

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.

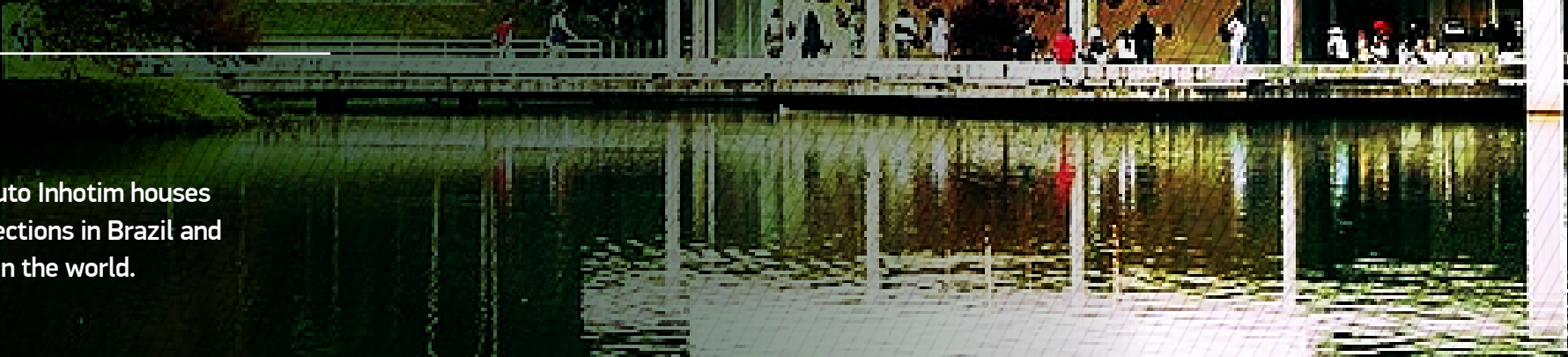
Federal tax incentives (R\$)

	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.

