his/her interests, professional maturity and career level. The journeys take into account the diversity of employee profiles, stimulate a proactive mindset and reinforce the company’s learning culture. These are:

- > **Essential Journey:** this is necessary for induction into the company and culture, as well as for the activities involved in the function. Everyone who is admitted to the company or promoted to a new job is assigned to this course.
- > **Complementary Journey:** this is a program for managers when they elaborate their individual development plan during the annual performance review with a view to improving the competencies required for the function and for career aspirations.
- > **Corporate Journey:** for all employees, with the objective of disseminating strategic questions for the company.
- > **Open Courses:** Online and face to face training courses and self-development measures that are available in the Localiza University for all employees.

AVERAGE HOURS OF TRAINING
PER YEAR, PER EMPLOYEE GRI 404-1

By gender	2019
Men	3.74
Women	4.67
Total	4.15
By functional category	2019
Director level	3.19
Management	6.25
Area head/coordination	3.95
Administrative	4.17
Trainees	36.00
Total ¹	4.32

¹ Apprentices were not accounted for, which explains why the number is different from the total per gender.



Performance review GRI 404- 3

All permanent employees are evaluated annually in relation to their competencies and their targets. For both evaluations, managers provides the employee with feedback. They then jointly elaborate the employee’s individual development plan, which is to be executed during the year. The plan encompasses training to reinforce strengths and/or to develop areas that require improvement in accordance with the evaluation.

Additionally, there are mandatory training programs for all employees entering the company covering compliance, safety and the Localiza culture and values.

In 2019, 100% of the company’s employees were engaged in the performance management process.

HEALTH AND SAFETY

GRI 103-1, 103-2, 103-3, 403-1, 403-4

We believe that in order for our employees to inspire and to transform, as well as to develop professionally, they need to be safe and healthy and to enjoy quality of life.

For this reason, we are compliant with the legislation and safety standards for our activity, which is classified at the lowest level of work-related risks in accordance with the national NR4 Economic Activity Classification List.

The company manages employee health and safety in partnership with the Internal Accident Prevention Commission (CIPA in the Portuguese acronym). Our goal is to preserve the health and physical integrity of the work force by the creative and participative promotion of open dialogue and awareness among directors, managers and other employees, aimed at the continuous improvement of working conditions.

SHARED MANAGEMENT

We adopt a democratic approach, ensuring that all suggestions for improvements in employee occupational health and safety raised in the monthly meetings are noted in the minutes and presented to the leaders involved, valuing transparency and open dialogue.

This committee, which represents 74.2% of the work force, comprises employees from different positions, such as supervisors, clerks, attendants, nurses, occupational safety technicians and coordinators.

Furthermore, we fully respect the collective agreements and conventions that govern labor relations between employees and the company, 80% of which contain clauses related to occupational health and safety. These are some examples of the items governed by such clauses: medical certificates, uniforms, PPE, medical examinations, workplace accidents, minimum hygiene and health conditions.

Health and safety management is monitored by means of indicators such as the absenteeism rate, check-ups conducted, healthcare programs, accidents, occupational health and environmental risk prevention programs, with support from a third-party company to manage healthcare plans, among others.



HEALTH AND SAFETY INDICATORS

TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES GRI 403-2

Injuries with and without leave by gender	Men	Women
Injury rate	56.10	43.90
Occupational disease rate	1.00	0.00
Lost days rate	58.60	41.30
Absenteeism rate	0.00	0.00
Fatality rate	0.00	0.00

TYPES OF INJURY

Bruising	Cuts	Distensions	Excoriations	Strains	Fractures	Superficial trauma	Contusions	Sprains
37%	6.1%	19.5%	17.1%	1.2%	15.9%	1.2%	1.2%	1.2%

EMPLOYEE HEALTH AND SAFETY RATES PER REGION

Injuries with and without leave by region	Midwest	Northeast	North	Southeast	South
Injury rate	4.87	12.19	1.21	59.75	21.95
Occupational disease rate	0.00	0.00	1.00	0.00	0.00
Lost days rate	7.86	11.63	0.65	56.06	22.45
Absenteeism rate	0.00	0.00	0.00	0.00	0.00
Fatality rate	0.00	0.00	0.00	0.00	0.00





Geferson Pereira, Isabela Guarieiro and Gleice Vilarim, winners of the 1st edition of the Mobilize Challenge

Quality of life

We encourage employees to develop healthy habits. This is done through the Live Better Program, comprising a series of initiatives aimed at promoting health and quality of life. In 2019, we offered employees Gympass, a platform of gymnasiums offering diverse kinds of physical activity at a price significantly below market rates.

We also launched the Mobilize Challenge to encourage employees to participate in physical activities. We had excellent results in the 1st edition of this challenge, engaging more than 460 employees, 173 of whom had previously led a sedentary lifestyle. The total number of days of physical activity was over 11,000.

We also organized a talk during Yellow September for the Brazilian suicide prevention campaign. This was given by the psychologist and art educator Pedro Ramos, who practices systemic therapy. The presentation was designed to help participants to understand their feelings and to live a more balanced life. Other practices which have been in place for longer include vaccination campaigns for employees with a 50% subsidy.

Green mindset

Localiza also drives efficiency in the use of the planet’s natural resources



IN THIS CHAPTER

- > EFFICIENT USE OF NATURAL RESOURCES
- > ATMOSPHERIC EMISSIONS

At Localiza, sustainability has gained even greater importance in recent years, both in terms of its place in business strategy and in the reinforcement of our sustainability program, involving the implementation and roll out of a series of activities.

We recognize the role we play in society and pursue efficiency in the use of natural resources through the rational use of energy and water, the development of renewable sources, the correct disposal of waste generated by our operations, control over greenhouse gas (GHG) emissions, as well as the dissemination of sustainable practices in our supplier chain and reinforcing environmental awareness among our employees.

As well as ensuring good practices in work routines, we also seek to make a positive contribution to discussions on mobility, the intelligent use of cars and fleet efficiency. These questions are interrelated and debating them and exchanging experiences enables us to drive effective improvements for the planet.



LEGAL INITIATIVES

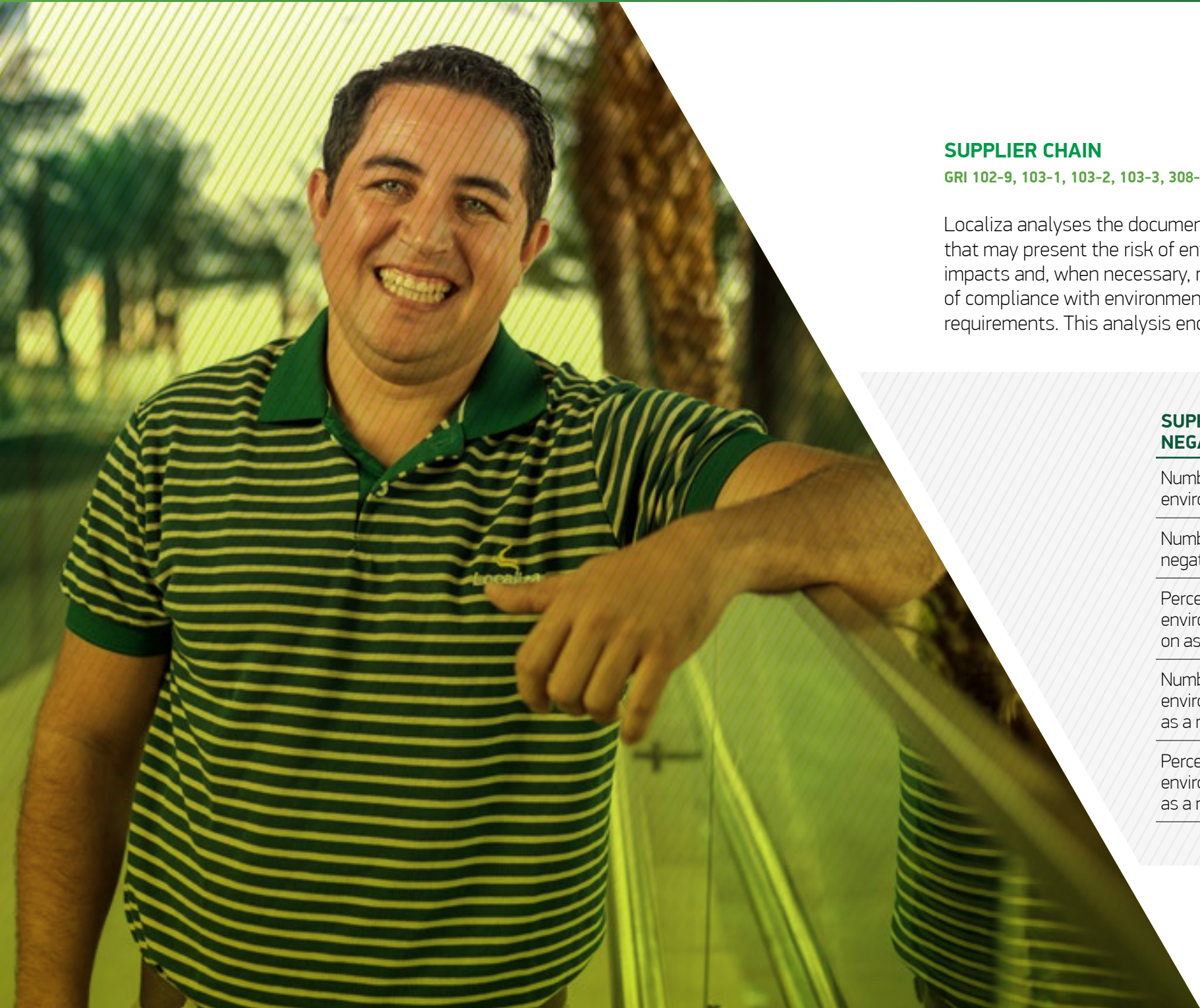
GRI 103-2, 103-2, 103-3

Localiza has a legal team responsible for the environmental licensing of agencies that are subject to this regulatory requirement. In spite of the fact that federal legislation does not require licensing for the car rental sector, Localiza monitors compliance with auxiliary activities undertaken internally at its units, such as vehicle cleaning, oil changes and fueling. This ensures that these activities are carried out in an environmentally correct manner.

Currently the legal area has specific indicators for compliance with legal requirements in all the municipalities in which the company operates, with environmental targets linked with the variable remuneration of the staff responsible.

In 2019, Localiza did not receive any monetary or non-monetary sanctions for violation of environmental laws and regulations. In addition to controlling licensing for the units subject to this requirement, the company has a control system designed to meet any potential requirements from regulatory agencies. There were no cases of non-compliance during the reporting cycle.

GRI 307-1



SUPPLIER CHAIN

GRI 102-9, 103-1, 103-2, 103-3, 308-1, 414-1

Localiza analyses the documentation of suppliers that may present the risk of environmental impacts and, when necessary, requests proof of compliance with environmental and labor requirements. This analysis encompasses training certificates, risk and accident prevention plans and other documents, the objective being to ensure the company’s supply chain is complaint with legal and regulatory requirements, as well as to promote socioenvironmental value.

SUPPLIERS IDENTIFIED AS CAUSING ACTUAL OR POTENTIAL NEGATIVE ENVIRONMENTAL IMPACTS IN 2019 GRI 308-2

Number of suppliers screened for negative environmental impacts	0
Number of suppliers identified as causing negative environmental impacts	1
Percentage of suppliers identified as causing negative environmental impacts, with whom improvements were agreed on as a result of assessment	100%
Number of suppliers identified as causing negative environmental impacts, with whom relations were terminated as a result of assessment	1
Percentage of suppliers identified as causing negative environmental impacts, with whom relations were terminated as a result of assessment	100%

EFFICIENT USE OF NATURAL RESOURCES

GRI 103-1, 103-2, 103-3

Climate change has posed a major challenge for companies in the most diverse sectors worldwide. The need to adapt to climate change has led to the incorporation of sustainability into the strategic planning of corporations, given that competitiveness is increasingly linked with responsibility and environmental care.

Localiza conducts campaigns to drive the conscious consumption of natural resources such as energy and water. The company also monitors consumption targets on a monthly basis, with the agencies tracking their meters on a daily basis.



ENERGY

GRI 103-1, 103-2, 103-3

The company’s agencies, stores, fleet operation centers and headquarters use low and medium voltage electricity supplied by the utility companies in each location, meaning that the source of power is the same as the Brazilian energy matrix. We also use fuel in activities such as the transportation of cars between regional units by semi-trailer, vehicle maneuvers on agency patios, the transportation of vehicles for maintenance. Other uses include the vehicles employed by the sales team and generators used in the offices.

Our energy consumption is calculated based on the Brazilian NBR ISO 14054 standard and the Brazilian GHG Protocol Program. The company has a series of policies and procedures in place to control and promote conscious electricity consumption, such as the replacement of lamps with ones using LED technology, consumption targets in employee contracts (consumption x budget), the migration of air conditioning equipment in the branches to more efficient Inverter models, the use of programmed timers for external lighting and advertisements to prevent wastage from prolonged use, as well as the use of renewable energy. **GRI 302-1**

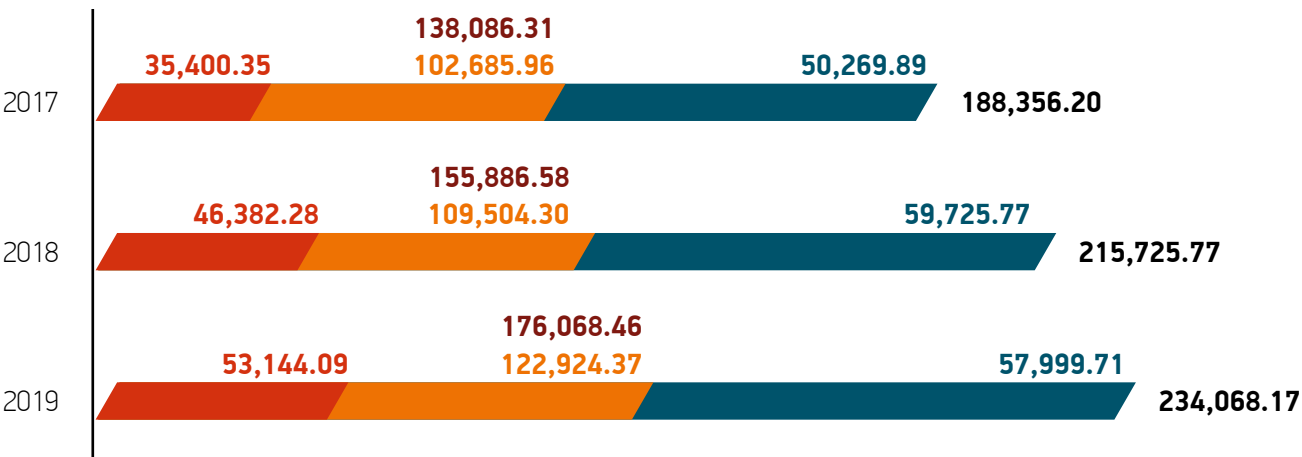
ENERGY CONSUMPTION WITHIN THE ORGANIZATION **GRI 302-1**

Non-renewable sources(GJ)  **Diesel**  **Gasoline**

Activities: transportation of cars between regional units by semi-trailer, vehicle maneuvers on agency patios, transportation of vehicles for maintenance, vehicles used by the sales team and the use of generators in the offices.

Renewable sources (GJ)  **Electricity**

Activities: energy consumption in operational and customer service activities.



ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION (GJ) GRI 302-2¹

Fuel group	Activities	Fuel	2017	2018	2019
Non-renewable sources	employee commuting and business travel.	Diesel	362,954.16	3,198.46	3,468.10
		Gasoline	81,038.70	NA	NA
		Aviation fuel	7,862.84	12,694.22	13,779.66
Subtotal			451,855.70	15,892.68	17,247.76
Electricity acquired	electricity consumption in franchised agencies.	Electricity	NA	NA	1,940.96
Solid waste		Lubricant oil	29.84	7.53	16.35
Total			451,885.54	15,900.21	19,205.07

¹ The data for 2017 and 2018 were restated and are reported here without being rounded up or down.

Energy efficiency

Built in 2017, our administrative head office incorporates initiatives to optimize energy efficiency in routine activities. This is also the case with our branches, where we have increased measures to reduce energy consumption. For example, in 2019 we replaced 85 air conditioners with Inverter models, which provide energy savings of up to 60% compared with the previous model.

ENERGY INTENSITY GRI 302-3

Total energy consumption (GJ)
Net revenue (R\$)

2017

GJ188,356.89

R\$6,058,300,000

= 31.09

2018

GJ215,612.39

R\$7,895,700,000

= 27.30

2019

GJ234,068.17

R\$10,195,637,000

= 22.95



Solar project

With the objective of further reinforcing our commitment to sustainability and driving a cleaner energy matrix, in 2017 Localiza decided to adopt solar energy as the main source of energy for company operations. This led to the creation of the “Solar Project – an idea full of energy” through which we are engaged in generating our own clean and renewable energy.

According to the initial planning 100% of the eligible units – that is the 490 agencies, stores and distribution centers in operation when the plan was undertaken – would operate on solar energy by the first half of 2020. Progress has been made in this plan. The feasibility of some locations has been brought into question as the project has progressed. This may be due to insufficient sunlight, fragility of building roofs or other problems, meaning the number of locations may be altered. The numbers for this project are not static and may change as it progresses.

However with the outbreak of the Covid-19 pandemic in the first quarter of 2020, our deadline for a 100% supply of solar energy will not be met. We are analyzing the current conjuncture and the consequences of the restrictions imposed by the crisis to establish a new time limit.

The type of photovoltaic system adopted for each eligible unit is chosen in accordance with the region and the conditions pertaining in each installation. A description of the two models:

Solar farms – installed in regional units in which there is land available and the minimum load, the operation, and interaction with the local power utility company are feasible. These farms operate under a distributed model whereby the energy generated is channeled into the local grid, resulting in credits that will be deducted against the consumption of the units connected to the same grid. The model involves large-scale construction for the assembly and installation of the photovoltaic panels.

Rooftop power plants – this strategy is adopted in the regions where solar farms are not feasible. It involves the installation of the photovoltaic panels on the roofs of the agencies. With these installations the energy generated is consumed directly by the agency, while the surplus is injected into the local power grid. This results in credits to be deducted against the consumption of the units connected to the same grid.

WATER

GRI 103-1, 103-2, 103-3

We adopt conscious water consumption in all our activities, ranging from the Localiza administrative headquarters to the rental agencies and used car stores. The company uses this resource rationally, avoiding any type of waste.

The main activity that consumes water at Localiza is cleaning the car fleet. Since 2015 Localiza has adopted dry car washing throughout its network, enabling savings of up to 82 liters of water in each operation. In addition to reducing consumption from 83 liters to 200 ml, this ensures greater control over the waste and effluents generated in the branches.

All the products used in the dry washing operations are from approved brands and are duly checked before use. This avoids the use of materials that may damage the environment or jeopardize the health of company employees. However, the removal of specific types of dirt does require the use of water.

DRY CLEANING

The performance of the agencies in the use of dry washing is monitored on a monthly basis. Tracked closely by the Sustainability Committee in 2019, the 50% target for the year was linked with the company’s material topic efficient use of natural resources and waste management. This target was exceeded, reaching the mark of 56%. For 2020, the target is to dry clean 59% of the cars in the agencies. Furthermore, productivity improvements in the washing process are scheduled for the year through the application of Lean methodology, involving management and control of indicators, in addition to audits.

Employees involved in car washing are trained on an annual basis, ensuring access to the most efficient cleaning techniques, boosting quality and water savings.

Additionally, we have initiated a dry cleaning training program to encourage our external washing providers to adopt this system. The program will have a distance learning module so that third-party providers will be able to learn dry cleaning procedures and work in alignment with our team.

TOTAL WATER WITHDRAWN BY SOURCE (m³) GRI 303-1

	2017	2018	2019
Water from municipal or other water utilities	499,693.39	396,211.00	112,460.73

WASTE MANAGEMENT

GRI 103-1, 103-2, 103-3

The use of diverse types of materials and inputs in our operations requires the proper management of the waste generated – in particular waste from fleet maintenance. Waste is managed by means of reports on the items consumed, indicating where they were consumed and the firm that supplied them.

Localiza's concern for the proper disposal of this waste is evident in the two different procedures adopted:

> **Direct responsibility** – Related to internal maintenance carried out at the Localiza agencies nationwide: much of this waste is returned to the companies that supply it, who are responsible for complying with the legal requirements of reverse logistics, incinerating the waste or using it as an alternative fuel. Other waste is sent to duly licensed companies that dispose of it, issuing the applicable certificates attesting to its environmentally correct destination. In addition, these

branches are equipped to ensure that car maintenance operations do not pose any environmental risks, minimizing operational impacts by installing containment sumps around the perimeter of maintenance areas and water-oil separators to avoid soil contamination in the event of leaks. Furthermore, the maintenance and cleaning of the water-oil separators is carried out by qualified third-parties to ensure environmental responsibility and efficiency.

> **Indirect responsibility** – This is applicable to maintenance operations carried out by third-party providers, who are responsible for the proper disposal and destination of waste. In this case, Localiza policy is to engage only suppliers that comply with environmental regulations and have the capacity to perform maintenance and waste disposal activities in accordance with environmental standards.



The company also develops initiatives to handle the different types of waste in specific ways, ensuring greater efficiency. Focused on major suppliers with lower prices than retail rates, the following projects also take into account other aspects of sustainability, such as reductions in wastage and reverse logistics.

Oil Project – The first and best established initiative of this type. Under this program, the licensed manufacturers from whom we buy oil are responsible for delivering it to our fleet (rather than the opposite, as is normal). Accordingly, by acquiring the oil and disposing of it through these suppliers, there is a reduction in wastage due to the use of

more sophisticated equipment. In parallel, this method guarantees proper recycling and disposal of the waste material.

Tire Project – Localiza tire suppliers are responsible for collecting tires at the end of their working life and sending them to companies specialized in recycling the material.

Paint Project – Partnerships with large paint manufacturers who offer our suppliers better quality product at lower than market prices, as well as consultancy services to optimize consumption. As a result, we reduce the wastage of chemical products, raise supplier awareness and ensure we are working with environmentally responsible companies.

SELECTIVE COLLECTION AND COMPOSTING

Concern about correct waste disposal extends beyond the operational areas to our administrative headquarters. To improve control over waste disposal, the company acquired a set of industrial scales. As a result, common waste has been measured more accurately since November.

Another initiative was the composting of food leftovers at our headquarters. Previously conducted by the internal staff, in September this process was outsourced. This service helped

WASTE BY TYPE AND DISPOSAL METHOD GRI 306-2

Items consumed	Legal reverse logistics	Unit	2018	2019 ¹
Engine oil	Yes	liter	1,334,292	1,702,527
Oil filters	Yes	unit	297,879	381,684
Fuel filters	No	unit	278,642	341,917
Tires	Yes	unit	174,420	156,800
Air filters	No	unit	108,799	88,548
Hubcaps	No	unit	62,156	86,116
Light bulbs	No	unit	N.A.	77,699
Brake pads	No	sets	53,143	69,843
Windshields	No	unit	27,332	30,852
Anti-pollen filters	No	unit	N.A.	30,073
Brake discs	No	unit	28,055	28,925
Spark plugs	No	unit	47,003	21,838
Mudguards	No	unit	N.A.	21,387
Bumpers	No	unit	20,951	21,370
Brake fluid	Yes	liter	12,309	10,215
Radiator coolant	Yes	liter	18,162	6,055
Gearbox oil	Yes	liter	4,522	3,516
Transmission oil	Yes	liter	266	912
Compressor oil	Yes	liter	540	630
Hydraulic steering fluid	Yes	liter	N.A.	618

¹ 494,855 liters of the oil volume consumed in 2019 were from the Oil Project.

WASTE BY TYPE AND DISPOSAL METHOD GRI 306-2

Office materials consumed in the head office	Legal reverse logistics	Unit	2018	2019
Paper	No	unit	18,580,500	26,461,241
Toner	Yes	unit	1,810	350

optimize costs and enabled measurement of the volume disposed of. Since then this material has been collected by a third-party and transformed into fertilizer for use in the green areas of the building, making the process even more sustainable.

DISPOSAL OF NON-HAZARDOUS WASTE (KG) GRI 306-2

2019	Recycling	34,681
	Composting ¹	15,488
	Landfill ²	4,458
	Total	45,140

¹ Measurement of the composting process was initiated in September 2019.

² Amount refers only to December 2019, when monitoring of the indicator began.

WASTE RECYCLED IN THE HEAD OFFICE (KG) GRI 306-2

2019	Paper/Cardboard	32,784
	Plastic	626
	Glass	1,023
	Scrap metal	248
	Total	34,681

ATMOSPHERIC EMISSIONS

GRI 103-1, 103-2, 103-3

As in previous years, in 2019 Localiza continued to improve its practices related to greenhouse gas (GHG) emissions, pursuing the highest possible level of control over its emission sources.

The company elaborated its third GHG inventory aligned with internationally recognized methodologies: the Brazilian GHG Protocol Program and the ISO 14064-1 standard. These methodologies enabled the company to identify the sources of emissions in its activities, ordering them within the Localiza organizational structure. The company measured both emissions whose report is mandatory (Scope 1 and Scope 2) and optional (Scope 3).

DIRECT (SCOPE 1) GHG EMISSIONS GRI 305-1

Scope 1		2018				2019	
Category	Activity	Emissions (tCO ₂ e)	Emissions (%)	Total (tCO ₂ e)	Emissions (tCO ₂ e)	Emissions (%)	Total (tCO ₂ e)
Stationary combustion	Sporadic generator rental	0.53	0.00	13.67	2.97	0.00	9.88
	Generator	13.14	0.10		6.91	0.00	
Mobile combustion	Semi-trailers for vehicle transportation between regional units	3,170.89	17.40	9,507.09	3,613.06	17.20	10,725.78
	Own fleet/unproductive km	5,584.72	30.60		6,214.16	29.60	
	Company vehicles used by sales team	682.15	3.70		898.58	4.30	
	Company vehicles used by Fleet Management sales team	69.34	0.40		(Grouped above)		
Fugitive	Fleet air conditioning	6,151.53	33.70	6,372.26	7,027.90	33.50	7,615.56
	Air conditioning in buildings	217.40	1.20		576.14	2.70	
	Replacement of fire extinguishers	3.33	0.00		11.52	0.10	
Total				15,893.03			18,351.21

INDIRECT (SCOPE 2) GHG EMISSIONS GRI 305-2

Scope 2		2018			2019		
Category	Activity	Emissions (tCO ₂ e)	Emissions (%)	Total (tCO ₂ e)	Emissions (tCO ₂ e)	Emissions (%)	Total (tCO ₂ e)
Acquisition of electricity	Consumption of electricity	1,157.99	6.30	1,157.99	1,188.27	5.70	1,188.27

INDIRECT (SCOPE 3) GHG EMISSIONS GRI 305-3

Scope 3		2018			2019		
Category	Activity	Emissions (tCO ₂ e)	Emissions (%)	Total (tCO ₂ e)	Emissions (tCO ₂ e)	Emissions (%)	Total (tCO ₂ e)
Employee travel	Employee commuting (subsidized by company)	219.60	1.20	219.60	236.49	1.10	236.49
Waste generated in the operations	Solid waste contaminated by oil for incineration	54.21	0.30	54.79	34.79	0.20	153.40
	Sump oil	0.00	0.00		0.01	0.00	
	Solid waste head office building	Not reported	Not reported		72.31	0.30	
	Oil waste for landfill	Not reported	Not reported		45.04	0.20	
	Oil for re-refining – reverse logistics	0.58	0.00		1.26	0.00	
Business air travel	Business air travel	916.48	5.00	916.48	994.88	4.70	994.88
Franchises	Electricity	Not reported	Not reported	Not reported	40.26	0.20	40.26
Total				1,190.87			1,425.02

GRI CONTENT

GRI 102-55

SUMMARY

GENERAL DISCLOSURES

GRI Standard	Disclosure		Page/URL	Omission	Global Compact	SDG
ORGANIZATIONAL PROFILE						
GRI 102: General disclosures 2016	102-1	Name of organization	10			
	102 -2	Activities, brands, products and services	13			
	102-3	Location of headquarters	13			
	102-4	Location of operations	13			
	102-5	Ownership and legal form	21			
	102-6	Markets served	13			
	102 -7	Scale of organization	13 and 45			
	102-8	Information about employees and other workers	10, 23, 62 and 63		6	8
	102-9	Supply chain	57 and 81			
	102 -10	Significant changes in the organization and its supply chain	21			
	102-11	Precautionary principle or approach	19			
	102-12	Initiatives developed externally	19 and 30			
	102-13	Membership of associations	50			
STRATEGY						
GRI 102: General disclosures 2016	102-14	Statement from senior decision maker	7		8.9	
	102 -15	Main impacts, risks and opportunities	7 and 33			

GRI Standard	Disclosure	Page/URL	Omission	Global Compact	SDG
ETHICS AND INTEGRITY					
GRI 102: General disclosures 2016	102 -16	Values, principles, standards and norms of behavior		10	16
	102 -17	Mechanisms for advice and concerns about ethics		10	16
GOVERNANCE					
GRI 102: General disclosures 2016	102-18	Governance structure			
	102-19	Delegating authority			
	102-20	Executive-level responsibility for economic, environmental and social topics			
	102-21	Consulting stakeholders on economic, environmental and social topics			16
	102 -22	Composition of the highest governance body and its committees			5, 16
	102 -23	Chair of the highest governance body			16
	102 -24	Nominating and selecting the highest governance body and its committees			5, 16
	102-25	Conflicts of interest		10	16
	102 -26	Role of highest governance body in setting purpose, values and strategy			
	102-27	Collective knowledge of highest governance body			4
	102 -28	Evaluating the highest governance body's performance			
	102-29	Identifying and managing, economic, environmental and social impacts			16
	102 -31	Review of economic, environmental and social topics			
	102-33	Communicating critical concerns	Every two months the status of the processes evaluated by the Internal Controls and Risk Management area is presented to the Audit, Risk Management and Compliance Committee. The results are recorded in the minutes and acted on.		
	102-35	Remuneration policies			
	102 -36	Processes for determining remuneration			

GRI Standard	Disclosure	Page/URL	Omission	Global Compact	SDG
STAKEHOLDER ENGAGEMENT					
GRI 102: General disclosures 2016	102-40	List of stakeholder groups			
	102-41	Collective bargaining agreements		3	8
	102-42	Identifying and selecting stakeholders			
	102-43	Approach to stakeholder engagement			
	102 -44	Key topics and concerns raised			
REPORTING PRACTICE					
GRI 102: General disclosures 2016	102 -45	Entities included in the consolidated financial statements			
	102 -46	Defining report content and topic boundaries			
	102-47	List of material topics			
	102-48	Restatements of information			
	102-49	Changes in reporting			
	102-50	Reporting period			
	102 -51	Date of most recent report			
	102-52	Reporting cycle			
	102 -53	Contact point for questions regarding the report			
	102 -54	Claims of reporting in accordance with the GRI Standards			
	102-55	GRI Content Index			
	102-56	External assurance			

MATERIAL TOPICS

GRI Standard	Disclosure		Page/URL	Omission	Global Compact	SDG
ECONOMIC PERFORMANCE						
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	45			
	103-2	Management approach and its components	45		1, 8	1, 5, 8, 16
	103-3	Evaluation of management approach	45			
GRI 201: Economic performance 2016	201 -1	Direct economic value generated and distributed	5 and 51			2, 5, 7, 8, 9
	201-3	Obligations of the defined-benefit and other pension plans	67			13
	201-4	Financial assistance received from government	The company did not receive financial assistance from government.			
MARKET PRESENCE						
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	68			
	103-2	Management approach and its components	68			
	103-3	Evaluation of management approach	68			
GRI 202: Market presence 2016	202-1	Variation in ratio of lowest salary to local minimum salary	72			1, 5, 8
INDIRECT ECONOMIC IMPACTS						
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	52 and 55			
	103-2	Management approach and its components	52 and 55		1, 8	1, 8, 16
	103-3	Evaluation of management approach	52 and 55			
GRI 203: Indirect economic impacts 2016	203 -1	Infrastructure investments and services supported	55			2, 5, 7, 9, 11
	203 -2	Significant indirect economic impacts	36, 37 and 55			1, 2, 3, 8, 10, 17

GRI Standard	Disclosure	Page/URL	Omission	Global Compact	SDG
PROCUREMENT PRACTICES					
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary			
	103-2	Management approach and its components			
	103-3	Evaluation of management approach			
GRI 204: Procurement practices 2016	204 -1	Proportion of spending on local suppliers in important units of the operation			12
ANTI-CORRUPTION					
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary			
	103-2	Management approach and its components		1.8	1, 8, 16
	103-3	Evaluation of management approach			
GRI 205: Anti-corruption 2016	205 -1	Operations assessed for risks related to corruption		10	16
	205 -2	Communication and training about anti-corruption policies and procedures		10	16
	205 -3	Confirmed incidents of corruption and actions taken		10	16
ANTI-COMPETITIVE BEHAVIOUR					
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary			
	103-2	Management approach and its components		1.8	1, 8, 16
	103-3	Evaluation of management approach			
GRI 206: Anti-competitive behaviour 2016	206 -1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			16

GRI Standard	Disclosure		Page/URL	Omission	Global Compact	SDG
ENERGY						
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	83			
	103-2	Management approach and its components	83		1.8	1, 8, 16
	103-3	Evaluation of management approach	83			
GRI 302: Energy 2016	302 -1	Energy consumption within the organization	83		7.8	7, 8, 12, 13
	302 -2	Energy consumption outside of the organization	84		7.8	7, 8, 12, 13
	302-3	Energy intensity	84		7.8	7, 8, 12, 13
	302-4	Reduction of energy consumption	Consumption in the RAC agencies increased by 30%; however, the company’s growth in 2019 should be considered to ensure better comparison. We do not have the 2018 records for the other company segments.		7.8	7, 8, 12, 13
WATER						
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	86			
	103-2	Management approach and its components	86		1.8	1, 8, 16
	103-3	Evaluation of management approach	86			
GRI 303: Water 2016	303-1	Total water withdrawal by source	86		7.8	6
EMISSIONS						
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	89			
	103-2	Management approach and its components	89		1.8	1, 8, 16
	103-3	Evaluation of management approach	89			
GRI 305: Emissions 2016	305 -1	Direct (Scope 1) GHG emissions	89		7, 8	3, 12, 13, 14, 15
	305 -2	Indirect (Scope 2) GHG emissions	90		7, 8	3, 12, 13, 14, 15
	305 -3	Other indirect (Scope 3) GHG emissions	90		7, 8	3, 12, 13, 14, 15
EFFLUENTS AND WASTE						
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	87			
	103-2	Management approach and its components	87		1.8	1, 8, 16
	103-3	Evaluation of management approach	87			

GRI Standard		Disclosure		Page/URL	Omission	Global Compact	SDG
GRI 306: Effluents and waste 2016	306 -2	Waste by type and disposal method		88		8	3, 6, 12
	306-3	Significant spills		There were no significant spills on our premises or in our operations in 2019.		8	3, 6, 12, 14, 15
ENVIRONMENTAL COMPLIANCE							
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary		80			
	103-2	Management approach and its components		80		1.8	1, 8, 16
	103-3	Evaluation of management approach		80			
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations		80		8	12, 13, 14, 15, 16
SUPPLIER ENVIRONMENTAL ASSESSMENT							
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary		81			
	103-2	Management approach and its components		81		1.8	1, 8, 16
	103-3	Evaluation of management approach		81			
GRI 308: Environmental assessment of suppliers 2016	308 -1	New suppliers that were screened using environmental criteria		81		8	
	308 -2	Negative environmental impacts in the supply chain and actions taken		81		8	
EMPLOYMENT							
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary		60			
	103-2	Management approach and its components		60		1.8	1, 5, 8, 16
	103-3	Evaluation of management approach		60			
GRI 401: Employment 2016	401 -1	New employee hires and employee turnover		64, 65 and 66		6	5, 8
	401-3	Parental leave		66		6	5, 8

GRI Standard	Disclosure	Page/URL	Omission	Global Compact	SDG
OCCUPATIONAL HEALTH AND SAFETY					
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary			
	103-2	Management approach and its components			
	103-3	Evaluation of management approach			
GRI 403: Occupational health and safety 2016	403-1	Workers representation in formal joint management–worker health and safety committees			8
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities			3, 8
	403-4	Health and safety topics covered in formal agreements with trade unions			8
TRAINING AND EDUCATION					
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary			
	103-2	Management approach and its components		1, 8	1, 5, 8, 16
	103-3	Evaluation of management approach			
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee		6	4, 5, 8
	404-2	Programs for upgrading employee skills and transition assistance programs		8	8
	404-3	Percentage of employees receiving regular performance and career development reviews		6	5, 8
DIVERSITY AND EQUAL OPPORTUNITY					
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary			
	103-2	Management approach and its components		1, 8	1, 5, 8, 16
	103-3	Evaluation of management approach			
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees		6	5, 8
	405-2	Ratio of basic salary and remuneration of women to men		6	5, 8, 10

GRI Standard	Disclosure	Page/URL	Omission	Global Compact	SDG
NON-DISCRIMINATION					
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary			
	103-2	Management approach and its components			
	103-3	Evaluation of management approach			
GRI 406: Non- discrimination 2016	406 -1	Incidents of discrimination and corrective actions taken	In 2019, five incidents of discrimination were reported to our Confidential Channel, compared with 17 reports in 2018. None of these five cases were considered substantiated, for which reason no corrective action was taken.		5, 8, 16
CHILD LABOR					
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	We repudiate the use of child labor and believe in inclusive labor relations and respect for human rights. Even though the value chain in our business model is not considered to be at high risk for child labor, we are aware of the incidence of child labor in Brazil, for which reason we recognize that it is a risk Localiza is exposed to. We seek to engage our suppliers and raise their awareness of the need to combat child labor.		
	103-2	Management approach and its components			
	103-3	Evaluation of management approach			
GRI 408: Child labour 2016	408 -1	Operations and suppliers at significant risk for incidents of child labour		8, 16	
FORCED OR COMPULSORY LABOUR					
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary	We repudiate the use of slave labor and believe in inclusive labor relations and respect for human rights. Even though the value chain in our business model is not considered to be at high risk for slave labor, we are aware of the incidence of slave labor in Brazil, for which reason we recognize that it is a risk Localiza is exposed to. We seek to engage our suppliers and raise their awareness of the need to combat slave labor.		
	103-2	Management approach and its components			
	103-3	Evaluation of management approach			
GRI 409: Forced or compulsory labour 2016	409 -1	Operations and suppliers at significant risk for incidents of forced or compulsory labour		8	
SUPPLIER SOCIAL ASSESSMENT					
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary			
	103-2	Management approach and its components		1, 8	1, 5, 8, 16
	103-3	Evaluation of management approach			
GRI 414: Supplier social assessment 2016	414 -1	New suppliers that were screened using social criteria		2	5, 8, 16

GRI Standard		Disclosure		Page/URL	Omission	Global Compact	SDG
CONSUMER HEALTH AND SAFETY							
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary		40			
	103-2	Management approach and its components		40		1, 8	1, 8, 16
	103-3	Evaluation of management approach		40			
GRI 416: Consumer health and safety 2016	416 -1	Assessment of the health and safety impacts of product and service categories		40			
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		There were no cases during the year.		10	16
SOCIO-ECONOMIC COMPLIANCE							
GRI 103: Management approach 2016	103-1	Explanation of material topic and its boundary		29			
	103-2	Management approach and its components		29		1, 8	1, 8, 16
	103-3	Evaluation of management approach		29			
GRI 419: Socio-economic compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area		There were no cases during 2019.			16

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Photos

Localiza Archive and
Unsplash

We would like to thank all the Localiza employees who contributed to the production of our 3rd Sustainability Report.
This is an important step that will drive greater transparency and will inspire us to do more and to do it better.