

Chapter 3

Sustainable Mobility



2022 Highlights

2022 marked a year of **major transformations at Localiza&Co.**

In line with the Company's vision of the future, the results achieved in the year reinforced our capacity for growth combined with the generation of value for the stakeholders with which we relate, continuing our journey of positive impact and making us more prepared to raise even higher heights.

Sustainable Mobility

- » We maintained the **Gold Seal** for our GHG inventory (GHG Protocol), published for the fourth time
- » Launch of **Neutraliza**, a program to neutralize emissions related to direct operation, which has already offset **+14 thousand tons of CO₂**
- » **100% of the energy** used by the Company came from **clean, renewable sources**
- » Beginning of the preparation of the **Climate Risk Study**
- » Availability² of **200 electric vehicles** for Localiza Zarp customers

- » **+80 million liters of water** saved through dry cleaning
- » Evolução nas práticas ESG corroborada pela melhora nos principais *ratings* ESG globais
- » Recognition as **2023 Top-Rated ESG Companies List** by Sustainalytics for our industry and Latin America
- » We remain in B3 Carbon Efficient Index (ICO2)

² In partnership with Renault, Raízen, Uber, Mobilize, Tupinambá and Carrefour Property.

Environmental Agenda

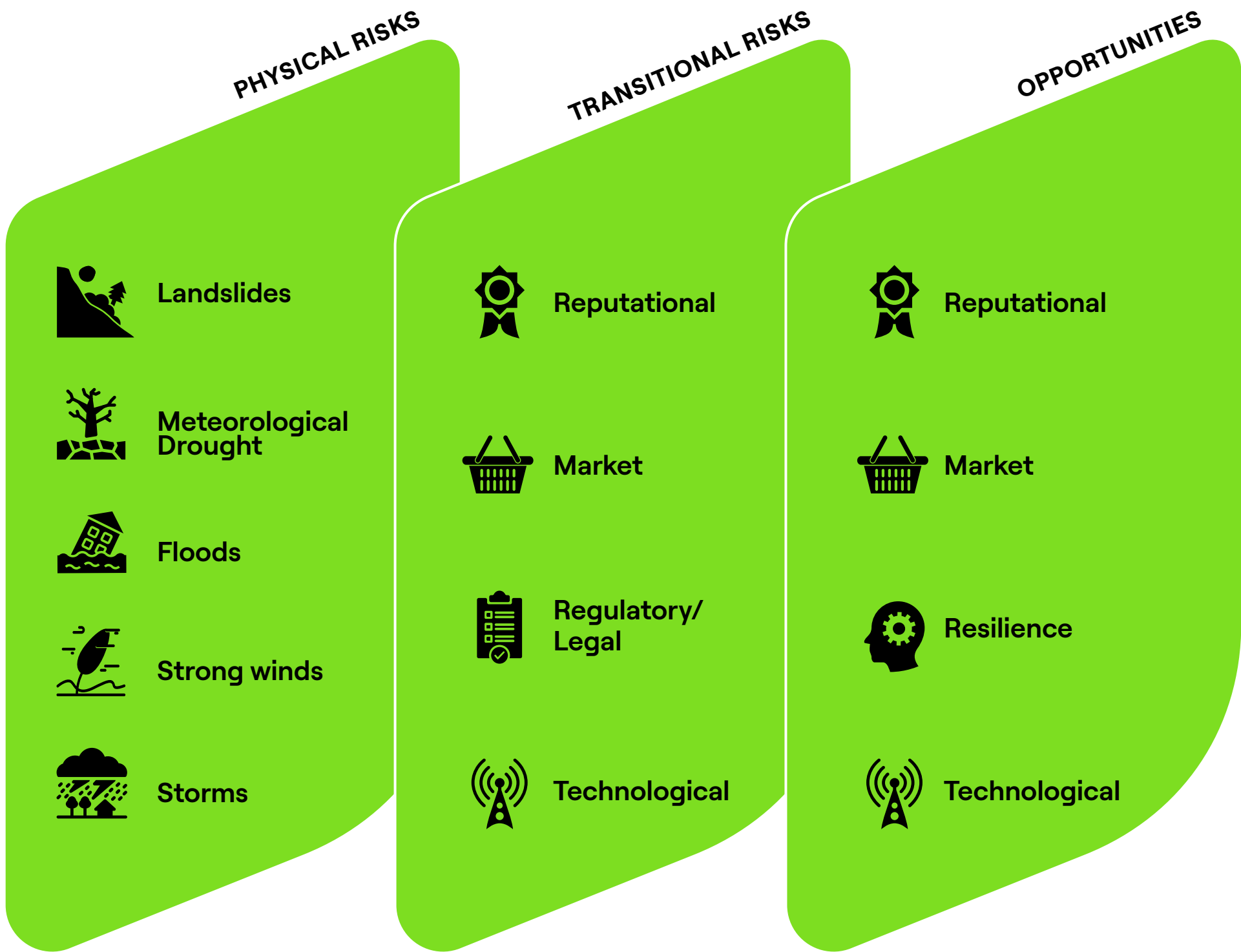
Climate Change and Risks

TCFD GOVERNANCE 1, 2 • STRATEGY 1, 2, 3 • RISK MANAGEMENT 1, 2, 3

We have a clear position and an objective view on risks and opportunities in the climate context. Since the construction of a robust governance in this area requires a specific risk analysis, for subsequent incorporation into business strategies, Localiza&Co decided to take this first step in 2022. By entering in yet another partnership with WayCarbon for technical support, we started a diagnosis and assessment of climate risks, through the identification and prioritization of risks and opportunities in its operations.

The first stage was engagement, in which we prepared a diagnosis of climate risks (including physical and transitional risks) based on data and information collection with various areas of L&CO.





Next, the construction of a risk matrix is planned, aligned with the already existing Corporate Risk Matrix, with the assessment of probability and degree of impact for the mapped risks, prioritization of critical risks and possible opportunities. The study will also include an estimated financial impact as a function of the criticality of each asset evaluated for the Company, in addition to the evaluation and proposal of recommendations for climate strategies based on the Task Force on Climate-related Financial Disclosures (TCFD) for the risk management processes and governance structure.

The climate risk assessment study covers all business divisions, considering the units distributed throughout the national territory, also including units incorporated in the integration with Locamerica. The study will be completed during 2023.

In terms of Governance, the leadership of the project will direct the results to the Sustainability Committee, which, in turn, feeds the Board of Directors with relevant information for the management of risks and opportunities related to climate change, aiming to support its decision-making. Therefore, the study will also serve as a basis for the construction of medium- (2030) and long- (2050) term climate strategies, including the organization’s financial planning and goal setting.

Atmospheric emissions

GRI 305-1 • 305-2 • 305-3 • 305-5 • TCFD METRICS AND GOALS 1, 2, 3

We continue to evolve in our emissions management since this is a material and priority topic in the Company's ESG Agenda. Our strategy remains based on three pillars, which guide initiatives aimed at our environmental commitment. They are:

1. **Measure:** considered the key to assess the effectiveness of the implemented actions and adjust, ensuring greater impact and efficiency. In addition to the annual evolution, we revisit previously established assumptions and criteria based on a robust system for measuring and managing emissions, which are audited by a third party.
2. **Reduce:** is Localiza&Co's priority. To this end, the Company seeks solutions for the short, medium and long term, such as encouraging the use of ethanol – fuel that emits less greenhouse gases (GHG) when compared to fossil fuels, expansion of the electric vehicle fleet for customers and niche markets, generation and consumption of renewable energy, diversion of waste from landfills, prioritizing circularity and reverse logistics. In summary, we are constantly evaluating solutions and technologies aimed at reducing GHG emissions.
3. **Offset:** is an important means of mitigating remaining emissions. This is done through the purchase of carbon

credits generated by projects that have a positive impact on the environment and society, having a close relationship with the sustainable development goals and contributing to the preservation of our biodiversity. Since 2019, we have been offsetting GHG emissions from our operations (Scopes 1 and 2) and, in 2022, we started offsetting part of our customers' emissions (Scope 3) through the Neutraliza product.

We are partners of the Ekos Institute's Climate Commitment Program, which plays a key role in selecting projects via public notice, with a high reputation and governance for offsetting emissions. Additionally, we prioritize the use of ethanol in our corporate fleet, as it is considered less polluting than other fossil fuels and due to the favorable Brazilian energy matrix.

In February 2022, Scania, Bain & Company Brasil and the UN Global Compact in Brazil launched the study "Commercial Transport Net Zero 2050: Pathway for decarbonizing road transportation in Brazil", developed in synergy with the Net Zero Ambition Movement. We were one of the supporters of this study, which showed that the diversity of technologies will be decisive for decarbonization.

In 2022, we also published, for the fourth consecutive year, our greenhouse gas (GHG) inventory in the [Public Emissions](#)

[Registry](#), and we won the GHG Protocol Gold Seal for the second year in a row. Likewise, for the fourth consecutive time, we are part of the select group of the Carbon Efficient Index (ICO2), which encourages the control of GHG emissions among companies listed on the stock exchange, demonstrating commitment to the transparency of our impacts.

Our 2022 inventory, which is in the final process of construction, already considers the combined Company. The following data provides a preview of the Company’s direct emissions (Scopes 1 and 2), and the complete inventory will be published in the second half of the year on the GHG Protocol website

SCOPE 1 EMISSIONS (TCO ₂ EQUIVALENT)			
Members	2020	2021	2022
Mobile Combustion	6,578.72	7,333.67	-
Stationary Combustion	32.90	16.15	-
Fugitives	8,084.72	14,088.33	-
Total	14,696.33	21,438.15	31,121.51
SCOPE 2 EMISSIONS (TCO ₂ EQUIVALENT)			
Members	2020	2021	2022
Purchase of electricity - location-based	990.18	2,649.93	991.82
Purchase of electric energy - market-based	601.16	-	-
SCOPE 3 EMISSIONS (TCO ₂ EQUIVALENT)			
Members	2020	2021	2022
Waste generated in the operation	107.67	103.69	-
Business trips	1,081.87	891.48	-
Employee commuting (home-work)	2,866.94	672.29	-
Leased goods (the organization as lessor)	475,947.13	494,093.32	-
Franchises	22.12	34.74	-
Total	480,025.73	495,795.52	-

Neutraliza (carbon neutralization)

In 2022, we launched Neutraliza, a Localiza&Co program aimed at mitigating greenhouse gases emissions from vehicles used by our customers (Scope 3). Customers are invited to offset their emissions during their journey with us and can choose to pay an additional R\$1.99 per day for daily contracts or R\$0.99 per day for monthly contracts, an amount that is fully allocated to the acquisition of carbon credits.

We offset
+14 thousand tons of CO₂
throughout 2022.

Electrification

Electrified vehicles are an important technological evolution for mobility, looking to a medium- to long-term horizon. With a low impact on the atmospheric emissions front, they are considered a sustainable option and a worldwide trend. However, for the Brazilian market, the best option is still ethanol.

By the end of 2022, we already had a fleet of more than two thousand electrified vehicles, including electric and hybrid vehicles, with emphasis on cargo vehicles. During the year, we also developed a project in partnership with several other companies to make electric cars available to our Zarp drivers, and we acquired units of the national electric van, launched by Arrow Mobility, for rental.



Volt Project

We created a partnership between Zarp Localiza, Renault, Uber, Carrefour, Raízen and Tupinambá. In it, Renault made available 200 units of Kwid E-tech electric cars for our Zarp drivers to travel through the streets of São Paulo. This project will last for one year and includes a broad and complete experience, with an ecosystem of charging and benefits to increase efficiency during journeys. We selected drivers based on the best evaluations by consumers, good driving behavior and who recognize electric cars as a differential for Brazilian mobility. In addition to the socio-environmental benefits, this initiative helps generate knowledge about the influence of electric vehicles in the metropolis. With the project, it is estimated that drivers will be able to increase profitability by up to 30%.

Arrow One

Arrow One is an 100% electric van designed for urban freight transport, created by Arrow Mobility. This versatile and modern vehicle can transport people or goods, and is an interesting option to increase profitability. It features an intelligent and pre-organized system, optimizing spaces, access and loading time, transporting up to 60% more than other vehicles with the same length. Because it is integrated into an application, it is possible to analyze the best routes and make direct contact with the customer, thus optimizing its use.

Localiza&Co ordered 100 units and the first 20 will be delivered in the first half of 2023.

As in 2021, the project chosen by Localiza&Co to offset its Scopes 1 and 2 emissions was the REDD+ Jari Amapá Project, which is highlighted below.

REDD+ Jari Amapá Project

The Jari Amapá REDD+ Project promotes forest conservation through the generation of carbon credits, encouraging and generating benefits to the climate, biodiversity and the communities of Laranjal do Jari and Vitória do Jari in Amapá, the Brazilian Amazon region.

Based on an economic development model that values the forest, the project's activities combine lowimpact forest management with the commercialization of carbon credits. In addition, there are training in rural production, agricultural and forestry techniques, according to the communities' family interests, making them capable of enabling constant income generation from food production. Deforestation

monitoring is also carried out using satellite images and patrolling actions along river and land routes.

Linking carbon neutrality to a forest conservation project expands our potential to generate value, contributing to one of the country's biggest socio-environmental challenges – forest environmental services payment – through the purchase of forest carbon credits.

REDD+ Jari Amapá Project has a gold seal for biodiversity (Climate Community Biodiversity Standards – CCBS) and its proponents include Biofílica, Fundação Jari and Jari Celulose. Localiza&Co operates in its financing in partnership with Ekos Institute.



The purchase of carbon credits by Localiza&Co will contribute to maintaining the project's actions, **which have avoided deforestation of an average 580 hectares per year.**

We offset 24,088 tons of CO₂, corresponding to the Company's direct emissions – movement of the corporate fleet, air conditioning, electric energy, transport of cars between assembly plants, branches and stores, among others.

Learn more about this initiative on: www.biofilica.com.br/projeto-redd-jari-para/



Waste, Energy and Water Management

Reinforcing our commitment to the environmental agenda, we have structured a specific committee aimed at efficient natural resources management, proper waste disposal and renewable energy consumption. These actions permeate our operations in stores, branches and offices, disseminating sustainability among our customers, suppliers and employees.

Our journey is continuous, sustainable and consistent.

Waste

GRI 306-1 • 306-2 • 306-3 • 306-4 • 306-5

The expansion of our business, and the consequent increase in vehicles and new operating units, imposes greater responsibility in the pursuit of efficiency in resources use and waste management. By encouraging recycling and reuse of materials, we minimize the impacts generated by our businesses and will continue to move towards 100% waste conversion in the medium-term.

The activities involved in the maintenance and preparation of vehicles generate different types of waste, some of which are harmful to the environment and require special care. That is why we have established partnerships with reverse logistics projects for automotive batteries and glass, re-refining processes for oils and tire recycling. We repair bumpers and headlights, allowing for an increased useful life of these and other parts of the car. In our offices, we carry out selective collection for recyclable waste and composting projects.

We are implementing technologies and softwares to (i) ensure approval of transporters and waste destinations in light of environmental licenses, training and other applicable documentation; (ii) seek new solutions, diverting waste from landfills; and (iii) provide greater traceability and reliability for these data.

We have implemented complete waste management at our car maintenance units (learn more on page 54), and we are extending the practice to more units. In these units, the waste generated is managed by a Localiza&Co team and sent for treatment with partners, who carry out the correct handling.

We have the ambition to achieve this complete and data-centric management in order to better monitor processes and increase the detail of our reports.

GENERATED WASTE

Amount of waste generated and existence of Reverse Logistics (by type), considering Rent a Car (RAC) and Fleet Management (GF) operations			
Consumed Items	Unit	Reverse Logistics	2022
Engine oil	Liter	Yes	2,093,756
Oil filter	Unit	Yes	428,120
Fuel filter	Unit	No	171,047
Air filter	Unit	No	185,141
Air conditioning filter	Unit	No	185,043
Tire	Unit	Yes	567,502
Bulb lamp	Unit	No	237,215
Brake pad set	Set	No	182,404
Hubcaps	Unit	No	214,624
Windshield	Unit	No	62,935
Brake wheel	Unit	No	138,154
Mudguard	Unit	No	73,680
Spark plug	Set	No	64,080
Bumper	Unit	No	73,195
Brake oil	Liter	Yes	33,456
Radiator additive	Liter	Yes	70,589
Gear oil	Liter	Yes	30,551
Transmission oil	Liter	Yes	6,919
Power steering oil	Liter	Yes	7,283
Compressor oil	Liter	Yes	4,445

Energy

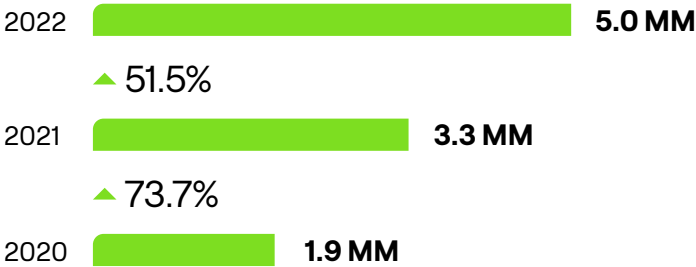
GRI 302-1 • 302-3 • 302-4

In 2017, we became pioneers in the sector by adopting solar energy as one of the sources of electricity supply in our operations. Additionally, our new branches are built aiming at the energy efficiency of the units, prioritizing environment sensing, more energy-efficient equipment, and LED lamps.

Currently, in addition to expanding the solar project at our branches to the Company’s other eligible units, we purchase energy from the free market and acquire renewable energy certificates (I-RECs). By doing so we ensure that 100% of the energy consumed by the platform has come from clean and renewable sources.

In the year, we have injected 5 million kWh of clean energy for consumption in our branches, which represents an injection increase of more than 50%, compared to 2021.

ANNUAL HISTORY – CLEAN ENERGY INJECTION IN BRANCHES (KWH)



In 2022, 100% of the energy used by the Company **came from clean renewable sources.**

Energy Intensity¹:
0.0275 GJ
by rented car

CONSUMED ENERGY		
	2021	2022
Renewable fuels	26,300 GJ	35,458 GJ
Non-renewable fuels	49,326 GJ	47,071 GJ

¹ To calculate energy efficiency, the average fleet was used, including only Localiza’s businesses, following the pattern of other energy data.

In comparison with the previous year, Localiza&Co showed no reduction in energy consumption. For 2023, our goal is to continue increasing the injection and consumption of renewable energy in our platform.

Water

GRI 303-1 • 303-2 • 303-3

Within the Company’s operations, most of the water consumed is intended to wash our fleet’s vehicles, while the remainder is used in property cleaning processes and in the common use of the branches by employees and customers. This water is captured mainly through the local public concessionaires, and in some agencies, we also have an alternative solution for capturing water through underground wells. For water disposal, applicable environmental legislation is observed, as well as the requirements contained in the environmental licenses.

Since 2015, Localiza&Co has been doing dry cleaning of vehicles in its fleet at Car Rental agencies. We ended 2022 with a percentage of 62.3% (2 p.p. increase compared to 2021) of adopting this technique: our highest volume of washes. The initiative reduces the average consumption of 48 liters of water in a conventional jet wash to an average of 300ml in each operation, representing an estimated saving of over 80 million liters of water. Also, the products used in this type of cleaning are checked and supplied by approved brands, and most of the items used daily are biodegradable. In this way, we avoid the use of materials that may harm health or the environment.

In units where it is not possible to carry out dry cleaning, we have an environmentally suitable structure for jet cleaning, with containment grids and boxes for separating oil and water.

Also, with a view to reducing customer friction, increasing their experience with greater practicality and convenience, in 2022 we launched the Guaranteed Cleaning product, in which, while the contract is being opened, the customer can contract the cleaning of the vehicle, opting for a more sustainable solution, since around 2/3 of all cleaning uses the “dry” technique, thus reducing water consumption.

For the next year, our challenge is to further increase the participation of dry cleaning in RAC vehicles, as well as gradually adopting this process in used cars stores.

Still regarding the reduction of specific consumption, we are aware that the capillarity and size of our operation is a great challenge to implement and measure water reduction initiatives, but we remain committed to evolving in improvements in our over 800 points of contact throughout Brazil (including RAC, SN and ZARP agencies).



These initiatives include actions to raise the awareness of the internal audience for the responsible use of the resource, through the installation of creative pieces in strategic locations with messages aimed at engaging and transforming habits. In addition, we are moving forward with the installation of mechanisms to prevent waste and increase the accuracy in monitoring data, such as: flow reducers, toilet flushes with a double trigger and air blockers in the hydraulic system.

Innovation and Safety

Smart and Sustainable Use of Cars

We are investing in technologies and taking care of our fleet with fast, easy and safe processes focused on the best customer experience, which at the same time provide us with data for quick decision making.

At Localiza&Co, we value the sustainable and safe use of cars. For this reason, in all our agencies and stores, we only offer cars in excellent mechanical and usage conditions. The guarantee of this experience is in the Company's structured preventive and corrective maintenance processes, sometimes taking place internally, sometimes with our partners, but always maintaining the highest quality standards.

Furthermore, business strategic guidelines take into account customer feedback from satisfaction surveys made available by the Company. Through them, we measure the Net Promoter Score (NPS) – the reference consumer satisfaction indicator – and new user demands,

recording everything that is scored. These surveys have also been conducted with fleet-related service providers to offer our partners the same caring experiences we provide our customers.

Finally, before reaching the Used Cars division, cars from the Car Rental and Fleet Management fronts undergo a decommissioning process, which includes a complete overhaul, ensuring maximum performance and safety for new users. In both businesses, we fully comply with any and all inspections provided for in Detran, Denatran and Contran resolutions, with actions guided by the Civil Code, Consumer Defense Code and the Brazilian Traffic Code.

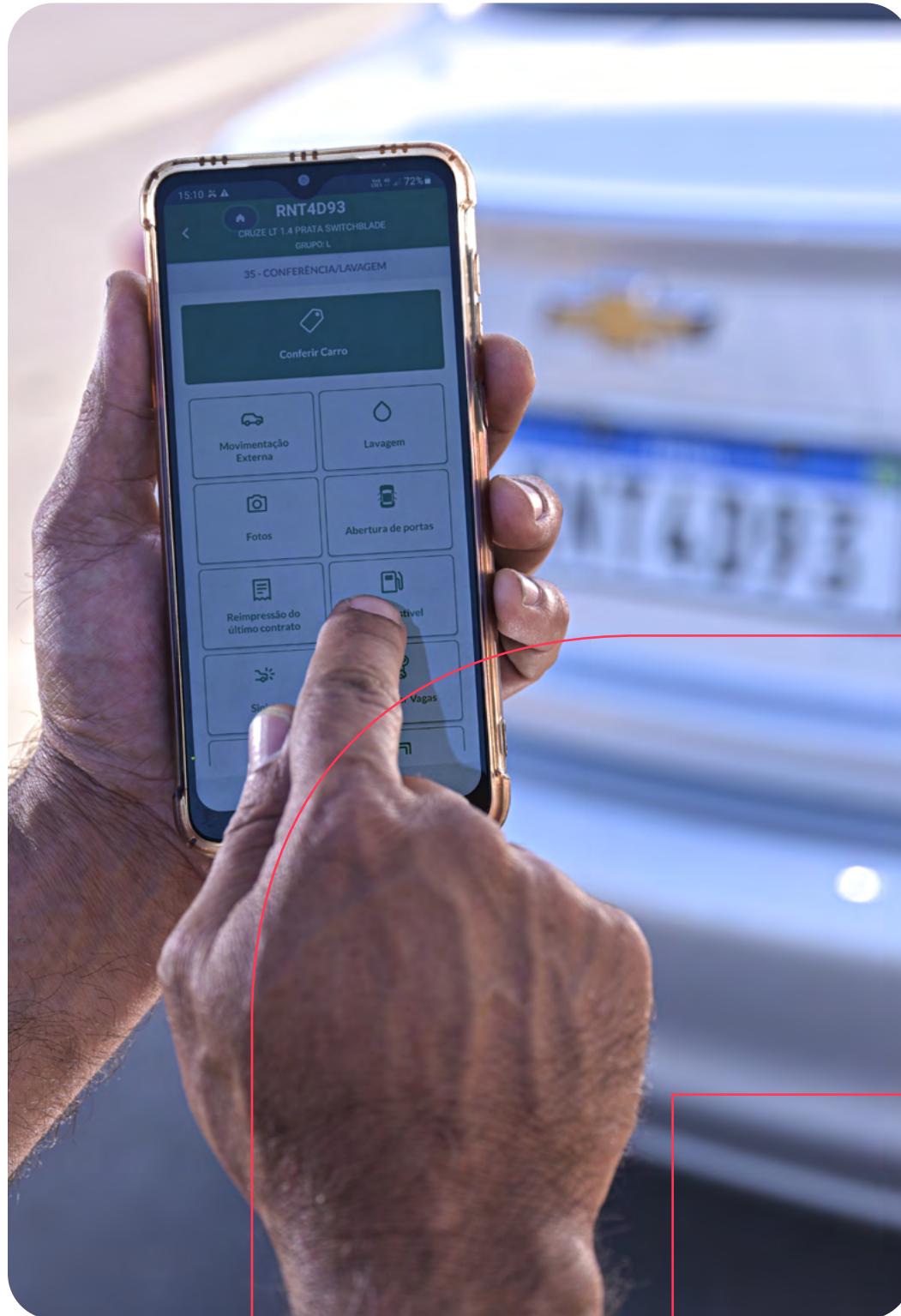
In 2022, customer delight, measured by the NPS, remained at the excellence level in all divisions and continues to be a major differential for Localiza.

Maintenance and Decommission Centers

The Maintenance Centers (CMs) are bodies of excellence focused on preventive and corrective maintenance stages in Fleet Management and Localiza Meoo. The solution was born to delight customers in the segment who have a longer journey and need this type of service. The units were designed to ensure customer-centricity, making their experience even more complete, austere and optimizing the Company's process.

At the same time, Decommissioning Centers (CDs) were created as large factories to prepare cars used in the Rental and Fleet Management services, with the purpose of being demobilized in the Used Cars division. This solution supports the Company's growth, ensuring that the car is prepared in a standardized manner. Thus, even though they are not initially focused on customer service, the CDs will ensure that end consumers of the Used Cars division always have the best experience with the cars they purchase.

By internalizing these stages, we make the operation of these divisions even more efficient, reducing costs and working so that the platform has control over activities, processes and natural resources used, as well as the correct management of the waste generated.



Telemetry

Mobi7 was acquired by Localiza in 2020, and brought knowledge and experience in the Internet of Things (IoT) to the Company, allowing it to accelerate the use of this technology. This acquisition enabled a platform that collects, enriches and processes data collected via sensors installed in the vehicle. Such sensors capture information about the car and its driving – such as location, speed, acceleration, among others. With the combination, Getrak and Iter companies were also included for the telemetry process in our business.

This telemetry data is used in real time, with the purpose of optimizing processes and improving our customers' experience. This, along with the extensive network of connected vehicles, ensures us a differential in fleet management, and consequently, cost reduction.

We ended 2022 with more than 320 thousand own vehicles connected via telemetry, an 80% increase over the previous year.

Telemetry also encourages responsible driving, contributing to traffic safety and reducing the number of accidents and infractions. Among the data generated about the vehicles, the driver has access to the identification of sudden braking and acceleration, violations per kilometer traveled and speed limit exceeding, as well as fuel consumption. We provide fleet monitoring and management service via telemetry, which can be contracted by other companies, collaborating with driver safety.

Based on this data, since 2021, we have been monitoring Zarp Localiza drivers, providing weekly feedback on their traffic performance through Zarp no Volante. With this initiative, training, lectures, lives and awareness campaigns are held, promoting safe and conscious driving, with the best service to passengers. In cases of bad driving, warnings are sent and, if recurrent, drivers need to take a defensive driving course.

The solution also markedly reduces the risk of theft and increases the chance of recovering cars when it does occur. In this way, we radically minimized recovery and security costs, in addition to acting to prevent illegal events, crossing borders or other inappropriate activities with our vehicles, through telemetry-monitored virtual fences.

Traffic Safety

Localiza&Co develops initiatives to promote traffic safety, an issue with which the Company is fully committed, through the promotion of safer practices among employees and customers, with actions such as training, investments in technology (such as telemetry), participation in campaigns and partnerships with entities that promote traffic safety.

On this front, we highlight the Frotas Experience, a program that provides free management training to develop teams and drivers. Around 20 training sessions are offered, covering content for the development of hard and soft skills, in the professional segment of Fleet Management, with more than 1,000 classes already held.

Within it, we have the Verde Vida program: focused on the promotion of traffic safety, with a free and exclusive education platform for Localiza Fleet Management customers, including professional education, free courses, events and themes related to traffic safety. The content is shared with customers through online classes, training in different formats, including exclusive content modules, aimed at qualifying customer's team management in the following areas: "defensive driving", "sustainable driving and legislation" and "fines". At the end of the training, the fleet is monitored by telemetry indicators so that companies with the best results are recognized.

We updated our administrative car procedure, making the Verde Vida program mandatory for all eligible employees and adding self-suspension fines so that, in the event of incidence, the benefit is suspended.

We also have Driver Behavior, a functionality available within the Zarp application, for drivers who work at Uber and rent their vehicles with us. By using telemetry, it is possible to assess each driver's driving behavior, assigning a score according to the way they drive throughout the month. In the case of good results, drivers can receive fuel vouchers at partner gas stations, encouraging improvement in drivers and safer traffic for everyone.

In this way, we are able to contribute to greater team engagement, with fewer accidents, fewer fines, less corrective maintenance, a drop in greenhouse gas emissions, and consequently lower operating costs.

Localiza&Co:
committed to
promoting **more
humane, safe
and sustainable
traffic.**

Learn +

Learn more about the program:

www.localiza.com/verde-vida

Collision Detection

In November 2022, we launched a Machine Learning model to identify collisions involving our vehicles, the so-called Collision Detection, which transforms and analyzes data from the trackers installed in Localiza fleet’s cars.

Once an impact has occurred, the model is capable of identifying and alerting that there has been a collision in the vehicle, using technology. We managed to identify incidents before the customer contacted the Company, even though we were not close to the location. With the identification of collisions, we can also reach our customers in a more humanized and agile way, since, in a short time, we were able to contact them, offering help and guidance, as well as sending help.

NCAP Indicator

SASB TR-CR-250A.1

We ensure that vehicles are in proper working conditions and that consumers understand how to use them as safely as possible. In this sense, we monitor this performance through the Latin New Car Assessment Program (NCAP), an automotive safety assessment program, which adopts the methodology used by Euro NCAP. Its objective is to test the active and passive safety of cars sold in Latin America and the Caribbean, being used as a safety indicator by the sector.

PERCENTAGE OF VEHICLE MODELS RATED BY NCAP PROGRAMS WITH AN OVERALL SAFETY RATING OF FIVE STARS, BY REGION

Region	% NCAP5
Mid-West	17.07%
Northeast	22.14%
North	16.27%
Southeast	18.71%
South	18.92%
Total	19.12%



Innovation

Innovation is part of our business. Every day, we dedicate ourselves to finding solutions that contribute to sustainable mobility in an efficient and continuous way, spreading a latent culture of innovation within the Company.

Localiza Labs

Launched in 2020, Localiza Labs is our technology and data science area, which aims to develop innovative solutions for the mobility market. There are more than 1,400 professionals fully dedicated to technology, working increasingly in an inclusive and collaborative way. We have the purpose of building the future of sustainable mobility, and with the support of technology, promoting the evolution of our products and services in an agile, innovative and scalable way.

- » **Team spread across 18 states in Brazil**
- » **14 tribes**
- » **+100 squads**
- » **Apps with increasingly better ratings**

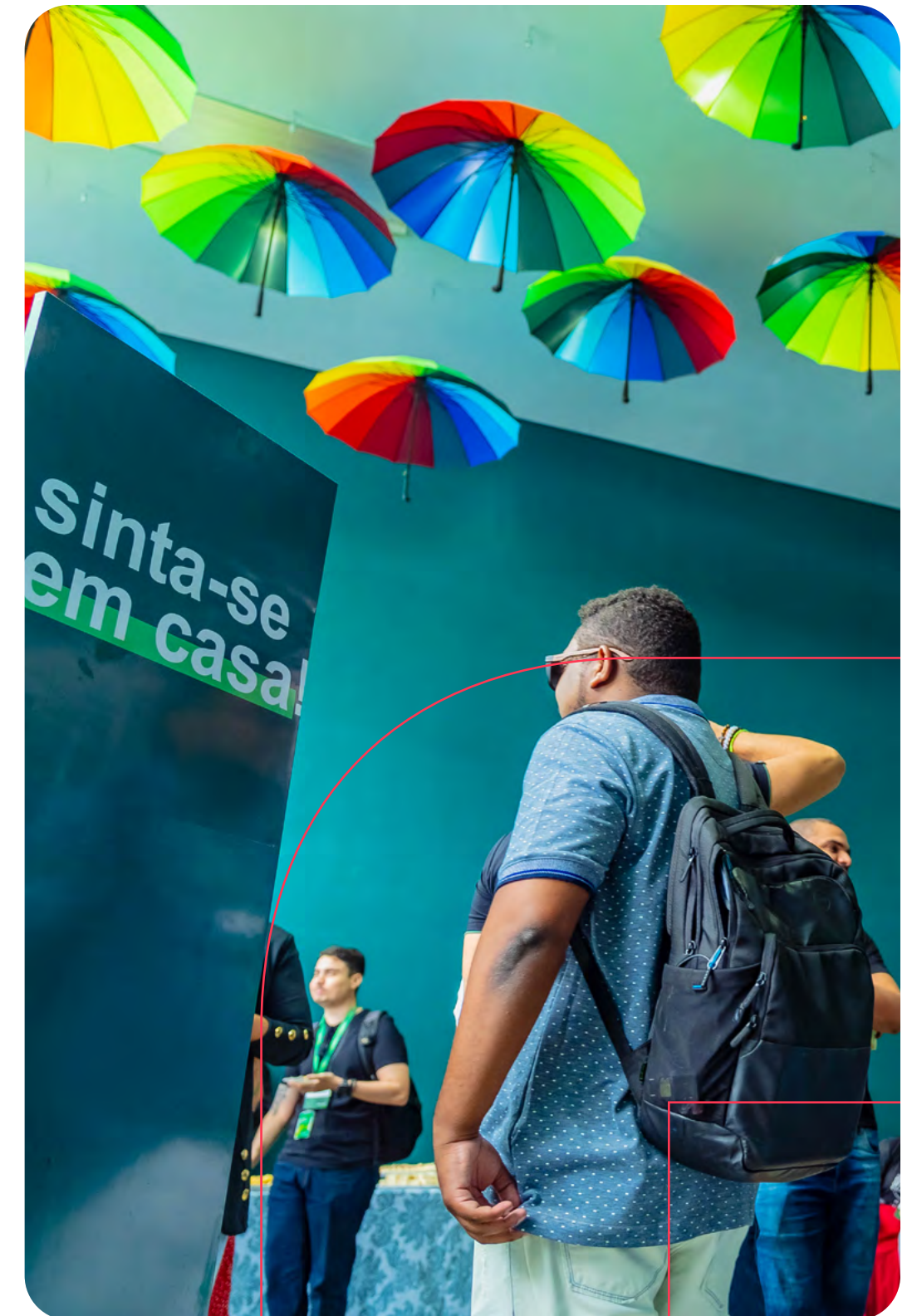
In 2022, we started using the facility built in Recife (PE) and, in 2023, the inauguration of the Belo Horizonte (MG) unit is scheduled. Our spaces are sustainable and integrated, with a bold structure, and were built with a view to energy efficiency, rational water use, materials lifecycle, and health and comfort.

We are dedicated to creating solutions to drive the evolution of sustainable mobility.

Localiza Fast

Localiza Fast is a 100% digital rental service, which allows autonomous and quick vehicle collection, offering greater convenience to our consumers by combining bluetooth-low-energy and telemetric intelligence technologies. To use the service, simply access the Localiza website or application, choose the desired car model, inform the start and end dates of the lease, and the locations for picking up and returning the vehicle.

In this way, customers leave the agency driving the rented vehicle, without going through the service counter and avoiding queues to pick up the car. We also offer extra points to these customers in our loyalty program, which allows them to accumulate points and then exchange them for discounts and benefits.



Localiza&co