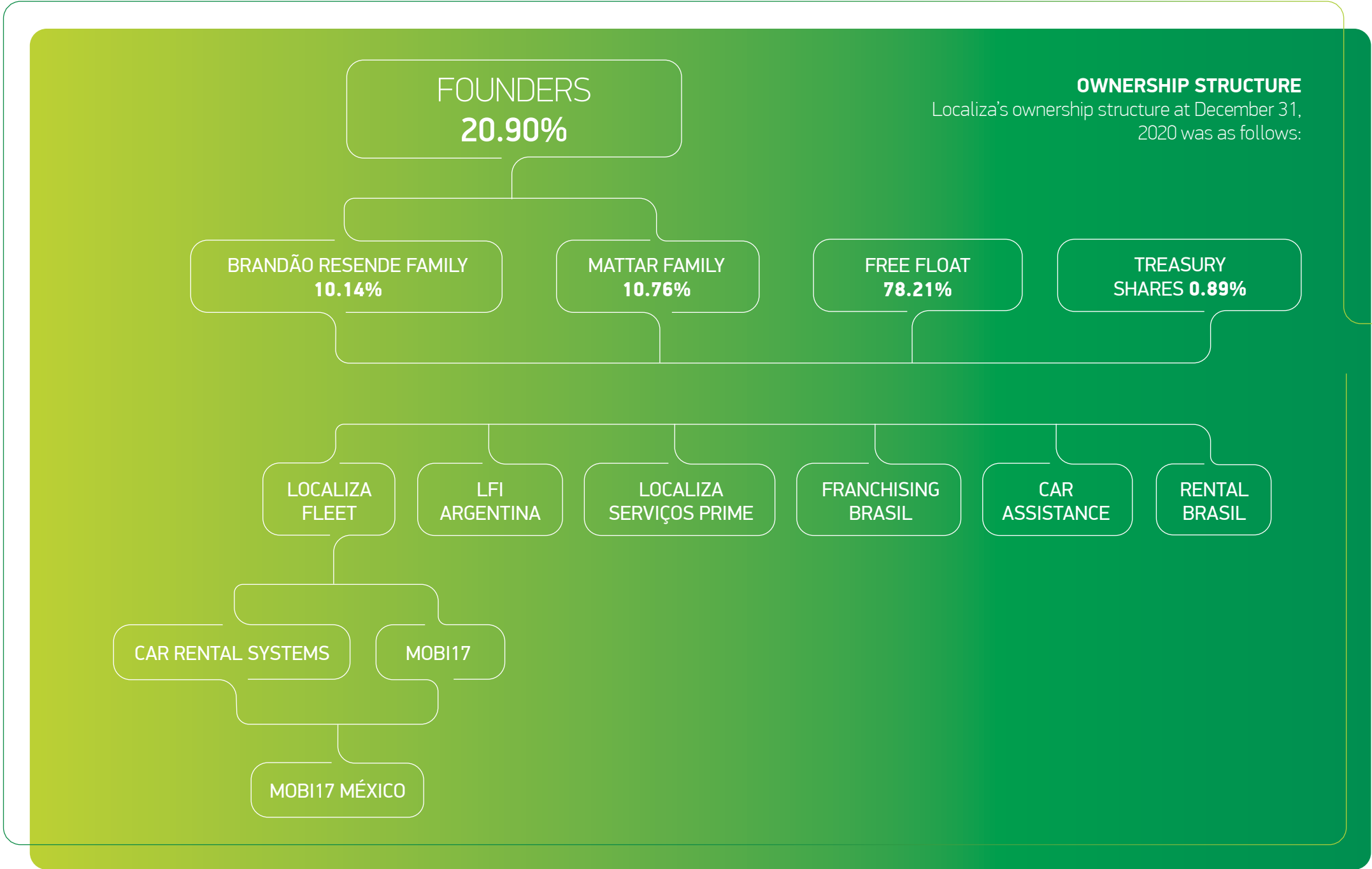


ETHICS *AND GOVERNANCE*

ETHICS AND GOVERNANCE

Localiza is recognized in the market for our best-practice corporate governance structure, underpinned by the following key pillars: transparency toward all stakeholders, compliance, equity and accountability. Not coincidentally, two of our nine material topics relate to governance: Topic 3 – Ethics, Integrity and Transparency; and Topic 5 – Corporate Governance. Our governance model is one of the key strengths in our approach to ESG. The value that the market puts on our management practices has inspired us to also evolve further in the other two—social and environmental—aspects of ESG.

As a corporation listed on B3 since 2005, Localiza’s shares (RENT3) are traded on *Novo Mercado*, a listing segment requiring enhanced corporate governance practices. We have also adopted the ABRASCA Listed Company Self-Regulation Code and Good Practices, and follow the recommendations in the Brazilian Institute of Corporate Governance (IBGC) Code of Best Practices. [GRI 102-5](#)



STRUCTURE AND GUIDELINES

GRI 102-18, 102-19, 102-20, 102-25

The high standards of management we adhere to are embodied by a governance structure consisting of a Board of Directors (BoD) with six members, including five independent members; a Statutory Executive Board; and three advisory committees (Audit, Risk Management and Compliance; Governance and Nomination; and People and Remuneration) that assist the Board of Directors in oversight, analyses and decision-making. The CEO is supported by two advisory committees (Ethics and Sustainability) and the CFO by one committee (Disclosures). **GRI 102-18**

Our [Corporate Governance Guidelines](#) are available on Localiza’s [Investor Relations website](#). Details about the members of our Board of Directors, Executive Board and Committees, including their education backgrounds and biographies, are available [here](#). **GRI 102-22, 102-27**

BOARD OF DIRECTORS

As our highest governance body, the Board of Directors (BoD) is responsible for establishing general guidelines and business policies, and championing our values, principles and purpose. As part of its duties, the BoD directs, oversees and monitors the activities of executive officers, and selects, engages and replaces independent auditors. It is also the role of the BoD to pursue a continuous sustainability agenda at Localiza. **GRI-102-26, 102-31**

Under our [bylaws](#), as most recently approved in an Extraordinary General Meeting on April 23, 2020, the Board of Directors is composed of a minimum of six and a maximum of eight members elected by the General Meeting for a unified and renewable term of two years. The members of

the BoD—which must have diverse backgrounds and expertise—include a Chairman and a Deputy Chairman (if elected). **GRI-102-24**

PERFORMANCE ASSESSMENT

The Board of Directors and its members are annually assessed on their performance, individually and as a body, by independent consultants. Individual assessments cover aspects such as knowledge about the business, the level of engagement in discussions, and attendance and subjects put forward for discussion in Board meetings. As a body, the Board is assessed on aspects such as the quality, quantity and variety of information received about strategic matters, the activities of advisory committees, and the development of long-term strategy. **GRI 102-28**

Learn more about the operation of Localiza’s Board of Directors and its [Rules of Procedure](#), available on our Investor Relations website.

STATUTORY EXECUTIVE BOARD

Localiza’s Statutory Executive Board is responsible for overall business management. It has a minimum of four and a maximum twelve officers appointed by the Board of Directors, all of whom must be resident in Brazil. The Executive Board ended 2020 with ten members (one more than in the previous year), including the CEO, the Chief Financial and Investor Relations Officer, and eight other officers.

Localiza’s culture and governance structure are recognized as being world-class and a benchmark in our market

Learn more about the operation of Localiza’s Executive Board and its [Rules of Procedure](#), available on our Investor Relations website.

COMMITTEES

In 2020 our management structure included seven subject-matter advisory committees. Three of these committees advise the Board of Directors under their own [Rules of Procedure](#), as follows:

AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE – With a composition of three independent members at December 31, 2020, the duties of the Audit, Risk Management and Compliance Committee include monitoring the effectiveness and activities of the independent auditors, and expressing an opinion on the quality of the financial statements, the soundness of accounting principles, and the effectiveness of the internal control structure. This Committee is also responsible for monitoring strategic risks and exercising oversight of the Compliance and Ethics function.

PEOPLE AND REMUNERATION COMMITTEE – The People and Remuneration Committee advises the Board of Directors on remuneration policies, performance assessments, the profit-sharing program, our stock option program, and general

people management policies. At December 31, 2020 the Committee had a composition of three members, including two independent members. **GRI 102-35, 102-36**

GOVERNANCE AND NOMINATION COMMITTEE – With a composition of three members at December 31, 2020, the Governance and Nomination Committee is responsible for promoting and overseeing the implementation of good governance practices and business strategy related to ESG and other topics.

Other advisory committees include the Ethics and Sustainability committees, supporting the CEO. The **Ethics Committee** is composed of five members (including one independent member) and is responsible for ensuring our ethical principles and values are upheld, continuously disseminated and strictly adhered to.

With a composition of nine members, including three executive officers, the duties of the **Sustainability Committee** are to identify, address and monitor sustainability-related risks which could materially impact our business, our long-term results, our relations with customers and employees, and our reputation. In 2020 we further evolved our sustainability governance structure with the addition of three separate work fronts under the Sustainability Committee, each responsible for one of the ESG dimensions. Each front is headed by a member of senior management, and has an executive officer as a sponsor.

The **Disclosures Committee** reports to the Chief Financial and Investor Relations Officer and has a composition of up to 15 members. Its duties include reviewing draft filings and other financial information required to be submitted to the Brazilian Securities Commission (CVM).

BOARD CREDENTIALS

| SUMMARY OF BOARD MEMBERS' EXPERTISE AND CREDENTIALS | | Eugênio Pacelli Mattar | Oscar de Paula Bernardes Neto | Irlau Machado Filho | Maria Letícia Costa | Paulo Antunes Veras | Pedro de Godoy Bueno |
|-----------------------------------------------------|--------------------------------------------|------------------------|-------------------------------|---------------------|---------------------|---------------------|----------------------|
| Experience | Experience as CEO/Chairperson | | | | | | |
| | International Experience | | | | | | |
| | Organizational and Cultural Transformation | | | | | | |
| | New Business Models/Innovation | | | | | | |
| | Business to Consumer | | | | | | |
| Industry expertise | Automotive | | | | | | |
| | Financial | | | | | | |
| | Mobility | | | | | | |
| | Retail | | | | | | |
| | Technology | | | | | | |
| | Consumer goods | | | | | | |
| | Healthcare | | | | | | |
| Subject Matter Expertise | Strategy | | | | | | |
| | Finance and Accounting | | | | | | |
| | Risk Management | | | | | | |
| | Corporate Governance | | | | | | |
| | Marketing and Communications | | | | | | |
| | Operations | | | | | | |
| | Sustainability | | | | | | |
| | Talent Management | | | | | | |
| | IT | | | | | | |
| | Innovation and Digital Transformation | | | | | | |

CONTINUOUS IMPROVEMENT IN GOVERNANCE

Localiza has always strived to develop and implement governance practices exceeding those generally adopted in the market. In 2018, with our share ownership structure now highly diversified, we implemented a three-year program to further strengthen our governance practices and enhance the efficiency of the Board of Directors. This was one of several integrated initiatives to prepare Localiza for the gradual withdrawal of our founding shareholders from executive positions and from the Board of Directors, in order to build a strong governance culture underpinned by an “ownership” mentality. As part of this process, in February 2021 we announced the succession of then-CEO Eugênio Mattar by Bruno Lasansky, with Mattar taking on the role of Chairman of the Board of Directors.

Over a three-year period, we implemented 10 governance projects with support from specialist consultancies, including three assessments of the Board of Directors and its members. These assessments generated 60 recommendations, of which 49 have been fully implemented and the remainder are currently in the process of being implemented. In addition, a risk management project, advised by a specialist consultancy, was implemented in 2020 as part of the agenda of the Audit, Risk Management and Compliance Committee.

These initiatives and projects have all helped to improve the functioning of the Board of Directors by revisiting policies and practices to perfect the decision-making process. The results from these efforts can be seen in recent performance assessments.

The governance improvement program has continued in 2021 with our first shareholder engagement exercise, led by the Board of Directors, to identify areas needing to be better addressed and/or communicated.

RISK MANAGEMENT

GRI 102-15

Localiza’s Board-approved *Risk Management and Internal Controls Policy* provides guidance on monitoring and auditing corporate, operational and financial processes. It establishes a formalized, standard approach to implementing and monitoring preventive, prospective and proactive risk management practices.

Governance functions (Internal Audit, Internal Controls and Risk Management, and Compliance and Ethics) are responsible for reporting to the Board of Directors’ advisory committees on risk management processes and the status of action plans, among other matters **GRI 102-30**

Localiza’s approach to risk management essentially consists of six steps:

- **IDENTIFICATION** – Determining what external or internal events could impact Localiza’s objectives, including those related to intangible assets.
- **ANALYSIS** – Determining risk sources, causes, consequences, and the likelihood of those consequences occurring.
- **ASSESSMENT** – Assessing the impacts in the event that a risk materializes, including financial or other consequences, whether or not they are quantifiable.

Localiza uses
a six-step risk
management process

- **ACTION** – Determining which of the following actions should be taken: avoid, mitigate, share or accept.
- **MONITORING** – Ensuring the effectiveness and adequacy of internal controls, and compiling information to support improvements to the risk management process. Risk management processes are monitored through continuous, independent audits and on-site visits to car-rental locations to observe how risk management is carried out on the ground.
- **INFORMATION AND COMMUNICATION** – Clearly and objectively communicating to all stakeholders the results from each step in the risk management process, and the status and effectiveness of action plans.

DATA PROTECTION GRI 103-2, 103-3: 418

Localiza's senior leadership team works to ensure that employees understand the importance of customer privacy and data protection, and the risks in the event of any data breach involving employee or customer data. As part of this, we have implemented a Data Privacy and Data Protection Policy and related internal procedures, and have provided all departments with training on best practices in handling and storing personal data. The Policy outlines privacy requirements to ensure that all personal data that we handle is protected in accordance with the Brazilian General Data Protection Regulation (BR GDPR) and other applicable regulations. This is crucial to upholding the trust of our customers and other people who share information with us, our reputation, and our standards of ethics.

Localiza has also created a Privacy Portal featuring information such as the personal data we use at the company, and providing a direct channel for communication with data subjects, as part of our commitment to transparency and to securing the information that data subjects share with us. The platform allows data subjects to exercise their right to access, delete, edit or otherwise modify their data, and to ask questions about the operation of Localiza's data protection and data privacy system. A dedicated channel has been created for employees, called the Transparency Portal, containing procedures and documentation about how to exercise their rights and ensure compliance with the BR GDPR when handling personal data as part of their duties. Our executives and

employees are committed to data privacy and protection as an imperative for business continuity, and those in management positions attend meetings, lectures and training to ensure they have a consistent understanding of the main risks involved in their activities.

To help disseminate a culture of data privacy at Localiza, in February 2020 we ran an information security campaign with a video series in which each episode featured a real-world situation involving a data protection risk, and employees could choose how the story ended. We also installed a software program on employees' computers that classifies documents as either public, internal, restricted or confidential. These measures have helped to mitigate risks and raise employee awareness about the importance of handling data securely and in accordance with best practices, improving their understanding of data privacy and protection and avoiding any misinterpretations.

An Information Security campaign provided pointers on data protection



COMPLIANCE AND ETHICS PROGRAM

GRI 102-16, 102-17, 103-2, 103-3: 205, 206, 419

Ethics has always been integral to our way of doing business at Localiza, and has helped to build trust with our employees, investors, customers, suppliers and other stakeholders. Our Integrity Program, with a set of related standards and training, serves as a guidepost to keep us on the right path.

In August 2020 we launched our new [Code of Conduct](#), which maintained its essence but is now written in more casual, reader-friendly, plain language. The 52-page document describes ethical and conflict-of-interest dilemmas, and how to solve them. It stresses the importance of integrity in our business relationships, and contains an affirmation statement at the end that has been signed by 95% of employees, all but those who were on leave. We are now following up on the remainder of employees to ensure that all have signed their affirmation of the Code.

Another 34 procedures and policies within Localiza’s Anti-bribery and Anti-corruption Management System were reviewed during the year. We then provided targeted training on the subject to raise employee awareness about conduct that constitutes bribery or corruption and will not be tolerated at Localiza. This helped to align all employees about conduct that can damage the company’s and their own reputation.

To reinforce employees’ understanding of the conduct expected of them, several internal communications campaigns were launched to disseminate Localiza’s Code of Conduct and Confidential Hotline, our Anti-Bribery and Anti-Corruption Goals, and anti-corruption awareness days. On May 2, for example, activities were organized to mark Global Ethics Day. On National Money Laundering Prevention Day—October 29—we organized a campaign to explain money laundering practices. We showed the different ways money-laundering is used to conceal the sources of illicitly-obtained money, and stressed the importance of preventing money laundering through our Compliance and Ethics Program. A communications campaign was also run on International Anti-Corruption Day, December 9.

Our Integrity Program provides standards and training that serve as guideposts to keep us on the right path

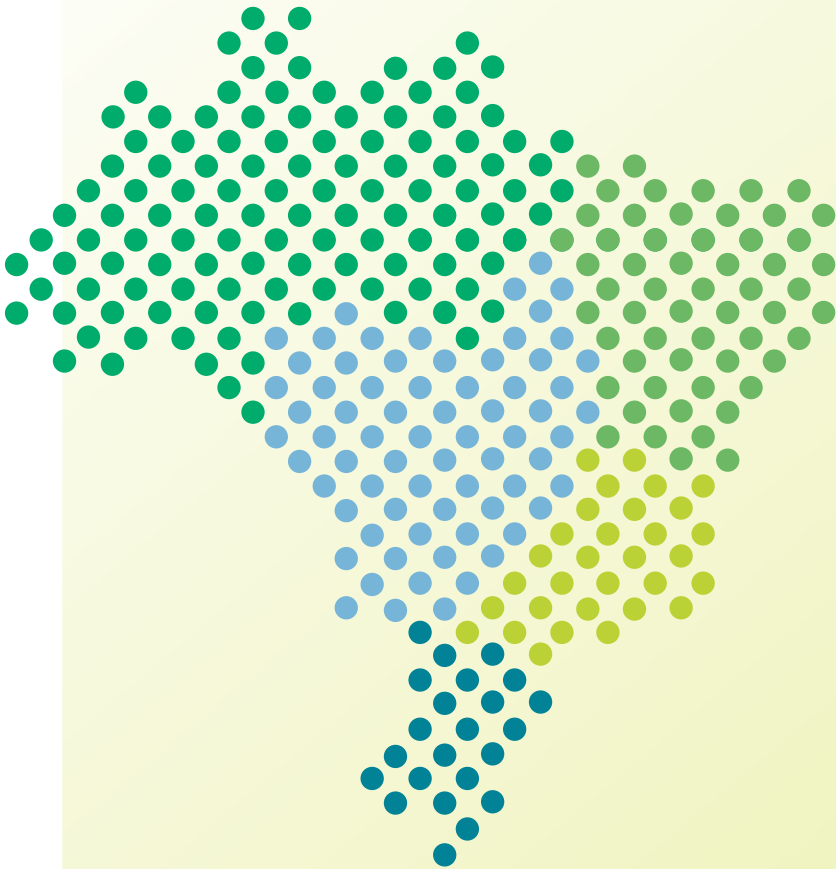
Código de **Conduta**

Nosso jeito de ser e agir Localiza

Localiza

In 2020 we received certification to **ISO 37001 – Anti-Bribery Management Systems**, attesting to the quality of our **anti-bribery** and anti-corruption efforts. The certification body assessed our practices for preventing, detecting and dealing with bribery and corruption issues within the corporate environment. The elements of an anti-bribery management system include control activities and procedures, tone from the top, reputational risk assessments, training, and reviews of legal obligations. A well-managed organization is expected to have a compliance policy supported by appropriate management systems to assist it in complying with its legal obligations and commitment to integrity. **GRI 103-2, 102-3: 205**

EMPLOYEES WHO HAVE RECEIVED COMMUNICATIONS AND TRAINING ON ANTI-CORRUPTION, BROKEN DOWN BY REGION¹ GRI 205-2



TOTAL

| 2019 | | 2020 | |
|----------|---------|----------|----------------------|
| Informed | Trained | Informed | Trained ² |
| 10,322 | 9,661 | 10,781 | 10,414 |
| 100% | 93.59% | 100% | 96.60% |

¹The changes in Code of Conduct training figures reflect employee turnover and the 1% of employees who are on leave indefinitely.

² Our senior management's commitment supported a three percentage-point improvement in total employees trained in 2020.

NORTH

| 2019 | | 2020 | |
|----------|---------|----------|----------------------|
| Informed | Trained | Informed | Trained ² |
| 383 | 367 | 680 | 567 |
| 100% | 95.82% | 100% | 96.62% |

NORTHEAST

| 2019 | | 2020 | |
|----------|---------|----------|----------------------|
| Informed | Trained | Informed | Trained ² |
| 1,377 | 1,308 | 1,077 | 1,024 |
| 100% | 95.82% | 100% | 96.62% |

SOUTHEAST

| 2019 | | 2020 | |
|----------|---------|----------|----------------------|
| Informed | Trained | Informed | Trained ² |
| 6,911 | 6,421 | 7,205 | 6,976 |
| 100% | 92.91% | 100% | 96.82% |

MIDWEST

| 2019 | | 2020 | |
|----------|---------|----------|----------------------|
| Informed | Trained | Informed | Trained ² |
| 541 | 513 | 764 | 736 |
| 100% | 94.82% | 100% | 96.34% |

SOUTH

| 2019 | | 2020 | |
|----------|---------|----------|----------------------|
| Informed | Trained | Informed | Trained ² |
| 1,110 | 1,052 | 1,055 | 1,021 |
| 100% | 94.77% | 100% | 96.78% |

EMPLOYEES WHO HAVE RECEIVED COMMUNICATIONS AND TRAINING ON ANTI-CORRUPTION, BROKEN DOWN BY EMPLOYEE CATEGORY GRI 205-2

| CATEGORY | INFORMED | NO. | % |
|----------------------|-------------|--------|-----|
| EXECUTIVE BOARD | <div></div> | 39 | 100 |
| MIDDLE MANAGEMENT | <div></div> | 348 | 100 |
| HEAD/COORDINATOR | <div></div> | 82 | 100 |
| TECHNICAL/SUPERVISOR | <div></div> | 558 | 100 |
| ADMINISTRATIVE | <div></div> | 3,311 | 100 |
| OPERATIONAL | <div></div> | 6,430 | 100 |
| TRAINEES | <div></div> | 17 | 100 |
| TOTAL | <div></div> | 10,785 | 100 |

| CATEGORY | TRAINED | NO. | % |
|----------------------|-------------|--------|-------|
| EXECUTIVE BOARD | <div></div> | 39 | 100 |
| MIDDLE MANAGEMENT | <div></div> | 345 | 99,13 |
| HEAD/COORDINATOR | <div></div> | 70 | 99.10 |
| TECHNICAL/SUPERVISOR | <div></div> | 553 | 99,10 |
| ADMINISTRATIVE | <div></div> | 3,266 | 98.64 |
| OPERATIONAL | <div></div> | 6,115 | 95.10 |
| TRAINEES | <div></div> | 17 | 100 |
| TOTAL | <div></div> | 10,414 | 96,56 |

¹The changes in Code of Conduct training figures reflect employee turnover and the 1% of employees who are on leave indefinitely.

CONFIDENTIAL HOTLINE

GRI 102-17, 103-2, 103-3: 406

Employees, customers, franchisees, investors and other stakeholders can report any concerns via our confidential hotline. They are encouraged to report any violations of our values, Code of Conduct, policies and procedures or any laws and regulations. The confidential hotline is operated by an independent firm and can be contacted by telephone (both in Brazil or from other countries), online or by email. After filing a report (on an identified basis or anonymously), whistleblowers receive a case number they can use to track the progress of the investigation by the Internal Audit function. They can also include additional information about the case.