

Prepared on: 06/15/2023

Duration: 3 years

Prepared by: Compliance

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Approved by: Board of Directors

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..... PURPOSE

This document establishes the Risk Management and Internal Controls Policy of Localiza, its subsidiaries, and other companies of the Group, where applicable. It was prepared in accordance with Law No. 6,404/76, best corporate governance practices of “Novo Mercado” of the São Paulo Stock Exchange, as well as the general rules issued by the Brazilian Securities and Exchange Commission (“CVM”) on this matter.

Any queries regarding the provisions herein, the regulations applicable by CVM, or other national and foreign regulatory agencies to which Localiza is subject must be clarified by the Investor Relations Officer.

..... TARGET AUDIENCE AND SCOPE

This Policy applies to Localiza’s Managers and Employees, regardless of their hierarchical position, whether in Brazil or abroad.

It applies to all macro-processes, processes, subprocesses, and business operations of Localiza and its subsidiaries.

..... PURPOSE

This Risk Management and Internal Controls Policy (“Policy”) aims to establish controls and procedures for monitoring to prevent the occurrence of errors and/or fraud, or minimize their impacts, as well as to define the procedures and responsibilities in risk management, especially regarding the identification and analysis of risks that may affect Localiza Rent a Car S.A. (“Localiza” or “Company”).

Risk management systems and internal controls must encourage all individuals responsible for monitoring and supervising operational and financial processes to adopt a preventive, prospective, and proactive behavior in risk control.

..... RISK MANAGEMENT STEPS

- Risk Identification: involves defining the set of events, whether external or internal, that may impact Localiza’s objectives, including those related to intangible assets.
- Risk Analysis: involves examining the origin of events, causes, consequences, and the probability of these consequences materializing.
- Risk Assessment: involves evaluating the impacts in the event of the risk occurring, considering its financial or other nature consequences, whether quantifiable or non-quantifiable.
- Risk Treatment: involves defining the treatment to be adopted considering the following actions, according to the Company’s level of Risk Appetite – avoid, mitigate, share, or accept.

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- Risk Monitoring: involves ensuring the effectiveness and appropriateness of internal controls and obtaining information that provides improvements in the risk management process. Monitoring must be carried out through continuous and impartial assessments.
- Information and Communication: involves clearly and objectively communicating the results of all steps of the risk management process to all stakeholders, contributing to the understanding of the current situation and the effectiveness of action plans.

INTERNAL CONTROLS

The Company will maintain an Internal Controls department responsible for managing operational and process risks, with the following responsibilities:

1. To analyze and evaluate the internal flow of the Company's processes, according to the methodology adopted, identifying needs and opportunities for improvement in processes aimed at mitigating risks of errors in the Financial Statements;
2. To develop, together with the departments, action plans for each gap identified in the process of mapping the internal flow of the Company's processes, according to the COSO framework;
3. To keep the mapped flows and processes always updated according to the COSO framework through continuous follow-up of processes and subprocesses;
4. To keep Management updated on deficiencies in control, Governance, and Corporate Risk Management, as well as the status of implementation of Action Plans, through the preparation of monthly reports or reports by work performed;
5. To ensure segregation of duties among activities and positions through access profile mapping, avoiding conflicts of interest;
6. To eliminate control deficiencies and assess the implementation of improvement recommendations identified by external auditors and consulting firms;
7. To support internal auditors in implementing identified improvement recommendations;
8. To support, when required, internal auditors in the process of analyzing, identifying, and implementing procedures related to flows and processes;
9. To contribute to compliance with the guidelines and procedures determined by the Audit, Risk Management, and Compliance Committee through the design, mapping of flows, and description of processes; and
10. To maintain IT Governance aligned with COBIT practices and assumptions of corporate risk management.

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INTERNAL AUDIT

The Company will maintain an Internal Audit department independent of the internal controls area, which will have the following main responsibilities:

1. To develop the Company's Annual Internal Audit Plan in accordance with the strategies defined by Management and the Audit, Risk Management, and Compliance Committee, and define the use of models, methodologies, and tools required for internal auditing;
2. To audit compliance with internal standards, as well as the application of laws, normative instructions, and other legal provisions, through audit tests that assess the effectiveness and efficiency of internal controls;
3. To contribute to the improvement of the Company's processes and internal controls by reporting any identified failures/weaknesses to Management;
4. To propose measures for the prevention, control, and reduction of risks that may impact the assets, interests, or image of the Company, through the review of control procedures evaluated during audit work and testing;
5. To manage and lead the procedures to be executed by external consultants in internal audit work, by providing guidance and participation in all stages of work and evaluating the results obtained;
6. To investigate complaints and/or signs of fraud or violations of the Company's internal policies by analyzing the results obtained in audit tests and managing the Company's reporting channel;
7. To audit activities for compliance with requirements of applicable legislation by evaluating internal controls related to information generated for the Company's Financial Statements;
8. To audit the Company's risk management process by evaluating risks;
9. To map responsibilities related to risk management activities, as well as approval levels and scopes of action;
10. To prepare periodic consolidation reports of the Company's risks and submit them to the Committee;
11. To support process managers in defining the Action Plans required to address Risks and ensure the implementation of Action Plans;
12. To report transparently the information related to their risk management activities to the Committee;

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13. To lead internal audit works to detect risks and monitor the effectiveness of internal controls to mitigate such risks.

COMPLIANCE

The Company will maintain an independent Compliance department responsible for coordinating issues related to the Integrity Program and corporate risk management. Its main responsibilities are the following:

1. To coordinate the steps of the Corruption and Bribery Risk Management and Compliance process;
2. To support and guide the implementation of rules, policies, and procedures of the Anti-Bribery and Anti-Corruption Management System and integrity system;
3. To monitor and track additional actions resulting from business continuity decisions for business partners whose Integrity Due Diligence results have raised some points of concern;
4. To carry out continuous improvement of the Anti-Bribery and Anti-Corruption Management System, ensuring compliance with the requirements established in the ABNT NBR ISO 37001 standard;
5. To execute and report to Management the key points and any violations of the Anti-Bribery and Anti-Corruption Policy and other procedures related to the Integrity Program;
6. To develop the Communication and Training Plans related to the Policies and Procedures of the Anti-Bribery and Anti-Corruption Management System;
7. To investigate complaints and/or signs of fraud or violations of the internal policies by analyzing the Company's data and information, as well as other information available, and by managing the Company's reporting channel;
8. To promote and support process improvements and develop actions to enhance the Integrity Program, including based on the results of investigations from the Reporting Channel;
9. To review periodically the corporate risk matrix and establish action plans to mitigate the identified risks; and
10. To report transparently the information related to their risk management activities to the Audit, Risk Management, and Compliance Committee.

AUDIT, RISK MANAGEMENT, AND COMPLIANCE COMMITTEE

The Company will have an Audit, Risk Management, and Compliance Committee whose main characteristics will follow the provisions below.

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The Committee, a permanent statutory body, will report directly to the Board of Directors of Localiza and will have the following responsibilities, in accordance with its Internal Regulations:

1. To recommend the hiring or dismissal of the company that provides independent auditing services and to give an opinion on the hiring of any other services to be provided by the independent auditor;
2. To ensure that independent auditing firms and their auditors do not perform any Management functions, make decisions at the Management level, or act in a capacity equivalent to that of an employee of the Company;
3. To ensure that extra-audit services that may compromise the independence of the auditors are not hired;
4. To monitor the effectiveness of the work of the independent auditors, discussing and evaluating the annual work plan and presenting it to the Board for consideration;
5. To ensure direct contact and reporting from the independent auditor to the Board of Directors;
6. To express an opinion on the recommendation report of failures in internal controls of the independent audit;
7. To manage and monitor the work of the internal controls and internal audit departments, including the handling of fraud and/or irregularity reports received through the Reporting Channel, ensuring the protection and confidentiality of the information processed;
8. To analyze the Management report, financial statements, quarterly information, the reference form (and its updates), and the information disclosed to the market (Earnings Release), making any recommendations that it deems necessary;
9. To evaluate and monitor the effectiveness and appropriateness of the internal control structure and the internal and independent audit processes, presenting recommendations for improving policies, practices, and procedures that it deems necessary;
10. To evaluate the effectiveness and appropriateness of legal control and risk management systems, including civil, tax, labor litigation, among others;
11. To opine on proposals from Management to be submitted to the General Meeting, when related to changes in the share capital, issuance of debentures or subscription bonuses, capital budget, distribution of dividends, transformation, incorporation, merger or spin-off;
12. To supervise the implementation and maintenance of the Compliance Program, including the approval of the Annual Compliance Plan and related internal policies;

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13. To monitor the Company's risk exposures, providing guidelines for the Compliance Program;
14. To evaluate and monitor any transactions with related parties carried out by the Company;
15. The Committee may request the hiring of consulting or advisory services upon prior approval from the Board;
16. To disclose annually, within the Financial Statements, a summarized report of the Committee covering the meetings held and the main topics discussed, highlighting recommendations made to the Board;
17. The Internal Audit and Internal Controls departments will report to the Audit, Risk Management, and Compliance Committee;
18. The Audit, Risk Management, and Compliance Committee will assume the role of Fiscal Council until it is installed;
19. The guidelines on the structure, composition, election, and term of the Committee, among other rules, will be detailed in its Internal Regulations.

BOARD OF DIRECTORS

In addition to the responsibilities and duties outlined in its Regulations, the Board of Directors of Localiza must:

1. Approve the Company's Risk Management Policy and its future revisions; and
2. Assess whether Management is adopting the necessary controls to manage risk.

EXECUTIVE BOARDS

In addition to other responsibilities outlined in its Regulations, the Executive Board must:

1. Implement the strategies and guidelines of the Company approved by the Board of Directors;
2. Act directly in the management of risks within their area, prioritizing the identification, assessment, treatment, and monitoring of risks;
3. Ensure the implementation of Action Plans defined for the treatment of Risks;
4. Report to Internal Audit information related to their activities that may impact risk management and compliance;
5. Promptly communicate to Internal Audit any unidentified Risks, whether new or not;

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6. Comply with the Action Plan aligned with the Internal Audit and Compliance departments and implement it according to the priority defined therein.

OTHER PROVISIONS

Any changes to this Policy must be approved by the Board of Directors of Localiza.

Localiza will make this Policy available to its shareholders through its investor relations website.

CLARIFICATIONS OF QUERIES

Any situations, exceptions, and/or clarifications regarding the application of this Policy can be addressed to the Legal Department through compliance@localiza.com.

Instances of non-compliance with this Policy and the Bylaws must be immediately reported or communicated to the immediate leader or the Legal Department.

REPORTING CHANNEL

The Reporting Channel is the tool provided by Localiza for receiving reports of violations of the Code of Conduct, internal policies and procedures, or current legislation. It is available at ri.localiza.com/governanca/programa-de-integridade-e-canal-confidencial/.

Localiza will not allow retaliation of any kind against a good-faith whistleblower or against anyone who provides information, documents, or cooperates in the investigation of a report. For additional information on how the Reporting Channel operates, please refer to the Procedure for Whistleblower Reporting and Non-Retaliation, available at ri.localiza.com/governanca/estatuto-politicas-e-regimentos/.

DURATION

This Policy will come into force on the date of its approval by the Board of Directors and shall remain valid for three years or until otherwise resolved.