

# Sustainability Report 2018



# CREDITS

**Publishing, copy and GRI consulting**  
Way Carbon

**Graphic design and layout**  
Quintal 22

## **Localiza employees [102-53]**

Aleandra Brant | aleandra.brant@localiza.com

Alexandre Oliveira | alexandre.oliveira@localiza.com

Emerson Gomes | emerson.gomes@localiza.com

Fabrcio Oliveira | fabricio.oliveira@localiza.com

Gabriel Moss | gabriel.moss@localiza.com

Gabriella Faustino | gabriella.faustino@localiza.com

Kelly Dauanny | kelly.dauanny@localiza.com

Ilane Saraiva | ilane.saraiva@localiza.com

Myrian Moutinho | myrian.moutinho@localiza.com

Nora Lanari | nora.lanari@localiza.com

We thank all Localiza employees who contributed to the preparation and publication of our second Sustainability Report. The report marks an important step in further improving the transparency of our operations and in inspiring us always to do more and better.

# Contents

## 1 About the report 3

## 2 Message from the CEO 4

## 3 Localiza 5

### 3.1 Corporate 9

### 3.2 Ethics and transparency 10

### 3.3 Governance structure 14

#### 3.3.1 Board of directors 14

#### 3.3.2 Board of executive officers 16

#### 3.3.3 Committees 16

## 4 Sustainability at localiza 18

### 4.1 Our sustainability program 19

### 4.2 Materiality of sustainability topics 22

## 5 Exceptional results drive us 26

### 5.1 Economic value 31

### 5.2 Shared value creation 32

## 6 Customers are our passion 35

### 6.1 Traffic safety 36

### 6.2 Innovation 38

## 7 People who inspire and transform 39

### 7.1 Profile of our team 40

### 7.2 Professional development of our employees 43

### 7.3 Personal development of our employees 45

### 7.4 Compensation 46

### 7.5 Workplace safety 47

## 8 Green attitude 48

### 8.1 Energy 49

### 8.2 Water 52

### 8.3 Materials used and waste generation 53

### 8.4 Greenhouse gas emissions 54

### 8.5 Supply chain 56

## 9 GRI content index 58

# 1 About the report

In 2019, Localiza is publishing its second Sustainability Report, for 2018, which reports on its activities from January 1 to December 31, 2018. The report presents our efforts to ensure the Company's sustainable growth and increases transparency with regard to our economic, social and environmental practices and to the results achieved in the period. As in to our last publication, **Localiza Sustainability Report 2017**, we detail herein the procedures, practices, programs and policies that guide our operations. To ensure the quality and excellence of the report, it was prepared based on the framework of the Global Reporting Initiative (GRI) – core option, a pioneering methodology that is the most widely adopted worldwide for reporting corporate sustainability. [102-50; 102-51; 102-52; 102-54]

This publication reflects the maturation of our understanding of sustainability as a new strategic driver of our Company. We believe in the importance of adopting a more comprehensive perspective of our business activities, of recognizing our positive and negative impacts on society, the environment and the economy and of seeking to address them as best as possible.

With this second publication, we reach a new phase that allows for comparing and monitoring the advances in our performance and the strength of our sustainability program. We are able to evaluate the quality and efficiency of our processes, propose new indicators, set targets and improve the monitoring of practices and communication,

always guided by our commitment to a reporting format that creates more value for and is more relevant to our stakeholders. The information presented herein encompasses the operations of all companies composing the corporate structure of Localiza, its subsidiaries and other affiliated companies in which we hold significant ownership interest.

In summary, this report shares the results that drive us forward.

For more information about the content presented in this report, please contact [sustentabilidade@localiza.com.br](mailto:sustentabilidade@localiza.com.br). [102-53]



## 2 Message *from the CEO*

Here at Localiza, we are bold and guided by a team that inspires, transforms and is driven by extraordinary results. Today, we are a fast-growing company that is the car rental leader in Latin America. We know that this leadership also brings the responsibility of playing a lead role in the industry's sustainable development agenda. It is with this role in mind that we created our sustainability program, which is directly linked to our business and aligned with best market practices in Brazil and the world.

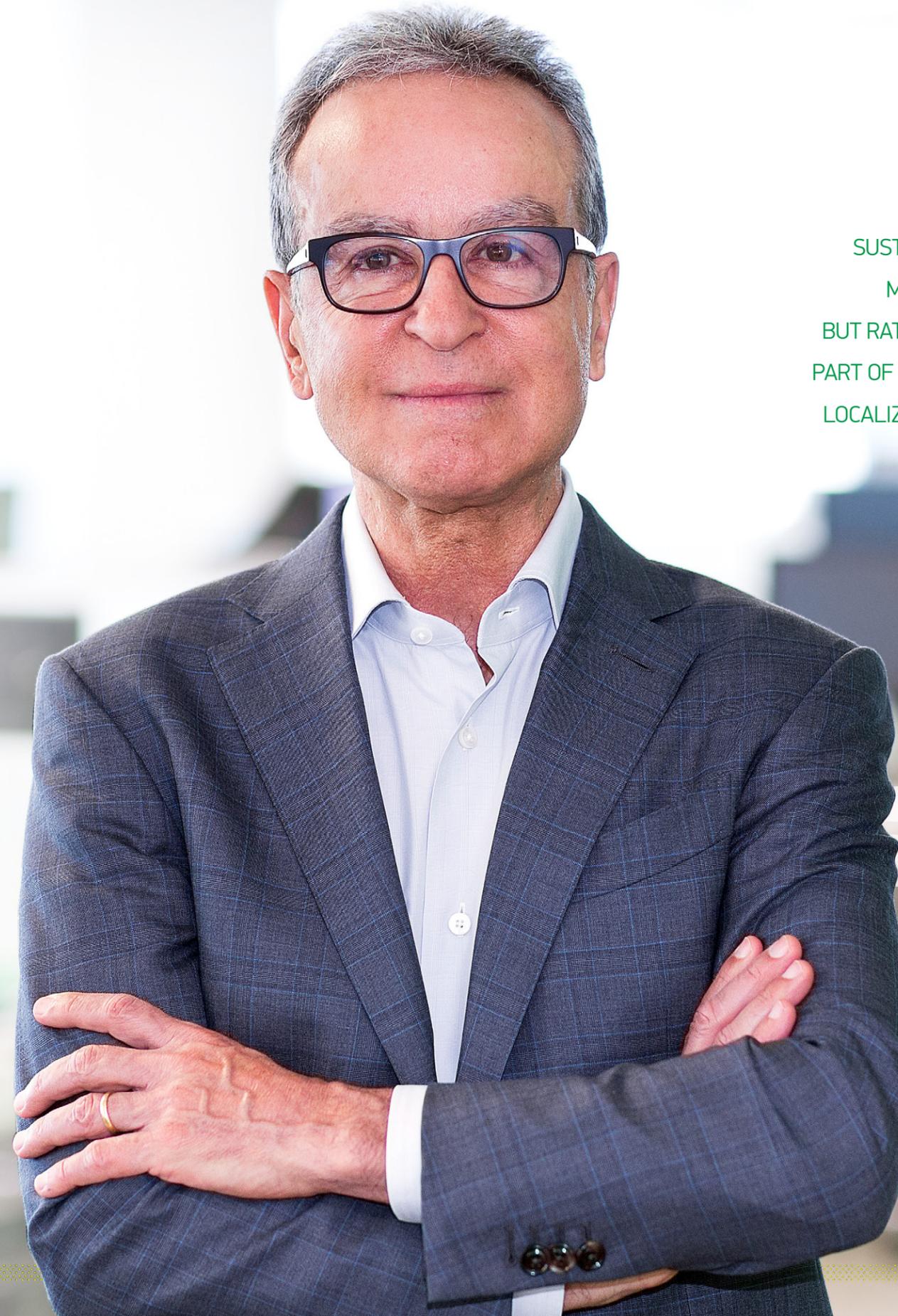
In 2018, we formalized our Sustainability Policy and our Sustainability Committee. Since then, we have been working intently to advance new solutions and to adopt more concrete approaches to our priority topics, always guided by the UN Sustainable Development Goals. We are signatories to the Global Compact of the United Nations and to the Business Pact for Integrity and Against Corruption of the Ethos Institute, which reaffirms our commitment to leveraging positive effects in all locations where we operate.

We believe in the importance of our business and of playing a lead role in building the future of mobility, while always innovating and creating value. The strength that transformed a fleet of six VW Beetles into Latin America's largest car rental company is what drives us towards sustainable growth.

We ended 2018 satisfied with the progress achieved in our sustainable development agenda, but anxious to advance even further. This report presents objectively and clearly to the market how we measure our practices and our efforts to integrate sustainability into Localiza's corporate culture. We know that we have much progress to make, but sustainability is not merely a project, but rather an integral part of the evolution in Localiza's way of being. We are striving to fulfill our social function in pursuit of the common good, as a citizen company working to be increasingly admired and to inspire other players in our industry to contribute to a fairer society with responsibility to the global community and future generations. [102-14]

**Eugênio Mattar, CEO**

SUSTAINABILITY IS NOT  
MERELY A PROJECT,  
BUT RATHER AN INTEGRAL  
PART OF THE EVOLUTION IN  
LOCALIZA'S WAY OF BEING



# 3 Localiza

Localiza

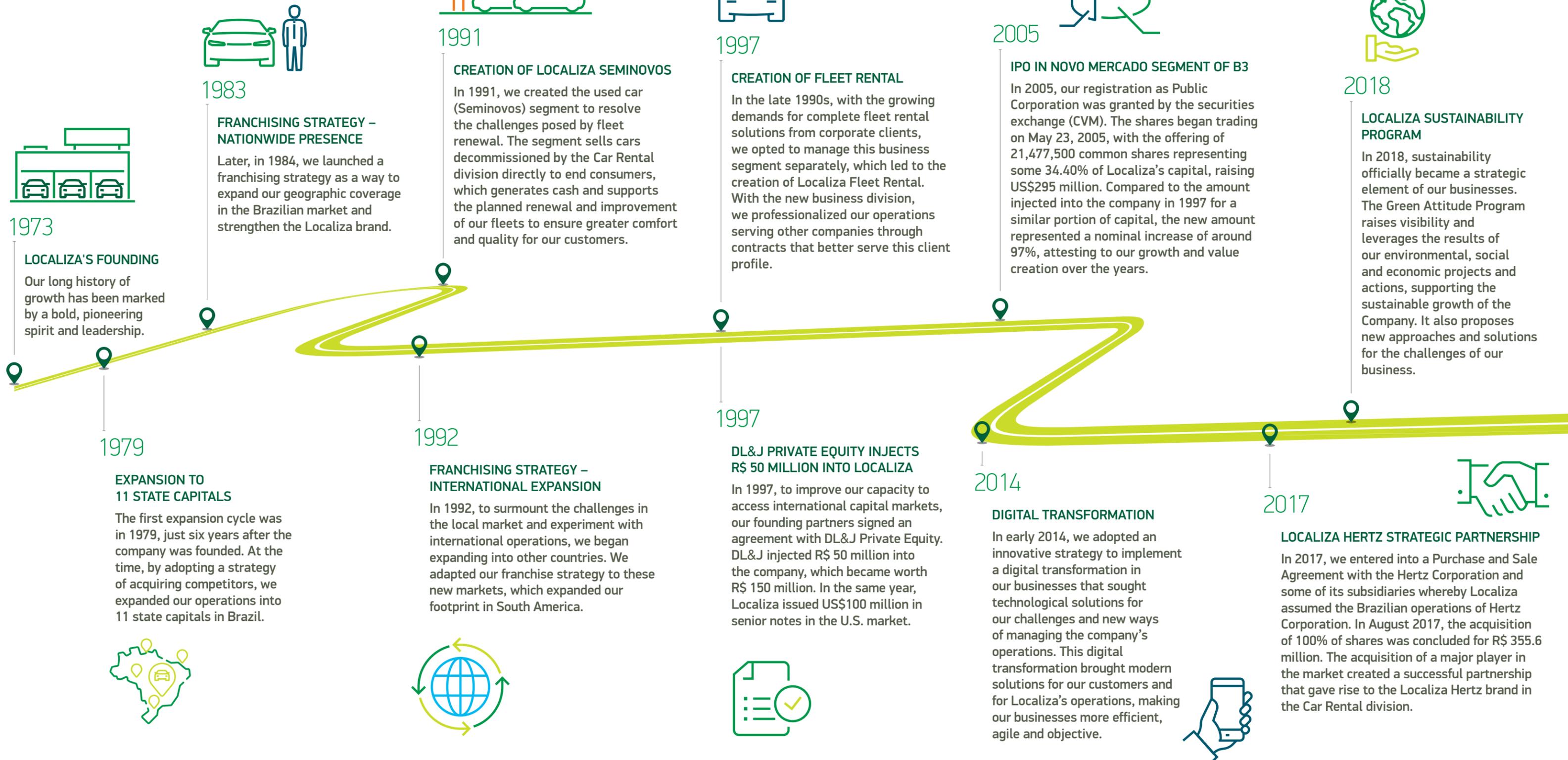
↑  
EMBARQUE  
E DESEMBARQUE

←

EDIFÍCIO GARAGEM  
ENTRADA  
ACESSÍVEL

♿

## Our history

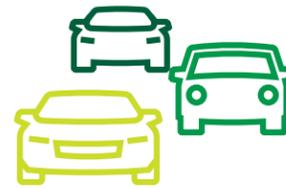


Localiza Rent A Car S.A. is a Brazilian company that was founded in 1973 with only six cars in a small car rental store in Belo Horizonte, Minas Gerais. Since we first launched our operations, our strategy has been to ensure high quality, good service and a proactive role in the market. Guided by these three principles, we have followed a successful path to become the largest car rental chain in South America. [102-1; 102-3]

We are a car rental company with an integrated business platform operating in three market segments and one efficiency area that are strategically complementary. [102-2]



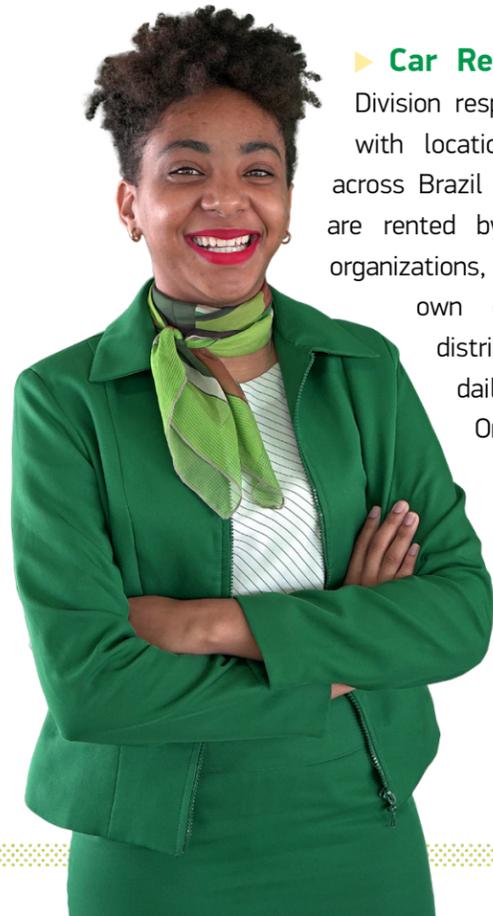
360 cities  
in Brazil



Fleet of over  
177,000  
cars of different  
makes and models

► **Fleet Rental:** Division responsible for fleet rentals to organizations for long periods, usually 24 to 36 months. The Fleet Rental Division manages the cars rented from their pick-up to their return. This vehicles for this division are acquired after closing deals based on clients' needs, which results in a more diversified fleet in terms of make and models. The companies that opt for this service not only benefit from focusing on their core business and reducing their asset base, but also from special management intelligence, improved control, productivity gains, increased safety and even cost reductions. Customer service is coordinated by a call center dedicated to Fleet Rental, which recommends the most convenient service providers, towing services, etc. across the country. The Company also offers online customer service and management tools that allow clients to monitor and obtain all fleet data in real time.

Similar to the Car Rental Division, decommissioned cars are sold after the end of the usage period, directly to end consumers, through own points of sale or resellers. On December 31, 2018, the average age of the cars sold by the Fleet Rental Division was approximately 31 months.



► **Car Rental (Rent a Car):**

Division responsible for car rentals, with locations in strategic points across Brazil in over 360 cities. Cars are rented by both individuals and organizations, and sometimes through own channels, partners or distribution channels, under daily or monthly contracts. On December 31, 2018, the Car Rental division had a fleet of over 177,000 cars of different makes and models to meet each client's needs. Given the need to

renew its fleet, Localiza makes the cars available for sale after 12 months of use. To reduce brokerage costs on the sale of decommissioned cars, some are sold directly to end consumers, with the remaining cars sold to resellers or through distribution channel. In this way, the Company maximizes the amount recoverable from these assets, while reducing vehicle depreciation and the net investment for fleet renewal, since the selling expenses of its dealer network are less than the discounts required by car dealers (brokerage costs) and the Company does not have to rely entirely on third parties to make these sales.

**THE CAR RENTAL DIVISION IS SEGMENTED AS FOLLOWS:**

- 1. Daily rental:** short period rentals to individuals or organizations for business or leisure purposes;
- 2. Replacement:** reservation car offered by insurers and/or assemblers to their customers in cases of repair or corrective maintenance;
- 3. Monthly rental:** rentals to individuals or organizations under monthly contracts;
- 4. Rental to app drivers:** car rentals for drivers working through applications such as Uber, 99 and Cabify.



► **Franchising:** Division responsible for franchising the brand Localiza Aluguel de Carros in Brazil and South America. It grants and manages franchises in geographically defined markets, which include transfer of the know-how required to operate the business and the right to use the Localiza brand. On December 31, 2018, the franchising network had 125 locations in Brazil and another 65 in five countries in South America and a fleet of around 16,000 cars. The Company has rigorous quality procedures for selecting franchise owners and controls the quality of its network through:

- Business Management System;
- training, instruction materials, communication and information;
- visits to support the development of franchise owners;
- customer satisfaction surveys;
- managerial reports and information;
- marketing and communication support; and
- advisory board for franchise owners.

In addition to the three business divisions, the Company has an efficiency area, called Localiza Seminovos, that is responsible for selling decommissioned cars to renew the fleets of the Car Rental and Fleet Rental divisions after the end of their useful life. We have developed expertise in selling the cars used in our business and are a reference

in decommissioning and selling cars in the one-to-three year segment in Brazil. With industry expertise and well-defined controls, processes and strategies, as well as teams highly aligned with the business and in-depth knowledge of our customers, we maximize the sales value of our fixed assets (cars) by optimizing sales price and asset turnover while reducing depreciation, which is a significant cost in our industry.

The Car Rental, Fleet Rental and Franchises businesses, both in Brazil and abroad, and the Seminovos business are managed by Localiza or by our subsidiaries, which are consolidated in the Company's financial statements and in this report. The main operations are summarized below [102-5; 102-45]:



► **Localiza Fleet S.A. ("Localiza Fleet"):** Closely held corporation operating the fleet management business.

► **Rental Brasil Administração e Participação S.A. ("Rental Brasil"):** Closely held corporation whose core business is the acquisition, sale and rental of properties to Localiza and its subsidiaries.

► **Localiza Serviços Prime S.A. ("Localiza Prime"):** Closely held corporation engaged primarily in intermediating sales of decommissioned cars previously used by Localiza, Localiza Fleet and Car Rental Systems.

► **Localiza Franchising Brasil S.A. ("Franchising Brasil"):** Closely held corporation that runs the franchising business of the "Localiza" brand in Brazil.

► **Localiza Franchising International S.R.L. ("LFI S.R.L."):** Limited liability company that manages the Localiza franchises in Argentina.



► **Rental International LLC ("Rental International"):** Subsidiary of the Company established to carry out financial activities abroad. It currently is non-operational.

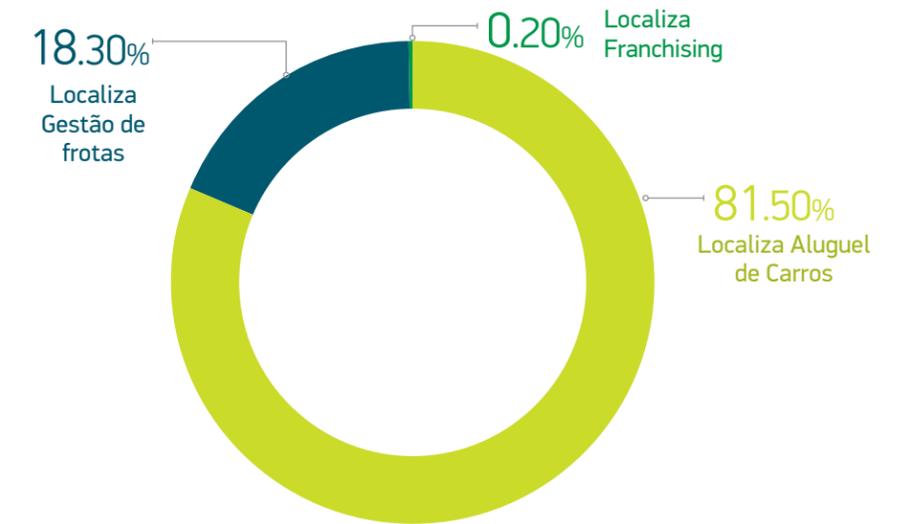
► **FR Assistance Serviços de Administração de Sinistros S.A. ("FR Assistance"):** Subsidiary of Franchising Brasil, currently non-operational, that manages car claims for insurers, accreditation of and negotiation with mechanic shops and other suppliers, claims adjustment, approval of budgets and services performed, management of information and documents to support claims and management of indemnification.

► **Car Rental Systems S.A. ("Car Rental Systems" or "Hertz Brasil"):** Subsidiary of Localiza Fleet whose main corporate purposes are car rental and fleet rental.

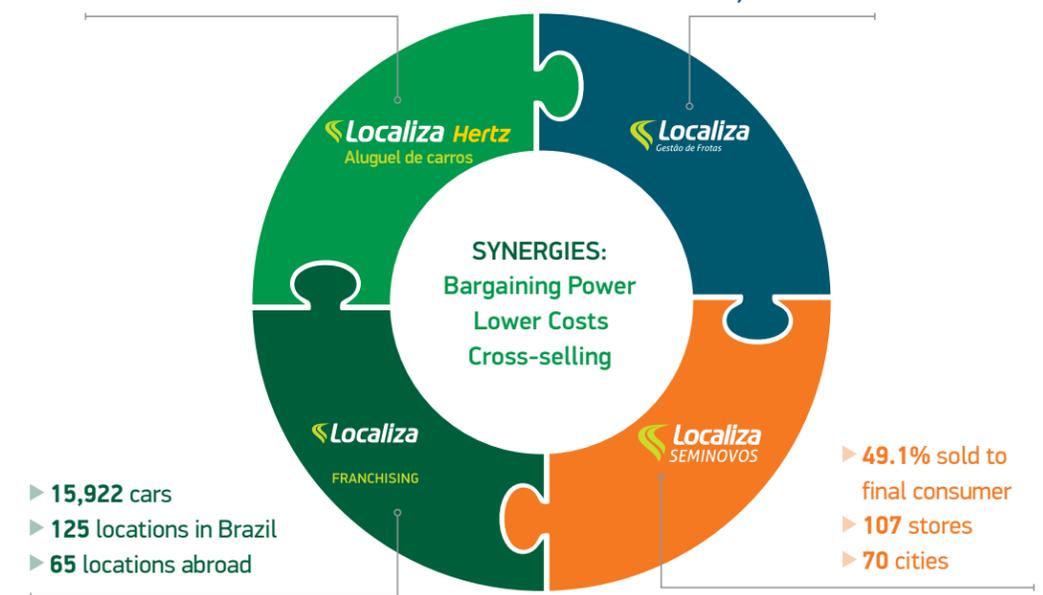
► **Car Assistance Serviços de Administração de Sinistros S.A. ("Car Assistance"):** Closely held corporation that manages car claims for insurers, accreditation of and negotiation with mechanic shops and other suppliers, claims adjustment, approval of budgets and services performed, management of information and documents to support claims and management of indemnification.



% OF LOCALIZA'S TOTAL REVENUE



- 177,672 cars
- 8.6 million customers
- 401 locations



At the end of 2018, the Localiza Platform (including franchise owners in Brazil and abroad) comprised 591 car rental locations, with: (i) 526 locations in 360 cities across Brazil, of which 401 are operated by Localiza and 125 by franchise owners; and (ii) 65 locations in 36 cities in five countries across South America, all operated by franchise owners. The Company's own decommissioned cars are mainly sold to end consumers through 107 used-car stores in 70 cities across Brazil. [\[102-4; 102-6; 102-7\]](#).

In relation to 2017, all our segments registered significant variations:

In 2018, the chain expanded by 17 locations, from 384 on December 31, 2017 to 401 on December 31, 2018. The reduction in locations outside Brazil reflects the adjustment in the franchise owners' network in Argentina and Chile.

BUSINESS	2017	2018	▲
Own Car Rental Locations	384	401	+ 4%
Franchised Car Rental Locations	204	190	- 7%
Seminovos Stores	99	107	+ 8%
Cities Served	402	396	- 1%
Countries served	7	6	- 14%

FOR 46 YEARS, WE HAVE BUILT A COMPANY WITH A STRONG AND UNIQUE CORPORATE ATTITUDE, THE LOCALIZA WAY OF BEING AND DOING, AND WITH A CONSISTENT AND INSPIRING IDENTITY



## 2.1 Corporate

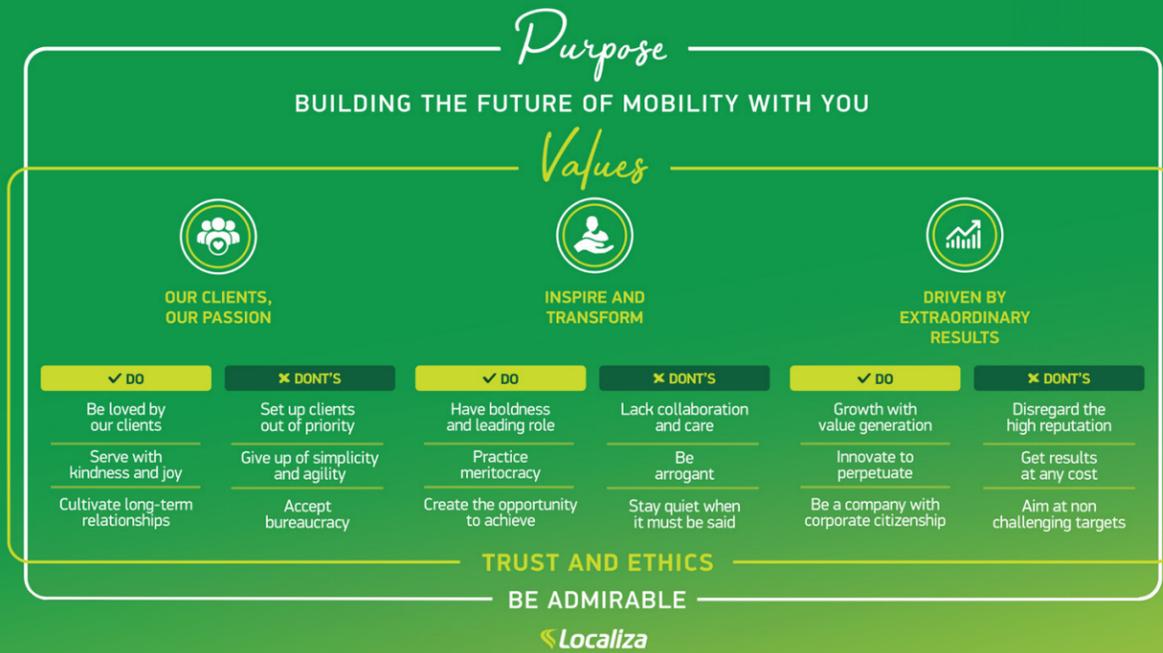
At Localiza, our purpose is facilitating mobility and caring for people's journeys at all times and in all ways. Building the future of mobility is our guiding purpose and drives us to anticipate what lies ahead, to take risks and to entrepreneur.

One thing we know: we cannot build the future of mobility alone. We believe in joining forces with our employees, clients, suppliers, partners, investors and society to create smart ways to come and go, which makes Localiza a company ahead of its time.

We are dedicated to service excellence, with ethics and transparency, based on a strong vision of being so admired that the trust placed in us sustains lasting relationships.

For 46 years, we have built a company with a strong and unique corporate attitude, the Localiza way of being and doing, and with a consistent and inspiring identity. Our values represent our best qualities and undoubtedly have served as the foundations for our growth. We are certain that, by following them, we will continue to move in the right direction and will remain a modern, innovative and sustainable company that is constantly creating value. [\[102-16\]](#)





To ensure our solid reputation, the sustainability of our business, the commitment to mitigate the material and socio-environmental impacts of our operations and the integrity of our stakeholder relations, we strive every day to uphold our Code of Ethics and Conduct, as well as our corporate purpose, aspirations and values. The Code of Ethics and Conduct, which establishes clear and precise guidelines on our ethical and professional posture, must be followed by all our employees, franchise owners, third

parties, suppliers and service providers, and addresses topics related to the workplace, personal conduct, conflicts of interest and relations with customers, shareholders, suppliers, partners, financial institutions and competitors. The entire code is public and available on our **website**.



## 3.2 Ethics and transparency

At Localiza, we strive constantly to encourage a culture that values sustainability, ethics and transparency and that acts and creates value both inside and outside our company. We believe that acting ethically helps protect our assets, image, facilities, colleagues, customers, suppliers and society. Our culture, values and behavior are widely circulated to facilitate their dissemination and awareness of them, which helps to mitigate the occurrence of unethical attitudes and conduct.



In 2018, Localiza sponsored the Congress on Integrity in the city of Belo Horizonte, at which Company's CEO, Eugênio Mattar, participated in a panel that discussed the senior management's support for corporate integrity programs.

We understand the critical importance of exercising our citizenship and of forming leaders who are aware of the economic and social role they play in our country's development. An exemplary ethical posture is one of Localiza's pillars, given our belief that our integrity and good reputation depends on everyone with whom we maintain relations, including employees and suppliers. [103-1:205]

Since April 2016, Localiza has been a signatory to the Business Pact for Integrity and Against Corruption, an initiative of the Ethos Institute in partnership with the United Nations Development Program (UNDP), the World Economic Forum, the Global Compact Network Brazil and Patri Public Affairs. The program's purpose is to promote a market characterized by integrity and ethics. In

AN EXEMPLARY ETHICAL POSTURE IS ONE OF LOCALIZA'S PILLARS

accordance with the principles of this pact, Localiza undertook a commitment to disseminate the guidelines of Brazil's anticorruption law among its employees and related parties to ensure knowledge of and compliance with the legislation. We also undertook to combat all kinds of bribery and to ensure the transparency of information. We are committed to verifying if the individuals or legal entities who operate as suppliers or service providers in our production chain have been declared as disreputable by the government. [102-12]





At Localiza, the Compliance area is responsible for the Integrity Program and for coordinating the efforts to combat and prevent corruption. Periodically, the results from this area's activities are submitted to the supervision of the Audit, Risk Management & Compliance Committee. Our Integrity Program was created to advise our employees and managers on the standards of conduct to be followed. Implemented in 2015, the program consists of a set of policies, procedures and guidelines that are essential for maintaining an ethical and transparent corporate environment in all of the Company's professional relations, with a view to preventing and combating corruption and other offenses against public administration.

The Integrity Program applies to all Localiza employees, and one of our concerns is to ensure that this information and these orientations reach all our employees, irrespective of their hierarchical position or location. Suppliers also must

comply with all applicable environmental licenses and permits, as well as adopt our anticorruption standards and ensure the legal compliance of their activities. Furthermore, our suppliers, especially "intermediaries," must comply with our code of conduct, undertaking to act always in accordance with our guidelines. We consider suppliers, service providers and partners to be any partner organization that contributes to the performance of our business activities and collaborates in the development and sale of our products and services. "Intermediaries" are those representing Localiza or operating on our behalf at government agencies, such as lawyers, clearance agents, freight carriers, towing services, construction companies, consulting firms and car recovery firms, with a focus on those responsible for higher financial volumes and consequently higher risks. [103-2:419, 103-3:419]

THE INTEGRITY PROGRAM IS ESSENTIAL FOR MAINTAINING AN ETHICAL AND TRANSPARENT CORPORATE ENVIRONMENT IN ALL OF THE COMPANY'S PROFESSIONAL RELATIONS

The following chart shows the pillars of the Integrity Program: [103-2:205; 103-3:205; 102-17]



**SUPPORT FROM SENIOR MANAGEMENT:**

Permanent support from Localiza's Directors, CEO and Officers for maintaining and applying the Integrity Program, as well as for applying policies and sanctions, without distinction of position or function.



**CONDUCT GUIDELINES**

- ▶ **Code of Conduct and Ethics:** establishes rules that guide behavior across the organization.
- ▶ **Anti-corruption Policy:** adjustment of Localiza's activities to anti-corruption laws.
- ▶ **Policy on Whistleblowing and Non-Retaliation of Whistleblowers:** establishes the commitment not to retaliate against the whistleblowers and witnesses of the Confidential Channel.

**CONFIDENTIAL CHANNEL & INVESTIGATIONS**

- ▶ Whistleblowing channel operated by an independent company. Operating 24/7, it is available by phone, e-mail or website. Reports are accepted in Portuguese, English or Spanish from any stakeholder, whether or not anonymously. Investigation of irregular or illegal processes at the Company.

**RISK ASSESSMENT**

- ▶ Procedures for identifying the areas most exposed and the types of risks involved, risk assessment and classification and treatment of the risks identified, in partnership with the respective area. Adoption of preventive measures to enhance controls.

**COMMUNICATION & TRAINING**

- ▶ Regular communication and training on the Integrity Program for the entire Localiza team, employees and franchisees, with the participation of intermediary third parties.

**DILIGENCE, MONITORING & AUDIT.**

- ▶ Regular monitoring of third-party intermediaries that could configure risk situations. Analysis of the effectiveness of measures adopted and audits conducted to assess the effectiveness of the Integrity Program.





**4,890** employees completed training courses on the Company's anticorruption policies and procedures



This figure represents a **380%** increase in participation in absolute numbers compared to 2017



**100%** of directors were notified and received training on our anticorruption policies and procedures

On a monthly basis, employees eligible for training on the Anticorruption Law and the Integrity Program are called to complete the course. In 2018, **4,890 employees**, including members of the Executive Board and Board of Directors, completed training courses on the Company's anticorruption policies and procedures, whether on-site or online. This figure represents a **380%** increase in participation in absolute numbers compared to 2017. Of all our 8,195 employees (excluding franchisees), 60% have participated in anticorruption training, based on the eligibility criteria. On the Board of Directors, **100% of directors** were notified and received training on our anticorruption policies and procedures. [103-2:205; 103-3:205; 205-2]

PARTICIPATION IN ANTICORRUPTION TRAINING BY FUNCTIONAL CATEGORY, 2018

Level	Number
Board	7
Senior Management	10
Management	714
Operational	4,159
<b>TOTAL</b>	<b>4,890</b>

We invest to ensure that our leaders are references as professionals and citizens, which includes offering them specialized training. [205-2; 404-1; 404-2].

In addition to training, we regularly disseminate and share our anticorruption policies through communication campaigns designed to reach all internal stakeholders.

To facilitate the identification of cases involving violations of our values, our Code of Ethics and Conduct and of the applicable legislation, we have a whistleblowing channel (Confidential Channel) that employees, franchise owners, customers, suppliers, investors and people who interact with us in some way can express themselves freely. Reports to the Whistleblowing Channel can be made anonymously or identified (voluntarily) and are received and handled confidentially by an independent firm to ensure unbiased treatment and to lend greater credibility to the channel. This firm manages and makes available the reports received through an own platform shared with the Compliance area, which analyzes and handles the reports received.

Every report registered in the Channel generates a case number, so that the whistleblower can consult the progress made on investigating their report, as well as include information complementing that already provided and answer any questions that may arise among the team responsible for the investigations.

Periodically, the main reports analyzed and the key Confidential Channel indicators are reported to the CEO and to the Audit, Risk Management & Compliance Committee. Every year, the Company conducts an organizational climate survey that includes questions related to the perception of ethical conduct in the internal environment and the level of confidence and comfort in using the whistleblowing channel.

In 2018, there were no incidents of fraud or corruption involving government agencies. However, 13 cases of fraud or improper receipts or payments were confirmed involving both employees and private suppliers. Considering all situations informed to the Confidential Channel, the disciplinary measures involved the termination of 29 employment agreements and of eight service contracts, as well as various warnings and reorientations.

[205-3]

The Confidential Channel also is structured to answer questions or to respond to requests for clarifications and guidance on any ethical dilemmas. [102-17]



WE DISSEMINATE AND SHARE OUR ANTI-CORRUPTION POLICY WITH OUR PROFESSIONALS AND OFFER THEM TRAINING SESSIONS ON THE TOPIC



## CONFIDENTIAL CHANNEL

### Disclosure vehicles:

- ▶ Intranet
- ▶ Website, in Portuguese and English
- ▶ Internal communication campaigns
- ▶ Purchase Orders to suppliers and service providers
- ▶ Agreements with suppliers and service providers

### Responsibility:

- ▶ Analysis and investigation of reports: Internal Audit and Compliance

### Sanctions:

After confirming any irregularities or violations, disciplinary measures are applied to those involved. The measures are applied consistently, irrespective of hierarchical level, including the Board of Directors. Punitive measures depend on the severity of the case and/or conduct and could include re-orientation, formal warning and temporary suspension. In severe cases of illegal activity or breaches of our ethical standards, the employment contract or franchise/service contract could be terminated.

### Non-retaliation:

**Non-retaliation policy:** prohibits and does not tolerate any form of retaliation by employees.

No whistleblower or witness involved in an investigation shall suffer any threats, intimidation, disciplinary measures or termination of their employment for providing information to the Confidential Channel or cooperating with the investigation procedures.

### In 2018, a total of 519 reports were made, of which:

- ▶ **561** were analyzed in 2018 (including reports registered in 2017)
- ▶ **34.8%** of reports analyzed were deemed “valid” or partially valid”



### Access:

**Click here** to access the Confidential Channel web page. The Confidential Channel also accepts reports made via the telephone number **0800 979 2055** for calls from Brazil and **(55) 11 32320786** for calls from abroad, or via the e-mail **localiza@canalconfidencial.com.br**

For more information on the Confidential Channel, **click here.**



## THE ETHICS COMMITTEE IS RESPONSIBLE FOR ESTABLISHING THE COMPANY'S ETHICAL PRINCIPLES AND VALUES AND FOR ENSURING THEY ARE RIGOROUSLY UPHELD

To prevent situations with the potential to create conflicts of interest, our Bylaws establish that Directors may not be elected if they act as a manager, director, consultant, lawyer, auditor, executive, employee, worker or service provider at a company that is engaged in activities that could be considered a competitor of Localiza, with the Shareholders Meeting responsible for ratifying nominees. Extending loans to the controlling shareholders or managers of the Company also is prohibited.

Furthermore, our Code of Ethics and Conduct has a section dedicated specifically to conflicts of interests. Undesirable acts described in the **Company's Code of Ethics and Conduct** include:

- ▶ obtaining directly or indirectly privileged financial benefits at institutions that maintain commercial relations with the Company;
- ▶ rendering services of any kind to other organizations remunerated directly or indirectly that conflict with the interests of the Company, except in cases of prior authorization;
- ▶ holding directly or indirectly through a spouse, son or daughter or relative to the first degree ownership and/ or other interests in any organization that could benefit from any business relationship with the Company or that competes with it;

Participation by employees in charitable, philanthropic, civic, religious, political, social or cultural organizations whose activities do not demand dedication during their work shift do not constitute a conflict of interest. When performing any of these activities, employees must make clear that they are acting as individuals and never use the Localiza name.

Any conflicts of interest not provided for in the Code of Ethics and Conduct must be informed to the Ethics Committee, which is responsible for establishing the Company's ethical principles and values and for ensuring they are rigorously upheld, with any decisions on ethical dilemmas always made in the best interest of the Company as a whole, independent of any specific interests.

Note that Localiza is not a party to any lawsuits involving unfair competition or violations of antitrust laws and monopoly regulations [206-1].

Another important point of concern for our business is possible conflicts of interests inside the Company's governance structures. To avoid such situations, Localiza has implemented specific processes. One of these efforts is the Related-Party Transactions Policy, which establishes the procedures to be adopted by the Company and its subsidiaries in transactions involving related parties and situations with potential conflicts of interests, which is available on our IR website or by **clicking here.** [102-25]





LOCALIZA IS A PUBLIC CORPORATION (S.A.) WITH ITS STOCK TRADING IN THE NOVO MERCADO SEGMENT, WHICH ESTABLISHES THE HIGHEST CORPORATE GOVERNANCE STANDARDS OF THE BRAZILIAN STOCK MARKET

## 3.3 Governance structure

Being a reference in terms of management model is one of our strategic drivers. Localiza is a public corporation (S.A.) that has been listed since 2005 on the São Paulo Stock Exchange (B3), with its stock trading in the Novo Mercado segment, which establishes the highest corporate governance standards of the Brazilian stock market. Accordingly, we adopt the Corporate Governance practices provided for in the Novo Mercado Regulations of the B3 and strive to uphold the good corporate governance practices recommended by the Brazilian Code of Corporate Governance – Public Corporations. Furthermore, to ensure a solid and efficient governance structure, since 2011, we have adhered to the ABRASCA Code of Self-Regulation and Good Practices for Public Corporations. Our governance structure, which was designed in accordance with these standards of excellence, adds value to the Company and ensures equitable treatment, compliance, accountability and transparency for our stakeholders. [102-5]

Localiza has a Board of Directors, which is its highest governance body, a Board of Executive Officers, which manages the business operations, and five advisory committees, which support and providing grounds for the decisions of the Company's senior executives. In 2018, the Company also convened a non-permanent Audit Board, which remained active only during said fiscal year, until the Annual Shareholders Meeting held on April 29, 2019. In the case of Localiza, the Audit Board is convened whenever required by at least 2% of shareholders. When dissolved, its functions are absorbed by the Audit, Risk Management & Compliance Committee.

Under our governance standards, as well as the Novo Mercado Regulations, the positions of Chairman of the Board and Chief Executive Officer of the Company may not be accumulated by the same person. At the end of 2018, Eugenio Mattar was our CEO and Oscar Bernardes was our Chairman. Both continue to exercise their respective functions. [102-18; 102-23]

### 3.3.1 Board of Directors

The Board of Directors has its own **Internal Regulations**, which were last revised on October 24, 2018 and are available on the Company's Investor Relations website, that governs its functioning, in accordance with the Bylaws and the legislation in force. Our Board of Directors is responsible for establishing the guidelines, values, purposes and general policies of our businesses. It also is responsible for determining, supervising and monitoring the activities of our officers, for selecting the independent auditor and for creating committees by establishing the respective charters and duties. [102-26]

The Board of Directors is composed of at least six and at most eight members, who are confirmed by elections in the Shareholders Meetings. The members are elected for a unified term of two years, with reelection permitted. The Shareholders Meetings are open to all shareholders, who also may participate remotely via absentee ballot. The Company has a **Policy on Nomination** of members of the Board of Directors, Committees and Board of Executive Officers to provide guidance on the appointment of these members. For selecting potential candidates, the Company draws on the support of an external consulting firm, which evaluates and gives an opinion on the skills of those nominated, which considers aspects such as diversity, independence, experience and qualifications, including knowledge in technological innovations, urban mobility and new business models.

In 2018, the Board of Directors underwent some changes in relation to the previous year. In June 2018, we accepted the resignation tendered by Mr. Stefano Bonfiglio from the position of Independent Director of the Company. A Director at Localiza for 21 years, Mr. Bonfiglio resigned due to conflicts in his agenda caused by residing in the city of London. As a result, in September 2018, the Board of Directors confirmed the nomination of Mr. Paulo Antunes Veras to the Board of Director, to serve as Independent Director until the first Shareholders Meeting to be held after said date, i.e., on April 29, 2019. Mr. Veras signed the instrument of investiture and declaration of no legal impediments, as well as submitted a declaration of his compliance with the independence criteria provided for in the Novo Mercado Rules.

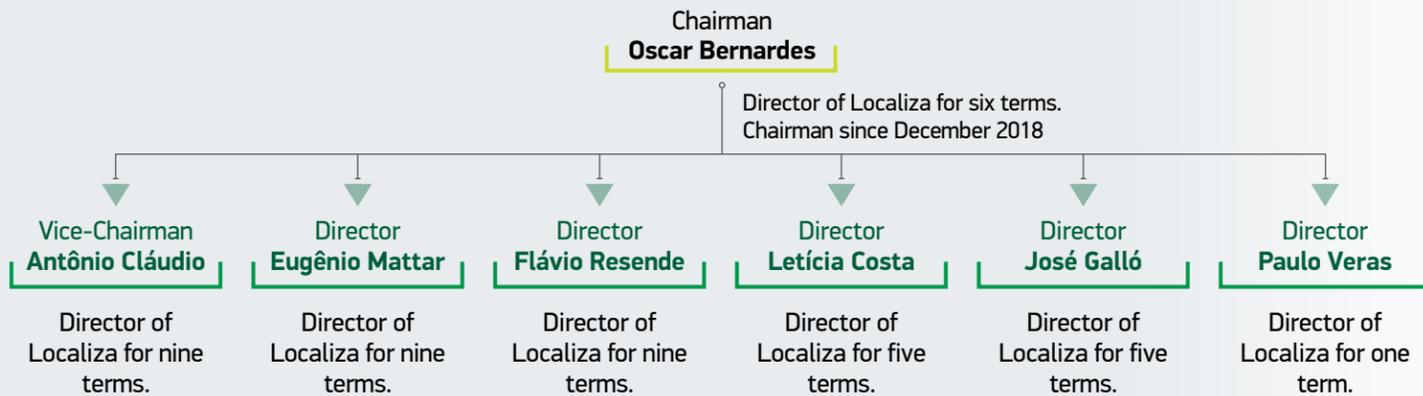


In addition to this replacement of a member, the Chairman of the Board of Directors also was replaced in 2018. In a meeting held on December 2018, the Board analyzed the letter of resignation tendered by the chairman at the time, Mr. Salim Mattar, as disclosed in Material Fact notice published on November 23, 2018. Mr. Mattar, the founding shareholder of the Company, who during his career served as Chief Executive Officer until 2013 and as Chairman of the Board until 2018, resigned

to serve in the government as General Secretary of Privatization and Disposal of Non-current Assets of the Federal Government. In view of the vacancy of the office due to this resignation, Mr. Oscar Bernardes, who already has served on the board of Localiza for six terms, was appointed to serve as chairman.

Accordingly, on December 31, 2018, the body was composed of seven directors, one fewer than in 2017, of whom four are independent and three non-independent, in compliance with the Bylaws, which require that at least two or 20%, whichever is greater, of the members of the Board of Directors be independent. The directors include the Company's main executive, who serves as CEO. [102-18; 102-22; 102-24]

ORGANIZATIONAL STRUCTURE OF THE BOARD OF DIRECTORS



In 2018, the Company conducted the first annual performance evaluation of the Board of Directors and its Committees, with the support of an external, specialized and independent consulting firm. The evaluation considers not only the board's structure as a whole, providing an in-depth perspective of the body, but also includes individual evaluations that analyze the competencies of each member. This work, which adopts a long-term vision, resulted in a series of drivers to guide the composition of the Board of Directors with regard to its independence, diversity and mix of competencies. The evaluation process sought to combine knowledge of the Company and its businesses with special and innovative approaches to ensure that Localiza has and maintains the capacity to anticipate any disruptive scenarios.

COMPETENCIES MAP OF THE BOARD OF DIRECTORS

The following table maps the main qualifications of the seven directors, which demonstrates its multidisciplinary composition and collective expertise in governance. [102-27; 102-28]

Summary of experience and qualifications of Board members	Oscar Bernardes	José Galló	Eugênio Mattar	Antônio Cláudio	Maria Leticia Costa	Paulo Antunes Veras	Flávio Resende
<b>1. BACKGROUND</b>							
	Experience as CEO / Chairman of the Board	✓	✓	✓	✓	✓	
	International Experience	✓	✓		✓	✓	
	Organizational & Cultural Transformation		✓	✓	✓		✓
	New Business Models / Innovation					✓	
	Business to Consumer			✓		✓	
	Automotive	✓		✓	✓	✓	✓
	Financial		✓				✓
	Mobility			✓	✓		✓
	Retailing	✓	✓	✓	✓	✓	✓
	Technology					✓	✓
	Consumer Goods					✓	
	<b>2. FUNCTIONAL QUALIFICATIONS</b>						
	Strategy	✓	✓	✓	✓	✓	✓
	Financial & Accounting			✓		✓	✓
	Risk Management	✓					✓
	Corporate Governance		✓				
	Marketing & Communication	✓	✓	✓			
	Operations				✓	✓	✓
	Sustainability	✓	✓				
	Talent Management	✓	✓	✓	✓	✓	✓
	IT					✓	
	Innovation & Digital Transformation		✓	✓		✓	✓

### 3.3.2 Board of Executive Officers

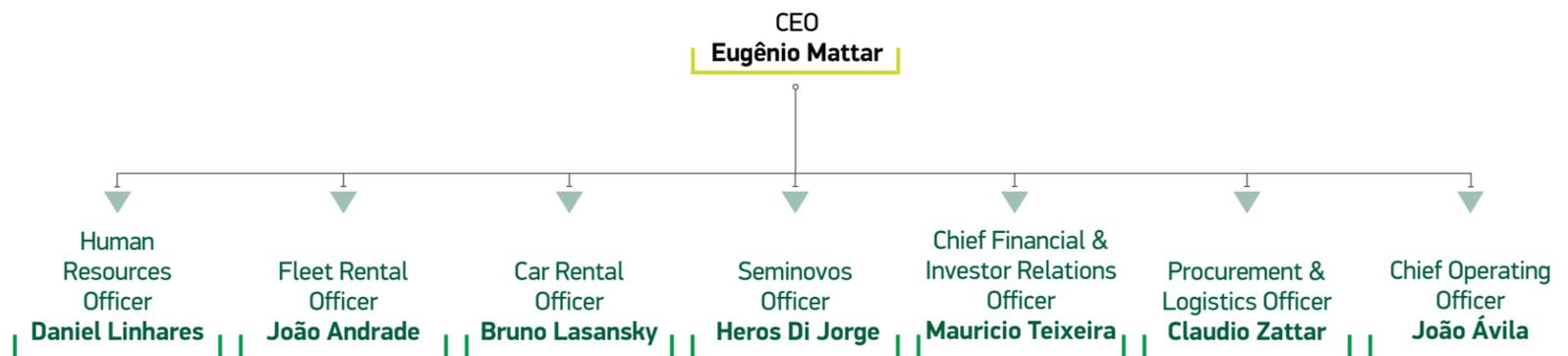
A permanent body of the Company established by the Bylaws, the Board of Executive Officers has **Internal Regulations** that govern the functioning of its activities, in accordance with the Company's Bylaws and current legislation. The Board of Executive Officers reports its activities directly to the Board of Directors, and its key responsibilities include managing and supervising the business activities of the Company.

The Board of Executive Officers is composed of at least four and at most 12 Executive Officers, all of whom reside in Brazil and were elected by the Board of Directors. Of the executive officers, one is designated the Chief Executive Officer (CEO), one is designated the

Chief Financial & Investor Relations Officer, one may be designated the Vice Chief Executive Officer<sup>1</sup> and the others are designated Executive Officers.

The executive officers serve a unified term ending on the first meeting of the Board of Directors to be held after the Company's Annual Shareholders Meeting of the year subsequent to their election. In December 2018, the Board of Executive Officers of Localiza, which is responsible for managing its business activities, as described in its Internal Rules, was composed of seven officers and the Chief Executive Officer (CEO), who were elected by the Board of Directors, as shown below.

ORGANIZATIONAL STRUCTURE OF THE BOARD OF EXECUTIVE OFFICERS<sup>2</sup>



The Company has a meticulous process for the renewal and succession of its executive officers. The process is conducted carefully to ensure that the new professionals are aligned with Localiza's values and a smooth transition to preserve the experience and knowledge of those succeeded, who remain at the Company as senior advisors.

Every month, the Board holds the Monthly Results Meetings (RMRs), in which functional executive officers and managers report to the executive officers the operational and financial performance of the various areas. The RMRs discuss the main topics of each area, the comparison of the budget with the actual results and industry trends. The material for the meetings is prepared by each area of Localiza and consolidated by the Board of Executive Officers. Each executive officer selects the most important topics, which are then presented to the entire Board of Executive Officers for due accompaniment.

The Company's most critical issues are presented to the Board of Directors in decision-making meetings. These meetings are formalized through minutes, and any decisions affecting third parties are made available on the **Company's website [102-33]**.

### 3.3.3 Committees

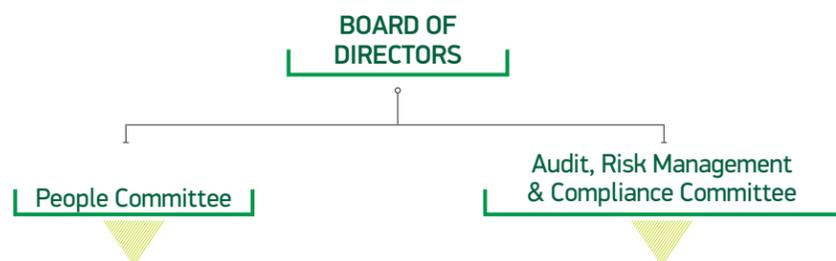
Our governance structure also includes five Internal Committees, which subsidize and support the Company's strategic decisions. The Committees are working groups with specific mandates delegated by their supervisors to support the Company's success in economic, social, environmental and governance matters. Each committee has its own **Internal Rules** and is subordinate to the Board of Directors or to the Board of Executive Officers. **[102-18; 102-19; 102-20]**

<sup>1</sup> None of the Executive Officers received the designation of Vice Chief Executive Officer in fiscal years 2018, 2017 and 2016.

<sup>2</sup> In 2019, two new executive officers were retained to serve in the Information Technology and Legal departments. The organizational chart for 2019 will be disclosed in next year's report.

The People Management Committee and Audit, Risk Management & Compliance Committee are subordinate to the Board of Directors. In 2018, the Strategy Committee was extinguished and its duties were absorbed by the Board of Directors. [102-22]

COMMITTEES SUBORDINATE TO THE BOARD OF DIRECTORS



The People Committee is responsible for proposing to the Board of Directors the policies for compensation, performance evaluation, the profit sharing program and the stock option plan, in addition to general people management policies.

**The Committee is composed of 2 independent members:**

- ▶ José Galló (Board of Directors)
- ▶ Pedro Bueno (Committee Member)

The Audit Committee is responsible for supervising the independent audit, assisting in its selection, assessing its performance, the quality of opinions and financial reports, the accounting principles adopted and for assessing the effectiveness and sufficiency of the internal controls structure.

**The Committee is composed of 2 members, 2 of whom are independent:**

- ▶ Maria Letícia Costa (Board of Directors)
- ▶ Paulo Veras (Board of Directors)
- ▶ Roberto Mendes (Committee Member)

Meanwhile, subordinate to the Board of Executive Officers is the Disclosure Committee, which reports to the Chief Financial & Investor Relations Officer, and the Ethics Committee, which reports to the CEO.

In addition to these committees, in the first half of 2018, the Board of Directors approved the creation of the Sustainability Committee, effectively formalizing the strategic importance of this topic to the business. The Sustainability Committee is subordinate operationally to the Board of Directors, reporting to the Board of Directors.

As with Localiza's other committees, the Sustainability Committee was created to expand the knowledge of senior governance. The Sustainability Committee works to ensure compliance with the sustainability policies and guidelines, propose new projects, mitigate risks and impacts and monitor targets and actions related to the topic at the Company, based on the principle of precaution [102-11; 102-27].



COMMITTEES SUBORDINATE TO THE BOARD OF EXECUTIVE OFFICERS<sup>3</sup>



The Ethics Committee is responsible for establishing the Company's ethical principles and values and for ensuring strict compliance with it, and for making decisions on ethical dilemmas always in the best interest of the Company as a whole, regardless of specific interests.

**The Committee is composed of 9 members, none of whom are independent:**

- ▶ Daniel Linhares (Executive Officer)
- ▶ Eugênio Mattar (Executive Officer)
- ▶ Maurício Teixeira (Executive Officer)
- ▶ Bruno Lasansky (Executive Officer)
- ▶ Heros Di Jorge (Executive Officer)
- ▶ João Ávila (Executive Officer)
- ▶ Ana Cristina Chaves (Committee Member)
- ▶ Luísa Carneiro (Committee Member)
- ▶ Fabrício Oliveira (Committee Member)

The Sustainability Committee is responsible for identifying, discussing, monitoring and addressing sustainability-related issues that pose risks or could have a significant impact on the business activities, long-term results, relations with clients and employees and corporate image.

**The Committee is composed of 6 non-independent members:**

- ▶ Eugênio Mattar (Executive Officer)
- ▶ Daniel Linhares (Executive Officer)
- ▶ Maurício Teixeira (Executive Officer)
- ▶ Mariana Campolina (Committee Member)
- ▶ Fabrício Oliveira (Committee Member)
- ▶ Aline Monte (Committee Member)

The Disclosure Committee is responsible for reviewing drafts of economic and financial documents and information that must be filed with the securities exchange to ensure that the financial information disclosed to the market by the Company is correct, complete and timely.

**The Committee is composed of 8 non-independent members:**

- ▶ Maurício Teixeira (Executive Officer)
- ▶ Antônio Hyodo (Committee Member)
- ▶ Myrian Moutinho (Committee Member)
- ▶ Heros Di Jorge (Executive Officer)
- ▶ João Andrade (Executive Officer)
- ▶ Bruno Lasansky (Executive Officer)
- ▶ Nora Lanari (Committee Member)
- ▶ Alehandra Brant (Committee Member)

The existence of these committees reinforces our efforts to ensure respect for and compliance with our ethical principles and values, as well as their continuous dissemination, to conduct our activities in accordance with the principles of corporate sustainability and good governance, and to take decisions based on the best interests of the company irrespective of the specific interests of the shareholders or of a group of shareholders.

<sup>3</sup> Composition of the committees on December 31, 2108. In 2019, there were changes in the composition of the Committees, which will be disclosed in next year's report.

# 4. Sustainability *at Localiza*



Historically, sustainability always has been a part of our operations, although without centralized planning, which resulted in practices and actions that, albeit genuine and effective, were not integrated. The Company's various areas carry out internal projects and programs that seek advances in inclusive hiring practices, streamlining processes, risk management, energy efficiency, efficient use of water resources, recycling of materials and waste, as well as in other areas. Externally, our activities are marked by our engagement with local communities, participation in programs to promote culture and sports, and support for entrepreneurship. We actively participate in these external initiatives to fulfill our role as a citizen company.

In recent years, as the discussion on corporate sustainability matured along with our understanding of the topic's importance to our business, we decided to integrate it into our strategic planning. This movement reflects the Company's positioning with regard to its future, in other words, considering sustainability holistically in the strategy of all business areas.

In this regard, in 2018, we focused our efforts on executing and strengthening our sustainability program. As part of this program, in 2017, we structured an action plan aligned with the Company's activities and, as of 2018, we started to implement and expand the activities under this plan.

Aware of our transformational role as an economic agent with the capacity to create jobs and income, promote innovation and efficiency in processes, and support advances in society and its well-being, we strive to conduct our business activities in a way that creates value for all our stakeholders. In our pursuit of better results, we are not concerned solely with our short-term performance, but also with the survival and continued growth of our company. In this regard, we believe that having a sustainability program demonstrates our commitment to the future of our business by aligning solid financial results with the positive impact caused through all our interactions with society.

## 4.1 OUR Sustainability Program

As part of the program's strategy, we linked it to the main objectives and values of Localiza. Our sustainability program is based on the concept that exceptional results depend on creating shared value, on exercising our role as a citizen company and on investing in innovation as a way to perpetuate our practices. Moreover, we believe this is only possible through a combination of our team marked by excellence, success and recognition (People who inspire and transform); our awareness of the impacts we cause and continuous improvement in our processes and services to optimize the use of resources, mitigate any adverse effects and maximize positive environmental impacts (Green attitude); and our satisfied, loyal and engaged customers who are aware of the shared-value generated by the Company (Customers are our passion).

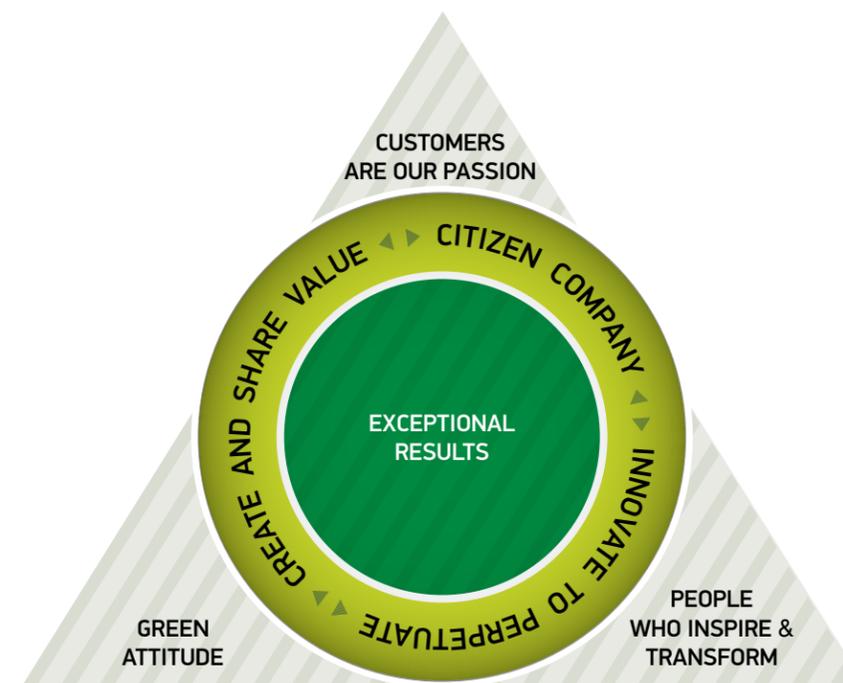
SUSTAINABILITY MUST BE  
CONSIDERED HOLISTICALLY IN  
THE STRATEGY OF ALL BUSINESS  
AREAS OF THE COMPANY

At Localiza, we lead by example and by adopting attitudes that go beyond our walls to provoke positive transformations. In addition to supporting our employees and all the other links in our value chain, we never lose sight of our customer.

We seek the admiration of our customers, because the sustainability of our business depends on building this relationship and on its longevity. We want to create ways to invite our customers to become engaged, such as by acting and consuming more sustainably, participating more and exercising their citizenship.

To support this effort, we mapped our existing practices, actions, policies and processes and identified our strengths and opportunities for improvement in order to assess the potential of our sustainability program. We also created mechanisms for managing indicators that can monitor the evolution in our performance and provide a structure for the content presented in this report.

CONCEPT OF LOCALIZA'S SUSTAINABILITY PROGRAM



Observing best international practices and seeking to strengthen our guidelines for causing positive social and environmental impacts, in 2017, we became a signatory to the United Nations Global Compact. The voluntary initiative mobilizes the international business community to adopt in their business practices fundamental and internationally accepted values in the areas of humans rights, labor relations, the environment and combatting corruption. These values are translated into 10 Universal Principles that enrich and complement corporate social responsibility practices [102-12].



**1. RESPECT**  
and support internationally recognized human rights in your area of influence.



**2. ENSURE**  
that your company does not participate in any way in the violation of human rights.



**3. SUPPORT**  
freedom of association and recognize to open collective bargaining



**4. ELIMINATE**  
all forms of forced or compulsory labor.



**5. ERADICATE**  
all forms of child labor in your production chain.



**6. STIMULATE**  
all practices that eliminate any form of discrimination at the workplace.



**7. ASSUME**  
a responsible, preventive and proactive posture towards environmental challenges.



**8. DEVELOP**  
initiatives and practices that promote and divulge socio-environmental responsibility.



**9. PROMOTE**  
the development and dissemination of environmentally responsible technologies.



**10. FIGHT**  
corruption in all of its forms, including extortion and bribery



Through the Global Compact, we engage in the 2030 Agenda for Sustainable Development, an international action plan developed collaboratively by governments, academia, civil society and the private sector that established 17 Sustainable Development Goals (SDGs) with 169 targets that address environmental, social and economic aspects in an integrated and indivisible manner [102-12].



**SUSTAINABLE  
DEVELOPMENT  
GOALS**

We worked to converge the scenario mapped within Localiza with this global sustainable development agenda for the coming decades. As a signatory to the Global Compact, we seek ways to integrate the 10 Universal Principles and the 17 Sustainable Development Goals into our practices and to direct our efforts to contribute to the advancement of this agenda and to promote sustainable growth and citizenship. You can see the results of this integration throughout the report, which indicates the Principles and SDGs related to our material topics and how they were contemplated by our sustainability program in 2018.

An important result of the Sustainability Program was the drafting of a Sustainability Policy<sup>4</sup> for the Company. This Policy, which was approved by the Board of Directors in November 2018, presents to society Localiza's plans regarding its efforts to promote sustainable development and recognize responsible economic, social and environmental performance. Through the Sustainability Policy, we reaffirm our commitment to complying with sustainability guidelines that support the Company's management processes.



### THE SUSTAINABILITY GUIDELINES ORIENT LOCALIZA'S OPERATIONS AND PROCESSES FOR ADDRESSING THE MATERIAL TOPICS

Our sustainability guidelines are dynamic, defined in accordance with our material topics and present the priorities established for the current cycle. It is these guidelines that support Localiza's operations and processes for addressing the material topics.

Localiza's Sustainability Policy applies to all of the company's business platform. The guidelines must be observed by all our employees at all hierarchical levels, whether at our headquarters or our locations, both owned and franchised, in all countries where we operate, as well as by our suppliers and business partners. These guidelines must be considered in decision-making processes and when defining and implementing new strategies.



<sup>4</sup> Localiza's Sustainability Policy.

Another initiative under the sustainability program was to join the Brazilian GHG Protocol Program (PBGHG Protocol). The PBGHG Protocol, which encourages corporate culture to conduct and disclose inventories of greenhouse gas (GHG) emissions, provides participants with access to instruments and internal quality standards. Our goal is to provide transparency and visibility to our data on GHG emissions, since one of the Program's main initiatives is the Public Emissions Registry, which is publicly available (<http://registropublicodeemissoes.com.br/participantes/2832>) for consultation of the inventory of participating companies and industry statistics.

In this regard, as of 2019, the results of our annual inventory of greenhouse gas emissions will be made public and available for consultation in more detail on the Public Registry page of the program<sup>5</sup>. This initiative puts us in a unique position in the car rental industry as the only company to conduct and publish an inventory of emissions on the Public Registry platform in Brazil. This supports our commitment to obtaining improvements in our emissions management, our emissions inventory and our emissions intensity, effectively contributing to combating global warming. [102-12].

## 4.2 Materiality of sustainability topics

Sustainability is composed of innumerable aspects. Addressing topics that truly create value and results for our business and stakeholders is fundamental for ensuring a sustainability program that is effective, successful and integrated into our corporate strategy.

With that in mind, and to support the preparation of our report, in 2017 we conducted our first analysis of the materiality of sustainability topics, in accordance with the internationally recognized and respected framework of the GRI. Through a structured listening and analysis process, we sought to understand better which sustainability topics are most relevant to our priority stakeholders, as well as their impact on our business. The materiality analysis also took into consideration the current economic, environmental, social and cultural context by assessing how our activities can generate positive impacts, which must be maximized, and negative impacts, which must be mitigated and, when possible, avoided. Once our material topics were identified, we launched a cycle of activities under the Sustainability Program to structure our business activities for addressing as effectively as possible

the factors related to materiality. This is a comprehensive process that involves engagement, learning, transformations and innovation. For 2018, we continued to work on the same material topics, which means there were no revisions or changes in relation to the materiality analysis for 2017. We believe that there are still important advances under the current scope, some of which already can be perceived in the information reported herein. [102-42; 102-49].

**Materiality involves identifying and prioritizing the topics most important to the sustainability of the business, given their impacts on the organization and on stakeholders in the short, medium and long term.**

### THE MATERIAL TOPICS WERE MAPPED AND IDENTIFIED BASED ON THE FOLLOWING ACTIVITIES:



On-site interviews with senior management, including the CEO and other officers;



Analysis of internal documents, including the report of engagement with local communities;



Internal satisfaction survey of employees;



Benchmarking in the car rental and insurance industries;



On-site interviews and questionnaires with customers (individuals and companies), suppliers, financial institutions, investors, insurers, franchisees and local communities, as well as the employees responsible for the relationship with these stakeholders, including the Investor Relations department;



Assessment of investors and global trends.

The selection of stakeholders for engagement was based on three criteria: a) stakeholders with a history of engagement with the organization; b) stakeholders directly impacted by Localiza's businesses; c) stakeholders with strategic relevance to the business. The consultation helped to identify the social, environmental and economic topics cited by the stakeholders relevant to Localiza's business. [102-21; 102-29; 102-40; 102-43]

As a result of this assessment, we identified 27 topics that are material to our stakeholders and to our business strategy. Of these, 10 topics, which involve our internal and external environment, were defined as priorities. [102-46]

The priority of each material topic was determined based on a critical analysis conducted by our senior leaders considering three key variables: i) if the impact occurs in the short, medium or long term; ii) if the impact occurs directly or indirectly; and, lastly, iii) what is our capacity to respond to the impacts, risks and opportunities identified. [102-29; 102-47]

<sup>5</sup> <http://registropublicodeemissoes.com.br/>

WE IDENTIFIED **27** TOPICS THAT ARE MATERIAL TO OUR STAKEHOLDERS AND TO OUR BUSINESS STRATEGY. OF THESE, 10 TOPICS THAT ENCOMPASS OUR INTERNAL AND EXTERNAL ENVIRONMENT WERE PRIORITIZED.

- |   |   |  |   |
|---|---|--|---|
| <ul style="list-style-type: none"> <li>1 Promoting the culture of sustainability in the value chain</li> <li>2 Purpose of work and professional growth</li> <li>3 Structuring socio-environmental management</li> <li>4 Compliance and transparency in people management</li> <li>5 Refueling of fleet with biofuels</li> <li>6 Investment and support for local community</li> </ul> | <ul style="list-style-type: none"> <li>7 Sustainable growth of the business</li> <li>8 Management of administrative waste</li> <li>9 Management of car maintenance waste</li> <li>10 Combating discrimination and promoting diversity</li> <li>11 Commitment to occupational health and safety</li> <li>12 Managing consumption and prioritizing renewable power sources</li> </ul> | <ul style="list-style-type: none"> <li>13 Transparency and ethics in business activities</li> <li>14 Efficient and rational use of water</li> <li>15 Driving innovation</li> <li>16 Customer satisfaction</li> <li>17 Managing air emissions</li> <li>18 Data security and customer privacy</li> <li>19 Supporting operating efficiency</li> <li>20 Building a legacy for society</li> </ul> | <ul style="list-style-type: none"> <li>21 Best corporate governance practices</li> <li>22 Managing human rights in the value chain</li> <li>23 Promoting energy efficiency in the fleet</li> <li>24 Product and service quality</li> <li>25 Adapting to climate change</li> <li>26 Urban mobility</li> <li>27 Promoting traffic safety</li> </ul> |
|---|---|--|---|

The material topics defined (highlighted in the above chart) are directly related to our business, our growth ambitions, the challenges of our corporate strategy and the need for the sustainable development of companies and society [102-44].

The following chart presents a summary of each material aspect and its relevance to Localiza [103-1; 103-2; 103-3]:

MATERIAL TOPIC	DESCRIPTION	WHY IT IS MATERIAL
 <p><b>Promoting the culture of sustainability across the value chain</b> [103-1:308; 103-1:408; 103-1:409; 103-1:414]</p>	<p>We strive to implement concrete actions to mitigate our main negative impacts and to maximize our positive impacts. Sustainability in the value chain is the result of managing the direct impacts of our operations and the indirect impacts of the agents in our value chain, such as suppliers. Building a culture of sustainability in the business demands a mature discourse that is strengthened by the Company's practices and reflected in positive results with tangible returns. In this way, we seek to position ourselves as an important agent in the debate on mobility, the smart use of vehicles, fleet efficiency, prioritizing renewable energy, optimizing water resources and managing automotive waste, which are topics associated with our main impacts and that, if duly addressed, will create solutions for a low-carbon economy. We also understand the importance of using socio-environmental criteria to raise awareness among and monitor suppliers. We believe that to become the world's greenest car rental company, we must act as a citizen company and play an active and transformational role focused on innovation and creating value for society. To support this, we must foster a culture of sustainability in the value chain.</p>	 <p>Localiza inspires and transforms by setting an example, which means it has great potential to foster a culture of sustainability in its value chain and business relations. The main links to be engaged with the topic are suppliers, employees and franchisees.</p>

MATERIAL TOPIC	DESCRIPTION	WHY IT IS MATERIAL
 <p><b>Purpose of work and professional growth</b> [103-1:401; 103-1:404]</p>	<p>People who inspire and transform play a lead role in exceptional results. Talented employees who are committed to our values and recognized based on meritocracy achieve superior performance and grow in step with the results. We strive to offer an inspiring and challenging workplace that creates opportunities for people to realize their potential. Our efforts include investing in training, quality of life and a good organizational climate, while fostering in our employees a sense of purpose in their work.</p>	 <p>Localiza is responsible for investing and promoting professional growth and for inspiring a sense of purpose in the work of its employees. As such, the impact occurs exclusively within the boundaries of the company.</p>
 <p><b>Combating discrimination and promoting diversity</b> [103-1:405; 103-1:406]</p>	<p>Diversity programs strengthen the sense of purpose at work, pride in the company and the well-being of our employees. We are proud of the bold and leading role of our initiatives in this area. The Company already has enjoyed many benefits from its programs to promote diversity, such as a more motivated team, the breaking of paradigms, better results and a more people-oriented and diverse workplace.</p>	<p>Localiza is a citizen company and pursues social inclusion in the communities where it operates, promoting gender diversity and including immigrants and persons with disabilities in its workforce. By combating discrimination and promoting diversity internally, Localiza positively impacts all of society.</p>
 <p><b>Structuring socio-environmental management</b> [103-1:307; 103-1:419]</p>	<p>Green attitudes for building the future of mobility; that is the value that converges our initiatives focusing on social and environmental management and on controlling sustainability performance indicators. Our operations follow environmental management guidelines that promote sustainable and innovative initiatives in terms of energy, water and waste. We have been pursuing innovations in our processes to optimize the use of the resources associated with our activities and to ensure continuous improvement in the services we offer. Structuring socio-environmental management includes legal compliance, creation of policies, processes and procedures, risk management and communication of socio-environmental issues.</p>	<p>Structuring environmental management is a practice that Localiza must adopt in its operations to enable it to identify, monitor and manage the socio-environmental impacts of its activity in a systematic and formal way. The efficiency and excellence of Localiza's processes and procedures for socio-environmental matters depend on structuring such management.</p>
 <p><b>Sustainable business growth</b> [103-1:201]</p>	<p>Sustainable growth is growth that generates shared value among customers, investors, employees, local community and society. It means improving financial, environmental and social indicators with the purpose of incorporating sustainability into the business strategy, materializing the value of sustainability and ensuring the perpetuity of the business.</p>	<p>Sustainable business growth is the result of Localiza's practices and management. Although influenced by the external scenario, Localiza has been growing despite Brazil's economic crisis. Business growth impacts not just the company, but also the region where it operates, while fostering economic and social development.</p>



**MATERIAL TOPIC**

**DESCRIPTION**

**WHY IT IS MATERIAL**



**Managing consumption and prioritizing the use of renewable power sources**  
[103-1:302]

We are constantly promoting conscientious consumerism, encouraging attitudes to reduce consumption and promoting the smart use of water, energy, paper and various materials. Our business is based on transporting people using cars, which means that our concern with the quality and mechanical efficiency of the fleet has direct impacts on energy consumption. In addition to the energy consumed by car engines, we also devote attention to the electricity consumption of our locations and headquarters. Always innovating to perpetuate our business, we undertook the commitment to become the first company in the car rental industry to adopt solar power at all our locations in Brazil.

Localiza is responsible for managing and reducing electricity consumption in its operations and for prioritizing the use of renewable sources. The company's activity directly impacts the topic, which has a global impact, since it addresses challenges and goals set nationally and internationally.



**MATERIAL TOPIC**

**DESCRIPTION**

**WHY IT IS MATERIAL**



**Management of car maintenance waste**  
[103-1:306]

Most of the solid waste generated by our operations comes from car washing and maintenance. The management of car maintenance waste mainly involves recycling parts, properly disposing of tires and changing and properly disposing of oil. Aware of the negative impacts this waste can cause, at locations whose activities have the potential to cause significant environmental impacts, such as aerial fuel tanks and internal areas reserved for the maintenance and preventive maintenance of cars, plans and guidelines are established for the adoption of practices that are environmentally correct, productive and profitable.

Managing car maintenance waste is very important for Localiza, given the size of its fleet and consequently the magnitude of the impact from not addressing the topic. Localiza's operation is intrinsically related to this impact, which must be managed to avoid any damage to the environment and to society.



**Transparency and ethics in business activities**  
[103-1:205]

We work to build a culture that recognizes the value of sustainability, ethics and transparency to contribute to the development of new practices and to help improve existing practices, which includes operating and creating value beyond the internal boundaries of our company. We believe that acting ethically means striving to preserve our assets, image, facilities, colleagues, customers, suppliers and society. Combating corruption, transparency in all our relations and respect for human rights are part of this material topic.

Localiza is fully responsible for adopting a transparent and ethical attitude in its business activities, which impacts not just the company's business activities, but society as well.



**Refueling of fleet with biofuels**  
[103-1:305]

In an international scenario guided by the Paris Agreement and a domestic scenario guided by the Brazil's Nationally Determined Contributions (NDC) and by RenovaBio, our engagement to promote the use of biofuels is indispensable. We hold vast potential to help mitigate climate change in Brazil and it is our duty, as a citizen company, to make it happen. We fuel around 98% of our fleet with ethanol and will invest in raising awareness among our customers to do the same, which in turn creates value for our brand and for society.

Given the nature of its business, Localiza has great potential to help promote fueling vehicles with biofuels, and can influence and engage its customers in the topic. Promoting biofuels is part of the national strategy to mitigate greenhouse gas emissions, therefore, the topic impacts the national and international scenarios.



**Efficient and rational use of water**  
[103-1:303]

We are constantly promoting conscientious consumerism, encouraging attitudes to reduce consumption and promoting the smart use of water, energy, paper and various materials. The highest water consumption in our operations is associated with washing the cars in our fleet. We have been pursuing innovations in our processes to optimize the use of the resources associated with our activities and to ensure continuous improvement in the services we offer. In terms of water consumption, we have innovated by implementing waterless washing.

Car washing and other activities inherent to the functioning of the stores and administrative offices of Localiza have high potential for water consumption, which can be controlled by the company. The efficient and rational use of water impacts the resource's availability for society, and Localiza is responsible for managing the impact of its operations.

Based on the identification of our materiality, we developed various indicators to translate the effectiveness of our management practices and actions within the context of each material topic. Complete disclosures on the indicators can be found in the GRI content index at the end of the report. [102-44]

The material topics were organized in the report to properly represent our vision and how sustainability is approached in our businesses. Localiza also believes it is important for the performance of material topics to contribute to the achievement of the Sustainable Development Goals by aligning our sustainability program with the sustainable development agenda.

Each of the 10 material topics contributes directly and/or indirectly to as many as two SDGs. We believe that the quality of our contribution is enhanced when we act more objectively and purposefully. In this first materiality cycle, we worked to support improvement in 11 of the 17 SDGs. [102-44]



**5 GENDER EQUALITY**  
Achieve gender equality and empower all women and girls.

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**  
Ensure sustainable consumption and production patterns.

**6 CLEAN WATER AND SANITATION**  
Ensure availability and sustainable management of water and sanitation for all.

**13 CLIMATE ACTION**  
Take urgent action to combat climate change and its impacts.

**7 AFFORDABLE AND CLEAN ENERGY**  
Ensure access to affordable, reliable, sustainable and modern energy for all.

**15 LIFE ON LAND**  
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

**8 DECENT WORK AND ECONOMIC GROWTH**  
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

**16 PEACE, JUSTICE AND STRONG INSTITUTIONS**  
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**  
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

**17 PARTNERSHIPS FOR THE GOALS**  
Strengthen the means of implementation and revitalize the global partnership for sustainable development.

**10 REDUCED INEQUALITIES**  
Reduce inequality within and among countries.

The contents of the report were not subjected to external assurance and are divided into four sections, namely [102-56]:

- i) exceptional results drive us;
- ii) customers are our passion;
- iii) people who inspire and transform;
- iv) green attitude.

Each chapter presents and discusses the content that associates them with the information of the GRI standard selected for reporting the material topics.



# 5. Exceptional results *drive us*



A curved banner at the bottom right of the image contains icons for the Sustainable Development Goals (SDGs). The icons are arranged in a semi-circle and include the following:

- 1. RESPECT (Icon: Person with a plus sign)
- 2. ENSURE (Icon: Two people)
- 4. ELIMINATE (Icon: Person with a red circle and slash)
- 5. ERADICATE (Icon: Person with a red circle and slash)
- 8. DECENT WORK AND ECONOMIC GROWTH (Icon: Bar chart with an upward arrow)
- 8. DEVELOP (Icon: Scales of justice)
- 9. INDUSTRY, INNOVATION AND INFRASTRUCTURE (Icon: Three cubes)
- 10. REDUCED INEQUALITIES (Icon: Scales of justice)
- 10. FIGHT (Icon: Person with a red circle and slash)
- 16. PEACE, JUSTICE AND STRONG INSTITUTIONS (Icon: Scales of justice)
- 17. PARTNERSHIPS FOR THE GOALS (Icon: Three interlocking circles)

**Exceptional results drive us** and transcend their financial value. To share value, our results also incorporate our role as a citizen company, which is driven by innovation and is growing transparently and sustainably. We believe this is the best way to create value for our business and for all stakeholders, including shareholders. We create value through a tireless effort to surmount challenges and achieve targets, which we achieve through solid

and disciplined management. The constant pursuit of exceptional results has made us the market leader and an industry benchmark. The figures for 2018 reflect this growth and the appreciation in the value of our business. [102-7]

Despite the strong growth and the operating challenges resulting from the business expansion, we continue to pay close attention to our main values and were able to advance in key quality and productivity indicators. The customer satisfaction index, measured by the net promoter score (NPS), increased in all segments. We garnered various quality awards, most notably the Época Reclame

Aqui Award (winner for fourth straight year by Localiza and for second straight year by Seminovos), Best Car Rental Company according to Datafolha, Best Services Company and Best Car Rental Company in the Small and Medium Enterprises category according to Estadão. We also were named the most innovative company in the category transport and logistics in the Valor Innovation Awards sponsored by the newspaper *Valor Econômico* and ranked as the 22<sup>nd</sup> most valuable brand in Brazil according to Interbrand<sup>6</sup>, reaffirming our excellent brand recognition.

KEY NUMBERS 2018



**8.6 million clients served**  
+13% from 7.6 million in 2017



**R\$ 659.2 million in net income<sup>1</sup>**  
+17% from R\$ 563.4 million in 2017



**37.7% market share\***  
+16.7% from 32.3% share in 2017  
(\*Car Rental business)



**R\$ 19.5 billion in market capitalization**  
+32.6% from R\$ 14.7 billion in 2017



**111,279 cars sold**  
+22.9% from 90,554 sold in 2017



**R\$ 7.9 billion in net revenue**  
+30.3% from R\$ 6 billion in 2017



**R\$ 3.1 billion in shareholders' equity**  
+19.2% from R\$ 2.6 billion in 2017



**8,195 employees**  
+15% from 7,121 in 2017



**248,024 cars in fleet**  
+27.7% from 194,279 cars in 2017



<sup>6</sup> Ranking compiled annually by the consulting firm Interbrand, which presents the brands whose value most appreciated in value compared to the previous year. The process adopts a methodology that analyses and correlates financial performance and brand perception and influence with consumers.

## Awards & Recognition in 2018

Confirming the strength of our values and principles, over the years, we have received many awards and accolades in various areas and from various market surveys and analyses. In recent years, some of our most important awards have been for the good performance of our operations and activities. These accolades motivate us to continue advancing and strengthening our corporate attitude.

### GOVERNANCE

- ▶ Best IR in Latin America in the category Transportation, Best CFO, Best IR Professional, Best IR Team, Best IR Program, Best Sustainability Metrics and Best Meeting with Analysts, according to Institutional Investor magazine.
- ▶ Excellence in Corporate Finance in Minas Gerais 2018, from IBEF/MG
- ▶ Valor Executive for CEO Eugênio Mattar, from Valor Econômico newspaper
- ▶ Best CEOs of of Brazil for Eugênio Mattar, from Forbes magazine
- ▶ 10 Best Companies in Financial Performance and Corporate Governance Practices - Broadcast Awards

### Other awards:

- ▶ Inclusive Company, from the Social Development Department (Sedese) of Minas Gerais State.
- ▶ Best Companies to Work For certification from Great Place to Work Minas Gerais
- ▶ Business Merit Award, from the Congress of Trade Associations of Minas Gerais

### CUSTOMERS

- ▶ One of the 100 Best Companies in Customer Satisfaction, in the ranking compiled by the MESC Institute.

### Other awards:

- ▶ 3rd place in the Services category of Estadão Empresas Mais Award.
- ▶ Uber's Global Partner Award – Uber's largest commercial partner in the world
- ▶ 1st place in the Services category of Estadão Empresa Mais Award.

### REPUTATION

- ▶ 58th company with the best reputation in Brazil, according to Merco Ranking
- ▶ Best Car Rental Company in Brazil, according to Transporte Moderno magazine and the Portal Reclame Aqui/Época magazine
- ▶ 22nd most valuable brand in Brazil, according to Interbrand
- ▶ Valor Inovação - Most Innovative Company in the Transportation & Logistics industry, from Strategy & and Valor Econômico

### FRANCHISING

- ▶ Best Company in Internal Expansion of Franchises, in the category Brazilian franchises, in the ranking of the Dom Cabral Foundation.
- ▶ Holder of the Excellence in Franchising Seal, from the Brazilian Franchising Association.
- ▶ 50 Largest Franchises in Brazil, according to the Brazilian Franchising Association (BF)

### TRANSPARENCY & ETHICS

- ▶ Winner of the Transparency Award 2018, from the National Association of Finance, Administration and Accounting Executives (Anefac).

### LEADERSHIP

- ▶ Winner of the Transparency Award 2018, from the National Association of Finance, Administration and Accounting Executives (Anefac).

The consistent results in our recognition over the past few years is the result of a transformation agenda planned and shared by the Board of Directors and the Executive Board.

Our exceptional results are fundamental for expanding our leadership, and we believe that we must innovate to ensure our perpetuity. Therefore, investing in new technologies and cutting-edge solutions is essential for the growth and sustainability of our business over the coming years. We want to be one of the most innovative companies in the industry and to remain at the forefront in competitive advantages, digital changes and innovation. We have been investing substantially in information technology in the operations of the Car Rental, Fleet Rental and Seminovos divisions. We use innovation to improve our customer experience and our processes and to make them more sustainable **[103-2:201; 103-3:201]**.

Exceptional results drive us



Localiza Driver enables customers/drivers to become entrepreneurs by making their business feasible, while optimizing its management. Through Localiza Driver, Localiza not only provides a work tool (the car), but also helps to manage and run the business. From registration to payment, everything can be done through the system. The service expedites car rentals by Uber-registered drivers and supports management of the rental and the rides offered through an integrated Localiza-Uber dashboard that facilitates the lives of drivers. Drivers who use Localiza Driver can rent cars and pay on a weekly basis, which coincides with Uber's payment frequency, making it easier for them to manage bills and control expenses.

In this way, Localiza offers thousands of customers the opportunity to work as an app driver even if they do not own a car.

One example of our way of doing businesses, with value, purpose and impact, is **Localiza Driver**. In 2018, we introduced this new solution to the market, which helps to foster mobility and entrepreneurship in Brazil, while also causing positive social impact. Localiza Driver combines innovation and technology by integrating the car rental systems with the services of shared transportation apps. With this new form of transport and the arrival of Uber in Brazil, in 2014, Localiza identified a potential market for it to explore. After an initial period of adaptation, the apps are now established and represent an important agent in urban mobility.

Localiza launched its operations in this market by offering special features for these drivers, such as exclusive counters at Uber service centers (Green Lights) and differentiated car rental packages. Through this relationship experience, Localiza improved its understanding of demand and, based on the industry's growth trend, opted to invest in a product that offers a comprehensive solution to these customers.

Based on an in-depth study of the public, impact and market, Localiza leveraged its operations by focusing not only on great market potential, but on an even greater purpose. This new context for mobility also created new job and income opportunities for hundreds of thousands of people. In short, it created new profiles of people who became micro-entrepreneurs and who, supported by Localiza, were able to rent cars at adequate conditions for starting and maintaining their business as app drivers.

*"The partnership between Localiza Hertz and Uber was vitally important for me, because without the car I wouldn't have a source of income. Without being able to rent a car, I'd be unemployed."*

**Clara Faria de Souza** is 30 years old, lives in Belém, Pará and has been a partner driver of Localiza Hertz for 10 months. She is an airplane pilot, but became unemployed when the executive plane she piloted was sold. Without money to invest in a business or buy a car, she saw in Uber and Localiza the ideal opportunity.



#### YOUR BUSINESS IN THE PALM OF YOUR HAND

Driving a rented car has never been so easy! From registration to payment, everything can be done through **Localiza Driver**. You worry about your business and we take care of your car.



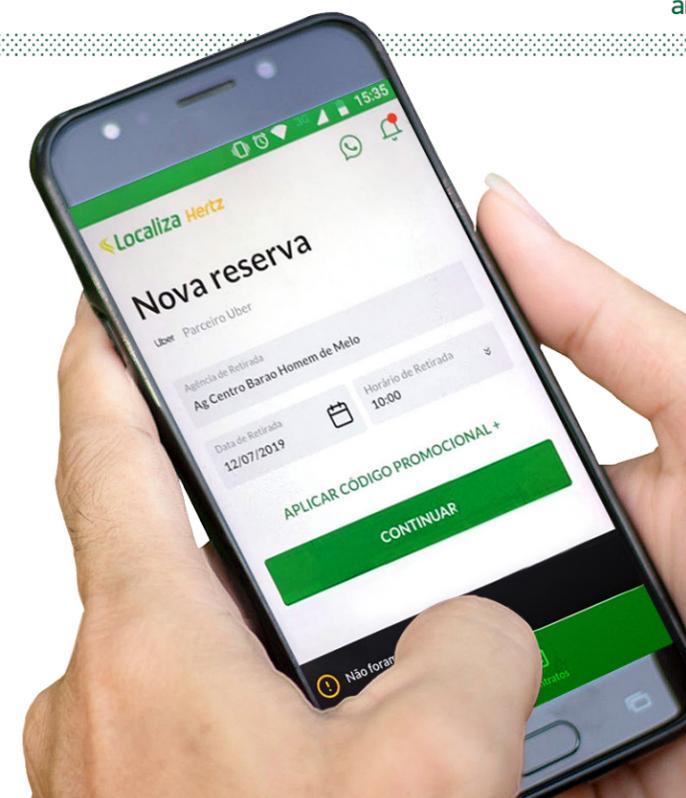
**YOUR WAY**  
Choose a mileage plan based on your needs



**NO BUREAUCRACY**  
Fast and easy rentals with Localiza Hertz



**NO SURPRISES**  
Full control of your business with information on rentals, invoices and more





This is a great source of pride and motivation for us and is just another example of Localiza working to deliver results, grow and expand, while causing positive impacts for the economy and society by creating job and income opportunities in dignified conditions for thousands of Brazilians. The figures of this business are so significant and the results so substantial that Localiza is now the largest commercial partner of Uber in the world, garnering the title of Uber Global Partner for its innovative Localiza Driver solution. [203-1; 203-2]

Another partnership that merits mention is the strategic partnership with The Hertz Corporation. In addition to the acquisition by Localiza of Hertz Brasil, in 2017, the global partnership enables our customers to be served around the world (except for the South American countries where Localiza operates through franchisees) through the Hertz network and for Hertz clients to be served by Localiza in Brazil. Furthermore, as part of the partnership, we

adopt the combined brand “Localiza Hertz” in Brazil, while Hertz uses the “Localiza” brand in the key destination airports of Brazilian customers worldwide. Both the acquisition of operations and the long-term agreements with Hertz will help to expand the businesses and know-how of the global car rental industry. The strategic partnership with The Hertz Corporation is valid for 20 years and may be renewed for another 20 years.



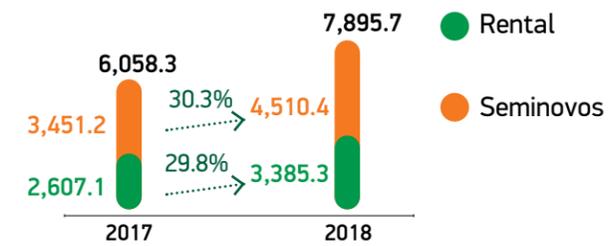


## 5.1 Economic value

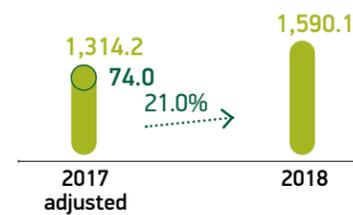
The year 2018 was marked by slow but positive changes in Brazil's economic scenario and by substantial uncertainty regarding the elections and the political scenario. Here at Localiza, we faced these adversities with determination, commitment and perseverance. And we remained driven by our passion to serve our customers and pursue excellence in everything we do. As such, despite this challenging macroeconomic scenario of economic recovery, our team set bold targets that pursued growth accompanied by value creation. We welcomed challenges, achieved substantial results and have been reaping the rewards of our long-term strategies implemented over the previous years.

We published quarterly information that presents to the market all financial indicators required for assessing and interpreting our business, whether by investors, shareholders or market analysts. These public reports are available in the **results center** on our Investor Relations website. **Our consolidated report for 2018** showed the solid performance we delivered for the year, with clear improvement in net revenue, net income and EBITDA: **[102-7]**

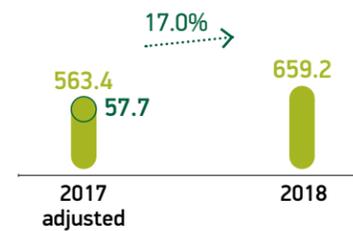
NET REVENUE (R\$ million)



EBITDA (R\$ million)



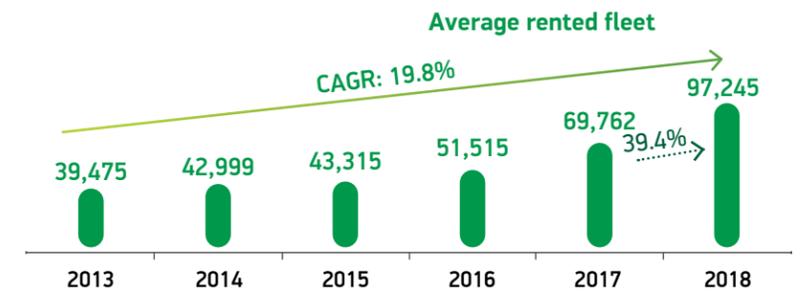
NET INCOME (R\$ million)



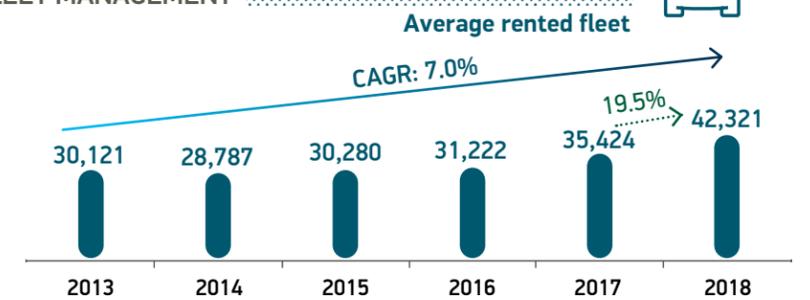
○ One-time costs incurred with integration of Hertz Brazil and franchise owners

These results were only made possible by the individual performance of our businesses. All our divisions delivered growth:

CAR RENTAL

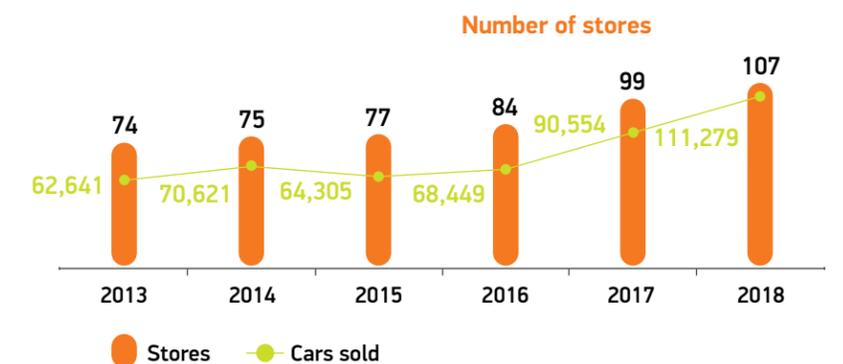


FLEET MANAGEMENT



\*CAGR: Compound Annual Growth Rate

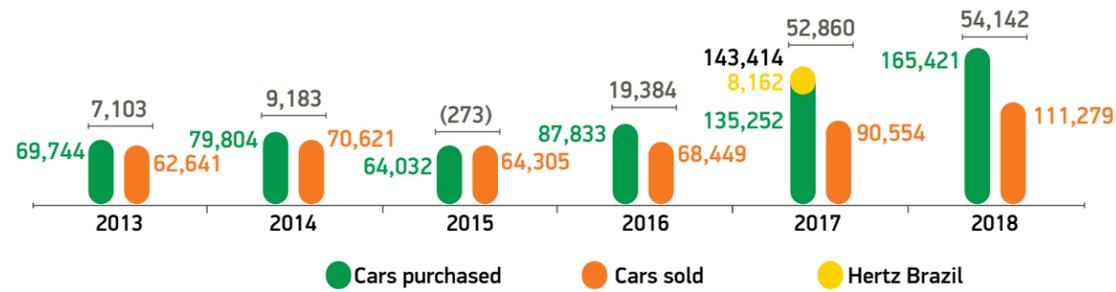
SEMINOVOS



An important input required for delivering solid results is continuous investment in our fleet. Localiza strives to offer cars in the best conditions for its customers by renewing most of its car rental fleet after 12 months in operation. This effort to ensure fleet excellence requires high investments in maintenance and in acquiring new cars. In 2018, a total of 54,142 cars were added to the fleet, 2.4% more than in 2017, which required a net investment of R\$ 2,471.4 million.

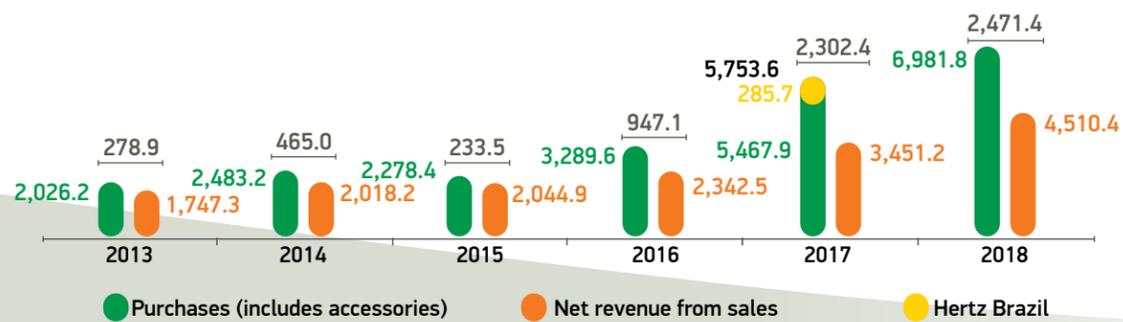
NET INVESTMENT IN FLEET

Purchase and sale of cars (quantity)



\* Excludes cars stolen/written off under claims.

Net investment in fleet (R\$ million)



## 5.2 Shared value creation

In addition to pursuing better results, higher sales and value creation, we strive to generate shared value for society and all our stakeholders. In 2018, we were responsible for distributing to society R\$ 2.6 billion in economic value, or 18.1% more than in 2017 (R\$ 2.2 billion). This value is distributed basically in four ways: the compensation paid to our team (salaries and benefits), the compensation paid to our shareholders (dividends and retained earnings), the compensation paid to our suppliers and to financial institutions (service and material contracts, loans and financial transactions) and, lastly, the payment of taxes that represent the compensation to local, state and federal governments. [201-1]

DISTRIBUTION OF VALUE ADDED (R\$ '000)



DISTRIBUTION OF VALUE ADDED

	2018	2017
<b>Taxes and contributions</b>	R\$ '000	
• Federal	398,543	329,283
• State	132,799	100,042
• Municipal	38,229	29,926
<b>Personnel</b>		
• Direct compensation	483,462	417,603
• Benefits	98,867	87,566
• FGTS	34,285	30,382
• Other	10,379	8,917
<b>Payment of loan capital</b>		
• Interest	536,809	511,883
• Property rental	182,244	161,201
• Other rentals	21,041	15,470
<b>Remuneration of shareholders</b>		
• Interest on equity	178,912	162,903
• Retained earnings	480,296	342,773
<b>Value added distributed and retained</b>	<b>2,595,866</b>	<b>2,197,949</b>



In addition to the distribution of wealth by the business, Localiza believes in the potential for social development of the regions where it operates. We believe that we play an active role and that our actions must leave a positive legacy for society. Our participation in social programs, which focuses on cultural, social, education and entrepreneurship actions, always selects institutions with good track records and reputations. In 2018, around R\$ 3.3 million was allocated to social organizations. [201-4]

FEDERAL INCENTIVES (R\$ THOUSAND)	LOCALIZA RENT A CAR S/A	LOCALIZA FLEET S/A	TOTAL
Rouanet Law	450.0	1,300.0	1,750.0
Child Fund	112.5	325.0	473.5
Senior Citizen Law	112.5	325.0	473.5
Sports Activities	112.5	325.0	473.5
PRONON – Law 12715/2012	50.0	82.5	132.5
PRONAS/PCD – Law 12715/2012	50.0	82.5	132.5
<b>TOTAL</b>	<b>887.5</b>	<b>2,440.0</b>	<b>3,327.5</b>

Our strategy is to support good projects and to encourage organizations that do important work for local communities and provide access to culture, leisure, sports and education for those with limited access to such opportunities.

Some of the projects benefited in 2018 follow:

	PROJECT	
 Cultural Actions	<ul style="list-style-type: none"> <li>Oliveira Spring Festival</li> <li>Ayrton Senna – The Musical</li> <li>Musical Garota de Ipanema</li> <li>Japan Festival</li> </ul>	<ul style="list-style-type: none"> <li>Fatura Festival – Foods of Brazil</li> <li>Minas Tênis Clube Women’s Volleyball</li> <li>Pulsar Project – Paralympics</li> <li>Inhotim</li> </ul>
 Social Actions	<ul style="list-style-type: none"> <li>Cidade Ozanam Retirement Home</li> <li>Santo Antônio de Pádua Seniors Home</li> <li>Ivone and Pedro Lanza Association</li> <li>Cidade dos Meninos (MG)</li> </ul>	<ul style="list-style-type: none"> <li>Rede Viver Bem Association</li> <li>Mário Pena Association, IPEL</li> <li>Divine Providence System</li> <li>Pequeno Príncipe Hospital</li> </ul>
 Education Actions	<ul style="list-style-type: none"> <li>Junior Achievement</li> <li>Social Opportunity Institute (IOS)</li> </ul>	<ul style="list-style-type: none"> <li>Ramacrisna Institute</li> </ul>



Note that Localiza did not receive any financial incentives from the government in 2018. The government does not hold any interest in Localiza’s ownership structure [201-4].

Another value-accretive initiative in which we are directly involved and consider very relevant is Órbi Conecta. In one of our actions to foster entrepreneurship, we joined entrepreneurs from the startup community in Belo Horizonte, and two other large Brazilian corporations, namely Banco Inter and MRV, to create a space for

accelerating the connection between startups, corporations, investors, academia, civil society and other participants of the creativity ecosystem of our city. This led to the creation, in 2017, of Órbi Conecta, a 4.0 environment for experimentation in the concepts and practices of the digital era and for developing the skills to create innovative businesses. The interaction and absorption of knowledge occurs through courses, events, lectures and meetings. Órbi is located in Lagoinha, a district that is becoming an innovation and creativity hub in Belo Horizonte.

After initial investment of R\$ 350,000 to create the project in 2017, we have become one of the sponsors of the collaborative space, where we also offer mentoring and training opportunities to the resident startup companies. [201-1]



NUMBERS 2018



6,324 total visitors



1,164 visiting companies



72 companies benefited by Órbi



79 events held



1,908 connections established



42 deals closed



318 hours of content shared



22 startups introduced to Localiza

Localiza focuses on maintaining initiatives that foster the development of neighboring communities, mainly at its Headquarters in Belo Horizonte. The constant dialogue between the company and the community is accompanied by the exchange of knowledge and mutual support. Although the construction of the headquarters itself created job and income opportunities, spurred appreciation in property prices and generated demand for services and improvement in public safety and infrastructure, we believe we can do more to leave a legacy for society. In 2018, we implemented projects to foster local development through our Volunteer Program and activities in partnership with Junior Achievement.

### PROJECTS TO FOSTER THE DEVELOPMENT OF LOCAL RESIDENTS

Building on the activities of the Acolher Project, which in 2017 benefited the communities Bananal and Vila Nova Cachoeirinha, located near our headquarters, we continue working to foster development and create opportunities for local residents. We draw on the fundamental support of volunteer employees who have forged close relationships with people in these communities to identify their dreams and contribute to their transformation.

In 2018, we developed three programs, in partnership with Junior Achievement, to address the needs identified jointly with the community. These programs, which directly benefited over 200 people, are described below:

#### ► ENTREPRENEURIAL WOMEN:

The initiative promotes entrepreneurship among women living in socially vulnerable conditions by encouraging them to create their own company and teaching them how to use management and financial control tools, prepare cost and price spreadsheets for their products and formulate marketing, leadership and teamwork strategies. In 2018, 30 women from neighboring communities were benefited. For more information on the program and its activities, watch the video at <https://youtu.be/4pvfo-PIZsl>.



#### ► SKILLS FOR SUCCESS:

Offers engaging and academically rich classes and practical lessons for the job market and career prospects, with a large amount of content oriented to developing skills and talents. In 2018, 45 employees from companies that provide services to Localiza Headquarters were involved in the project, many of whom live near the Headquarters and were given priority in hiring.

#### ► CONNECTED WITH TOMORROW:

The program Connected with Tomorrow gives students an opportunity to reflect on their future and prepare for the job market by presenting career prospects and information on the main behavioral skills sought by employers. In 2018, nearly 140 students from public schools in the region were benefited by this initiative.



# 6. Customers are *our passion*



8. DEVELOP



9. PROMOTE



7. AFFORDABLE AND CLEAN ENERGY



9. INDUSTRY, INNOVATION AND INFRASTRUCTURE



12. RESPONSIBLE CONSUMPTION AND PRODUCTION



13. CLIMATE ACTION



17. PARTNERSHIPS FOR THE GOALS

**Customers are our passion.** The sustainability of our business depends on building lasting relationships, which has driven us to adopt the permanent goal of improving the quality of our services and increasing customer satisfaction. In an ever-changing world, we have strengthened our culture of passion for the customer by accompanying global trends and promoting solutions to ensure we are constantly challenging the frontier of technological development. This ensures that we create value for all customer profiles, build loyalty and deliver better results for the business.

**Localiza Fidelidade, the largest loyalty program in South America's car rental industry, reached 8.6 million members in 2018, up 13% from 7.6 million in 2017.**

In 2018, we worked hard to serve our customers. Here at Localiza, we go beyond traditional and satisfactory car rental services to give our customers an agile, safe and sustainable experience. We are constantly attentive to our customers' needs and know that they are increasingly connected and engaged through decisions based on new consumption and relationship values.

**OUR CUSTOMERS ARE MORE CONNECTED AND THEIR DECISIONS ARE GUIDED BY NEW VALUES**

► **SUSTAINABLE DRIVING**  
We distribute booklets with tips on sustainable driving to Fleet Management customers. The tips help to increase vehicle efficiency and to reduce negative impacts associated with its use. Practical examples include keeping tires properly inflated, using air conditioning conscientiously, refueling with ethanol, waterless car washing and fleet maintenance. The tips also are available via an online training course.

► **TRAFFIC SAFETY**  
Our commitment to the experience of our customers transcends the physical borders of our operation. We invest in awareness campaigns on the topic and offer defensive driving courses. Since 2013, when the training program was launched, more than 600 people have taken it.

► **INNOVATING TO PERPETUATE**  
We have been making significant investments in innovation and digital transformation to bring innovative solutions that create value, increase the agility and simplicity of our services and improve the experience of our customers.

► **CITIZEN COMPANY**  
We invest in practices that reinforce our ethical, citizenship-oriented and environmentally responsible posture by strengthening our values and those that guide the decisions of new customers.



## 6.1 Traffic safety

Our concern for the safety of our customers and for traffic safety in general is supported by dedicated actions. Around 37,300 people in Brazil and 1.25 million worldwide die from traffic accidents each year, according to DataSUS and to the World Health Organization (WHO), respectively. In light of this scenario and our responsibility as a citizen company, we support Yellow May, an international movement to raise awareness on and promote traffic safety. Every year, in May, we engage our employees and customers in a campaign to promote safer driving habits, to call society's attention to the high numbers of traffic-related deaths and injuries and to encourage coordinated action by government and civil society. The goal is to mobilize all segments of society on the topic of traffic safety to effectively discuss and promote engagement in actions and to raise awareness [416-1].



In 2018, the Car Rental Division organized a campaign on social networks with tips on traffic education and defensive driving. To support the tips and prepare the material, we used information and indicators from the area that monitors the traffic tickets and notifications received by our customers. This enabled the campaign to focus on the main infractions that we identified.

- NOT WEARING SEAT BELT
- NOT RESPECTING CROSSWALKS
- SPEEDING
- RUNNING RED LIGHT



The Fleet Rental Division also adopted a similar strategy, supporting Yellow May through an advertisement targeting its client base. Also in connection with Yellow May, in addition to the online campaign, we participated in an internal event at one of our clients, where we distributed informative material, gifts and offered our defensive driving course.



**TOPICS ADDRESSED IN THE COURSE HOW TO DRIVE SAFELY:**

► **1 - Concepts for Good Driving**

- > Principles of Good Driving
- > Rules for Driving Safely
- > Preventing Accidents - Tips
- > Procedures that save lives

► **2 - Basic Care**

- > Personal Care - Posture
- > Vehicle Care - Tips
- > Preventive Maintenance - Oil Level

► **3 - Defensive Driving**

- > Defensive Driving - Concept
- > Adverse Conditions - Light and Weather
- > Types of Collisions
- > Driving Habits
- > Rules and Penalties



The course is available online or through an on-site lecture given by the Sales Manager/Executive responsible for the client's account. In the online course, we present explanatory texts, videos and tests with a total of four hours of training. The course, which addresses the topic "How to Drive Safely," orients users on the essential care and procedures for safe driving and preventing traffic accidents. Although our sales area offers the course to all Fleet Rental clients, the clients themselves can request it. After requesting it, the course remains available for three months for users to conclude it and take the final test. In 2018, we administered 493 courses.

Also on the topic of safety, all cars in our fleet must present optimal mechanical and operating conditions for use by our customers. Our operating team follows the manufacturers' orientations for conducting routine maintenance on our cars, and most cars undergo maintenance by the manufacturer upon reaching 10,000 kilometers.

Before reaching the mileage recommended for maintenance, the customer service areas receive and register any feedback involving poor performance of the cars or mechanical faults or malfunctions. The service areas then sends them to the operations sector, which in each case conducts a technical assessment, which is supported by the manufacturers

**HOW TO DRIVE SAFELY COURSE**



Online with videos and tests



In 2018, 493 courses were administered

through their dealership network and, in cases where manufacturers limit their analysis, to a specialized service provider.

The Car Rental Division collects this information when the car is returned by the customer, with each anomaly reported by the customer handled by scheduling of services through the accredited network. Another mechanism is the telephone customer service center, which receives and records all user requests.

For the Fleet Rental Division, there is a dedicated telephone channel for users and fleet managers to report problems and request support. In the same way, the operations team forwards the vehicle for evaluation and the necessary maintenance through the accredited network.

When a car is sent to the Seminovos division, it undergoes a standardized process to prepare it for sale. The cars are made available to Seminovos dealers only after they undergo complete maintenance to ensure optimal condition and performance. **[416-1]**

Although there is no specific regulation on user safety for the car rental industry, any cases of damages caused by mechanical problems with rental cars are covered by the Brazilian Civil Code, Consumer Defense Code and Traffic Code. In addition to said laws, DETRAN and DENATRAN issue resolutions on vehicle safety conditions, which include conservation and maintenance guidelines, and determines the conditions for car

inspections. In 2018, there was no substantiated incidents of non-compliance with the maintenance and state of conservation of our cars. Furthermore, no lawsuits were filed against Localiza involving mechanical issues with rental cars due to lack of maintenance. We also were not levied any financial penalties by DETRAN in the inspections of our cars for not complying with the required vehicle safety conditions.

In 2018, there were no incidents of violations of regulations or voluntary codes related to the impacts caused by products or services regarding the health and safety of our customers. Furthermore, no lawsuits were filed against Localiza that specifically involved the safety and quality of its fleet. **[416-2]**





## 6.2 Innovation

In 2018, we expanded our digital actions by investing in innovating the customer experience and in operational excellence across the platform. We also invested in our brand to reinforce our leadership in recall and preference by customers. We constantly pursue innovation in all dimensions of our business, with ongoing initiatives continuously developed and updated, and a constant search for new tools and solutions. That is how we are always forging closer relations with our customers and serving them more rapidly, efficiently and interactively.

### LOCALIZA CAR RENTAL INNOVATIONS

#### ► CHECK-IN EXPRESS

Technology that speeds up and simplifies the car pick-up process. The tool allows customers to check their reservation information, choose their car and arrive at the counter with the rental already pre-authorized.

#### ► LOCALIZA FAST

Innovative technology, available exclusively in Latin America, that enables car pick-ups without having to go through the counter. With Localiza Fast, customers gain access to the vehicle's key by taking a selfie and signing the contract on the mobile app.

#### ► MOBILE CHECK-OUT

Solution that allows customers to close contracts in the lot of the location, making the car-return process faster and simpler.

#### ► CHATBOT LOCALIZA

Solution that allows customers to change their personal information and to place or cancel reservations directly in Facebook Messenger with service via simulated human dialogue. Chatbot makes using our services easier and more intuitive for customers.

### LOCALIZA SEMINOVOS INNOVATIONS

#### ► POST-SALES CONNECTED

Post-sales service through highly accessible channels. Questions and requests via WhatsApp and ChatBot. Solution that makes service faster and easier right on the customer's device.

#### ► NEW SEMINOVOS WEBSITE

Modernization of the sales portal [seminovos.localiza.com](http://seminovos.localiza.com). The website's features mobile responsive, adjusting to different forms of access. It also offers more content, more information and pages with promotions and financing.

#### ► STORE OWNER PORTAL

Portal exclusively for store owners that provides historical data on sales, offers, digital subscription and online customer service. The portal helps store owners by providing important information for monitoring and managing their activities.

#### ► SALES CENTER

Team available via telephone (0800-2002000) and digital sales via WhatsApp and Web chat. The sales center works with sales to end consumers and to resellers and other store owners.

### INNOVATIONS LOCALIZA FLEET RENTAL

#### ► CONNECTED CAR

Improvement of the telemetry system with a new portal containing intuitive information and indicators for rapid decision-making. Generates reports that help increase productivity and cut costs.

#### ► MANAGER PORTAL

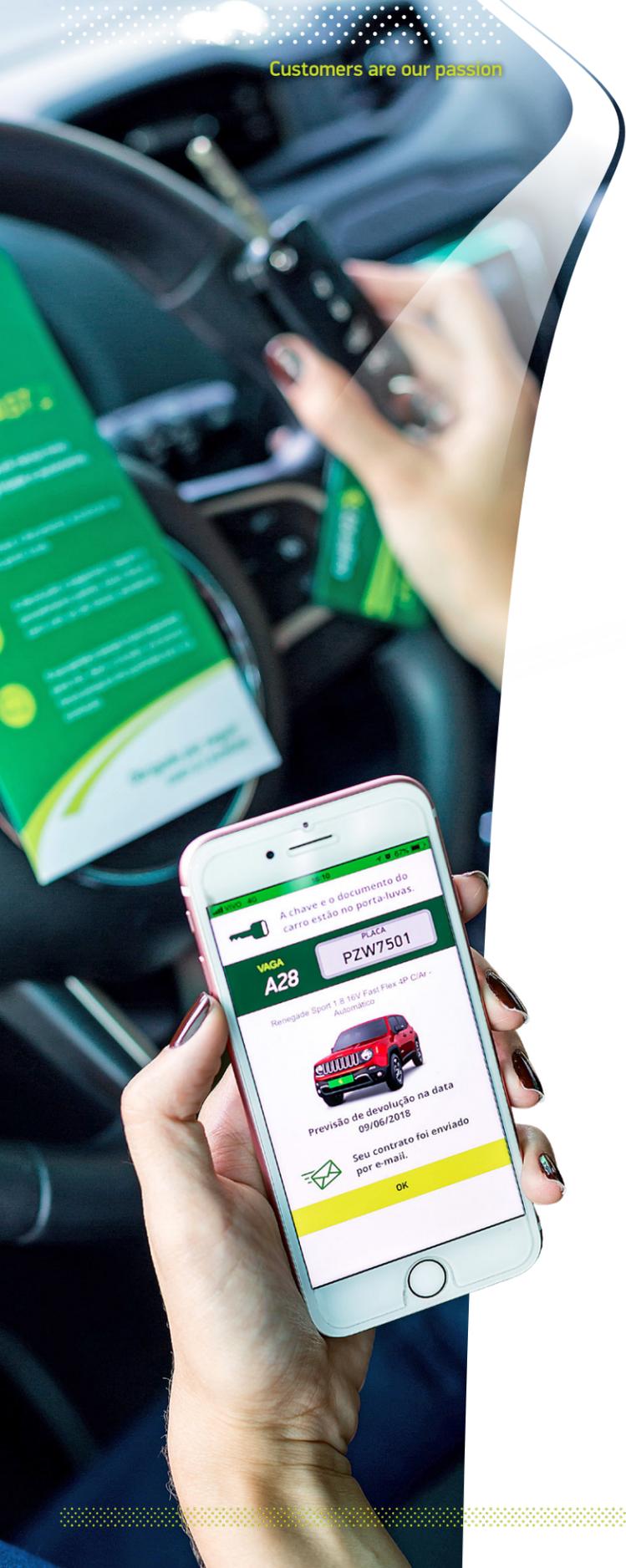
Creation of management indicators that provide inputs for managers to quickly make decisions on the variable costs of their fleet, while making available new reports, documents in digital form and incorporating new information in existing reports.

#### ► FUEL MANAGEMENT

The fuel dashboard shows consumption by company, cost center, user and vehicle model. By integrating the data, managers can cross fueling data with other fleet information, such as the traffic tickets and preventive maintenance of the vehicles, enabling more efficient fleet management.

#### ► USER PORTAL

The #meucarro (#mycar) portal offers real-time information on reservations, traffic law violations and the services contracted from Localiza. The portal was developed collaboratively by users, managers and the Localiza team. Since 2018, it is available in the format PWA and applications in Google Play and Apple Store.



# 7. People who inspire *and transform*



1. RESPECT

2. ENSURE

3. SUPPORT

6. STIMULATE

5. GENDER EQUALITY

8. DECENT WORK AND ECONOMIC GROWTH

10. REDUCED INEQUALITIES

12. RESPONSIBLE CONSUMPTION AND PRODUCTION

16. PEACE, JUSTICE AND STRONG INSTITUTIONS

17. PARTNERSHIPS FOR THE GOALS

**People who inspire and transform** play a lead role in the results we achieve. Talented employees who are committed to our values and recognized based on meritocracy achieve superior performance and grow in step with the results. We strive to offer an inspiring and challenging workplace that creates opportunities for people to realize their potential. Our efforts include investing in training, quality of life and a good organizational climate, while fostering in our employees a sense of purpose in their work. To take advantage of market opportunities and new technologies, we invest in the development of our employees and leaders, as well as in hiring new talent with complementary competencies. We also launched a project to improve the corporate culture in which all employees participate, which strengthens and renews our values and way of being to prepare us for the challenges of the future.

We embarked on a discussion of our culture when we identified that we needed to know if we were prepared for the future. In 2018, we engaged a prominent consulting firm to support the team in this task. More than 500 employees participated in the individual and group interviews for this diagnosis. The effort led to the development of a detailed report for the founders, who decided to invest in strengthening and developing the Localiza Culture.

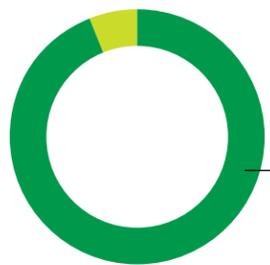
We redrafted our values and purpose, which were relaunched with a massive internal campaign that put the employee at the center of our way of being and doing things. Then, Culture Dissemination Meetings were held and Reference Groups were created to discuss the actual situation in each area of Localiza, through group exercises called Chat Roundtables. In 2019, the project continued with the creation of a Culture Committee, which is sponsored by our Chief Operating Officer,

Bruno Lasansky, and Chief People Officer, Daniel Linhares, and by various other engagement and dissemination actions.

We have conducted an annual organizational climate survey since 2011. Using performance drivers adapted to our business priorities, the survey measures the effectiveness of employees, which is characterized by engagement (“committed and loyal people willing to go beyond”) and by organizational support (“the right people, in the right positions, in the right workplace”). Our employees are increasingly engaged in the survey, with a growing participation rate that reached 94% in 2018.



ORGANIZATIONAL CLIMATE SURVEY



The adherence rate, which has been rising annually, reached 94% in the 2018 survey

## 7.1 Profile of our team

At the end of 2018, Localiza had 8,195 employees, as detailed in the following table [102-8]:

NUMBER OF EMPLOYEES, 2018	
Functional category	Number
Officers	8
Senior executives	19
Managers	68
Mid-level managers	238
Coordinators	36
Supervisors	402
Analysts/Specialists	354
Professionals - administrative	1,658
Professionals - service	1,453
Professionals - operations	2,463
Professionals - sales	1,425
Interns	71
<b>TOTAL</b>	<b>8,195</b>

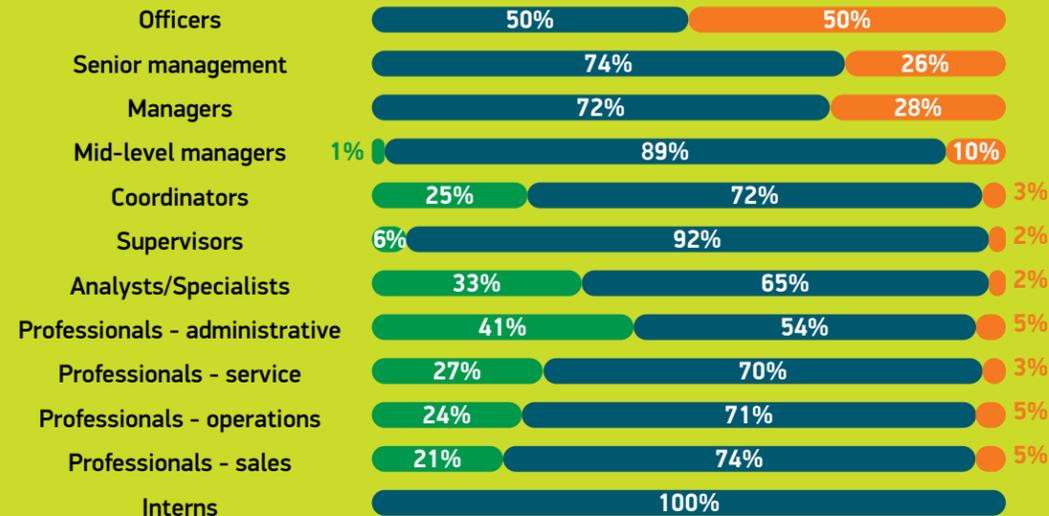
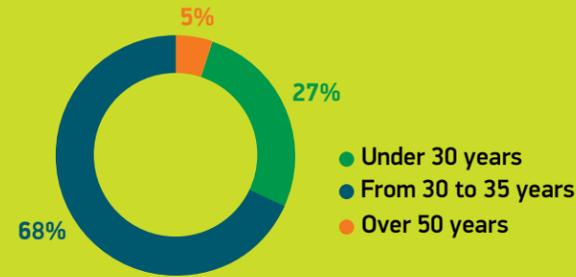
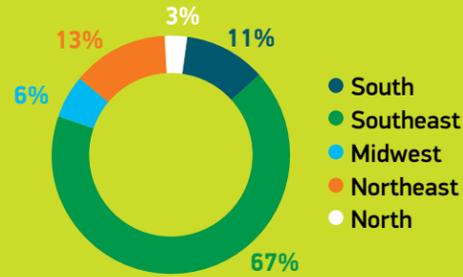
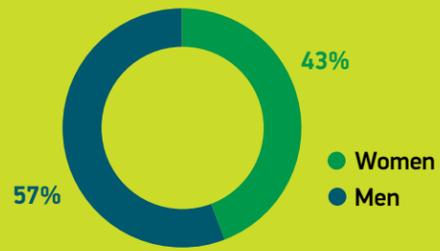


Our team of employees is very heterogeneous and Localiza’s HR practices are open and transparent, as well as completely free of prejudice or discrimination. We offer equal career opportunities to all employees irrespective of gender. In the following tables, we present the diversity data we currently monitor. We do not request that our employees self-declare their race. We are working to better understand the diversity of our employees with regard to the different minority groups and to expand the scope of our actions to promote diversity. [103-2:405; 103-3:405; 405-1; 103-2:406; 103-3:406].

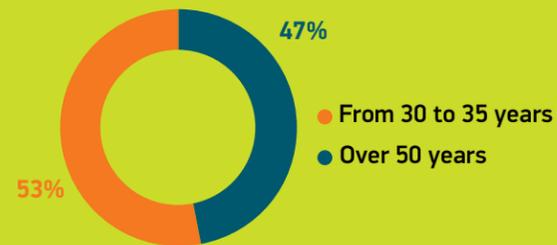
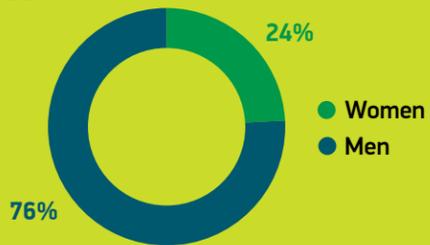
WE INVEST IN TRAINING, QUALITY OF LIFE AND A GOOD ORGANIZATIONAL CLIMATE

8,195 employees

People who inspire and transform



Governance members



Note that, historically, we have two peaks of new hires directly related to the seasonality of the tourism industry. To meet the increased demand of periods marked by family vacations, we hire new employees, who are not always maintained at the end of these periods. Our selection and hiring process is transparent and does not include any filter in terms of gender, age, skin color or religion. Localiza believes and practices meritocracy and equal opportunity in all its corporate relationships. In 2018, a total of 2,612 new employees were hired, as shown in the following table. [401-1; 103-2:401; 103-3:401]:

NEW HIRES		2018	(%)
Gender	Men	1,524	58%
	Women	1,088	42%
Age bracket	Under 30 years	1,208	46%
	From 30 to 50 years	1,359	52%
	Over 50 years	45	2%
Region of Brazil	South	285	11%
	Southeast	1,747	67%
	Midwest	176	7%
	Northeast	321	12%
	North	83	3%
TOTAL		2,612	100%



At Localiza, we value diversity, given our belief that it not only improves our competitiveness and performance, but also encourages respect for unique life stories. In this way, we believe that the fair governance of diversity must value differences while assuring equitable treatment for all employees and recognition based on meritocracy.



### IMMIGRANT HIRING PROGRAM

In view of the current challenges related to immigration and refugees, we proudly exercise our role as a citizen company. We hire immigrants in partnership with ONGs that house and support them, in accordance with their competencies for the respective position. We value meritocracy and help our immigrant employees in their cultural and linguistic constraints, with guidance and support. Our goal is to increase the number of immigrants hired. We currently employ 84 immigrants from various nationalities, up 13% from 2017.



### APPRENTICESHIP PROGRAM

Our Apprenticeship program targets low-income youth aged 15 to 18 to provide social support. The youth are monitored by a partner institution that assesses their school performance and their family and work situation. To support the development of these youth, our Apprenticeship Program offers workshops to prepare and facilitate their access to the labor market. The program addresses topics such as: financial education, business communication, speaking in public and good use of Portuguese; topics related to the market and to Localiza's business field. Our goal is for these youth to become full-time employees after their learning period. In 2018, 12 of them were hired at the company's headquarters alone.



### INCLUSION PROGRAM

We promote the inclusion of persons with disabilities in the Localiza team and train them to work in various positions and to grow within the Company and advance in their careers. In 2018, we hired 367 persons with disabilities in our team. In 2019, we plan on investing in new training programs to develop persons with disabilities to provide them with the necessary skills to meet the available openings.

Our goal is to intensify these programs in 2019 and to increase the number of inclusive new hires. [103-2: 405; 103-3:405]

To achieve this and other objectives, certain people selection and development actions are being implemented in the Diversity and Inclusion Program, such as:

- ▶ Partnership with the Municipality of Belo Horizonte to employ homeless people. Some people are undergoing a selection process and will later undergo technical training at Localiza University.
- ▶ Program to hire people with autism spectrum disorder (ASD). These employees also will be monitored and undergo specific development programs.
- ▶ New training programs to develop persons with disabilities to give them the skills needed to qualify for the openings available.

Diversity programs strengthen the sense of purpose at work, pride in the company and well-being of our employees. We are proud of the bold and proactive role of our initiatives in this area. The Company already has enjoyed many benefits from its programs to promote diversity, such as a more motivated team, the breaking of paradigms, better results and a more people-oriented and diverse workplace. [103-2: 405; 103-3:405]

By combating discrimination and promoting diversity internally, we believe Localiza positively impacts all of society. Our Code of Ethics and Conduct reinforces that any act of discrimination related to nationality, gender, sexual orientation, age, race, skin color, belief, religion, political belief, disability and limitation is prohibited. To ensure a comfortable and safe environment to all of our employees, we offer an anonymous Whistleblowing Channel, and ensure the application of our Non-Retaliation Policy. In 2018,

17 incidents of discrimination were recorded in our Whistleblowing Channel. Of this total, five reports were considered valid or partially valid, and the applicable measures were adopted, which ranged from a warning to dismissal with cause. We are continuously working to reduce the number of cases of discrimination in 2019. [406-1]

As a result of this dedication to creating a healthy and balanced workplace, our turnover closed 2018 at 11.05%. This percentage indicates the number of substitutions of former employees by new hires during 2018. The indicator demonstrates the company's capacity to retain employees. The turnover rate considers only employees hired and dismissed to replace the workforce, thereby excluding impacts related to the Company's growth. The rate also does not include interns, apprentices, temporary workers or persons with disabilities. The importance of quantifying rates such as this for people management is related to scenarios of dissatisfaction and uncertainty among employees that could be shown by increased turnover rates. Turnover rates also can vary significantly among age groups and genders, indicating potential scenarios of inequality. The turnover rate is an important measure, since a high turnover can affect the intellectual and human capital of an organization, impact productivity and lead to higher expenses with recruiting. [401-1]



TURNOVER		2018
Gender	Men	11.63%
	Women	10.27%
Age bracket	Under 30 years	17.19%
	From 30 to 50 years	9.20%
	Over 50 years	6.39%
TOTAL		11.05%

## 7.2 Professional development of our employees

The People Development and Recruiting Area, which reports to the Chief Human Resources Officer, is responsible for managing the development programs offered to employees. We monitor and measure our actions through reports with indicators of employee participation and satisfaction that seek to maximize their participation in initiatives and improve their satisfaction with training programs. We have published policies for the annual programs, targets for general satisfaction rates included in the contracts for training programs and monitoring of the area's initiatives through team reports. We measure training and development actions through a reactive assessment form that is completed by employees at the end of each training program. We also conduct an annual climate survey of employees that includes questions on training and development. After we receive the results of the climate survey, any improvement gaps are analyzed so that we can, if needed, map new actions to meet the needs of the teams. [\[103-1:404; 103-2:404; 103-3:404\]](#)

In 2018, we invested approximately 428,000 hours and around R\$ 4.7 million in the development and training of 6,312 employees. We work to ensure more effective and innovative actions that increasingly engage our employees, which was reflected by the improvement in our results. The satisfaction rate of our team reached 91%. In the current scenario, we improved our satisfaction rate and the number of employees receiving training, which confirms that our employees perceive the importance of training programs for their development and for ensuring strategic competencies at the company [\[404-1\]](#).

THE RESULTS OF THE CLIMATE SURVEY ARE ANALYZED SO THAT WE CAN MAP NEW ACTIONS TO MEET THE NEEDS OF THE TEAMS

PEOPLE DEVELOPMENT IN 2018	2017	2018
Total hours of training	325,850	428,000
Average hours of training per employee	45.75 hours	52.16 hours
Training satisfaction rate	86%	91%
Total investment in training and development	R\$ 2.5 million	R\$ 4.7 million

WE CREATE OPPORTUNITIES SO EVERYONE CAN REACH THEIR FULL POTENTIAL AND REALIZE THEIR ASPIRATIONS! [\[404-2\]](#)

### ► QUALIFICATION PROGRAM

Training program to develop the team's technical and behavioral competencies. The training plan is chosen by the employees themselves, jointly with their direct managers, based on an analysis of the improvement gaps identified in their performance assessment and in the values and competencies of Localiza. Since it was launched, in 2013, the Qualification Program has administered training to 12,110 people, 941 of whom in 2018.

### ► WELCOME TO LOCALIZA

To have an inspiring team also means having a team that knows our purposes, values and culture! We introduce new employees to Localiza's corporate DNA through the program "Welcome to Localiza." In the program, lecturers from the People department and representatives of the business areas present to new team members our culture, values, mission and business platform. Integrating our team with our culture is essential for achieving exceptional results!

### ► INTERN DEVELOPMENT PROGRAM

Our interns are our future employees and are part of our team! We invest in their development so that they can become inspiring and transforming professionals. With a schedule of internal and external training courses, the Intern Development Program enables the development of technical and behavioral competencies. Today, we receive some 60 young professionals who are still in college. In 2018, we drew on the support of 73 interns

In addition to the various training programs for supporting the development of our employees, the Selection & Development Area conducts accompaniment through a process called Performance Management. Our performance management cycle lasts one year and includes the definition of targets and expected competencies, orientation and follow-up, performance reviews and the drafting of a development plan for each employee. Through this cycle, our employees receive regular feedback in a well-structured process of performance analysis and career development [\[103-2:401; 103-2:402\]](#).

WORLD-CLASS LEADERSHIP IS A STRATEGIC GOAL OF OUR BUSINESS! [\[404-2\]](#)

### ► LEADERSHIP PROGRAM

Specific training on people management practices offered to our leaders. Internal multipliers from the People team administer the program, which has trained 200 leaders of Localiza.

### ► NEW LOCALIZA LEADER

Our new leaders are trained in people management practices that teach them about the business and skills to help them apply leadership and management practices.

### ► OXYGEN PROGRAM - CAREER ACCELERATION

Through an internal process, we mapped a group of 25 exceptional employees and monitored their development through training programs to accelerate their career advancement, focusing on the succession of strategic positions in the Company.



Our development programs also train employees in competencies that they can apply to new positions in the market. These competencies are developed through specific training in financial management, personal financial planning and economic scenario and trends. We also conduct succession planning for key positions in the Company, in which executives who are leaving the company help to train and accompany their successors for a period (depending on the case), while they prepare for a new position in the market or for retirement.

In 2018, 100% of the employees participated in our performance management process. The data for 2018 described above are presented in the following table: [103-2:404; 103-3:404; 404-3]



Percentage of employees who participate in the development cycle, by functional category	Leaders (senior management, supervisors, coordinators, managers, officers)	15%
	Other employees (analysts, experts, midlevel managers, professionals and sales professionals)	85%

Here at Localiza, professional development is viewed as a strategic factor. To improve our management and the results of our processes linked to the topic, we regularly invest in development at Localiza University. More than a corporate education platform, it is a space for mobility, connection and discovery that fosters an inspiring workspace, supports career choices and nurtures the unique talents of our team. With its launch expected by end-2019, Localiza University is an initiative that will bring innumerable benefits for our employees and our business. The main gains expected from Localiza University are:

- ▶ All content available on a single digital platform;
- ▶ Actions targeting the development needs of each profile;
- ▶ Online and/or on-site training courses;
- ▶ Governance model interconnected with the business strategy.



## 7.3 Personal development of our employees

We also invest and encourage our employees to pursue personal satisfaction and accomplishment outside their work environment. Here at Localiza, we care for the quality of life and well-being of our team, for which we offer the following support programs and opportunities [401-3]:



### ► Support for Expecting Mothers

Pre-birth accompaniment by a multidisciplinary team, which provides everything required for the health and well-being of the baby and expecting mother. Support consists of orientation on various topics related to pregnancy through weekly meetings and 24-hour service. In 2018, we had 2 on-site meetings with expecting mothers at the headquarters, with a total of 78 participants. A total of 260 expecting mothers were assisted by the company's program nationwide.



### ► Social Services

Support for employees and their spouses or children to help them regain their emotional balance after a social crisis. Offered preventively, correctively or on an emergency basis during crises, difficulties and conflicts. Since 2014, when the program was created, we have been serving needs with an ever-higher level of employee engagement. In 2018, 860 people used the service nationwide.



### ► Maternity & Paternity Leave

We comply with Brazilian law regarding the duration of maternity and paternity leave. Paternity leave is 5 days and maternity leave is 4 months. In 2018, 142 employees enjoyed paternity leave, with a 100% return rate and an 85.9% retention rate (employees who continued to work at Localiza for at least 12 months after leave). Also, 151 women enjoyed maternity leave, with a 100% return rate and an 80.7% retention rate.



### ► Green Seeds

Volunteering is an important form of self-fulfillment and promotes a sense of purpose at work. That is why we encourage the practice with Green Seed, a program through which employees can support select organizations by donating food, personal care products and school materials. In 2018, donations were made to Hospital Mario Pena, with the delivery of one truck full of non-perishable food.



### ► Medical Control of Occupational Health

To support the prevention and early diagnosis of health problems caused by work, we make available to our employees a team of doctors and nurses specializing in safety engineering and occupational medicine at our headquarters. In 2018, lectures were given on topics such as caring for your voice at call centers and emotional health. A total of 1,200 people participated at the headquarters. We also conducted a vaccination campaign in which 1,200 people were vaccinated against H1N1 influenza.



### ► Daycare Assistance

We offer our employees (parents who are widows and widowers or divorced and who are the legal guardians of their children) reimbursement of a portion of their expenses with daycare or schools for children up to 3 years old. For employees admitted before December 2014, the benefit is offered for children up to 6 years old.



## 7.4 Compensation

### WE CONDUCT STUDIES TO ASSES THE COMPETITIVENESS OF LOCALIZA'S COMPENSATION IN THE MARKET

One of our principles is to recognize the performance of our employees. We periodically conduct salary surveys to assess the competitiveness of Localiza's compensation in relation to the market based on the Korn Ferry Hay<sup>7</sup> methodology and review our policies accordingly. In some specific cases, more thorough surveys may be conducted. We maintain an Internal Compensation Policy approved by the senior management. [102-36]

The monthly compensation of our employees is composed of the base salary, additional pay for time of service (ATS), minimum guarantee or commissions, fixed salary, monthly bonus and campaigns – with some of these items exclusive to certain positions. Regarding the compensation of our Board of Directors, the fixed component is proportional to the functions, responsibilities and time demands of each member, and is not pegged to results and participation in board meetings. At the Audit Board, compensation is defined in accordance with the decisions of the Shareholders Meeting. The members of the Board of Directors and Audit Board are not eligible for variable compensation or benefits. [102-35]

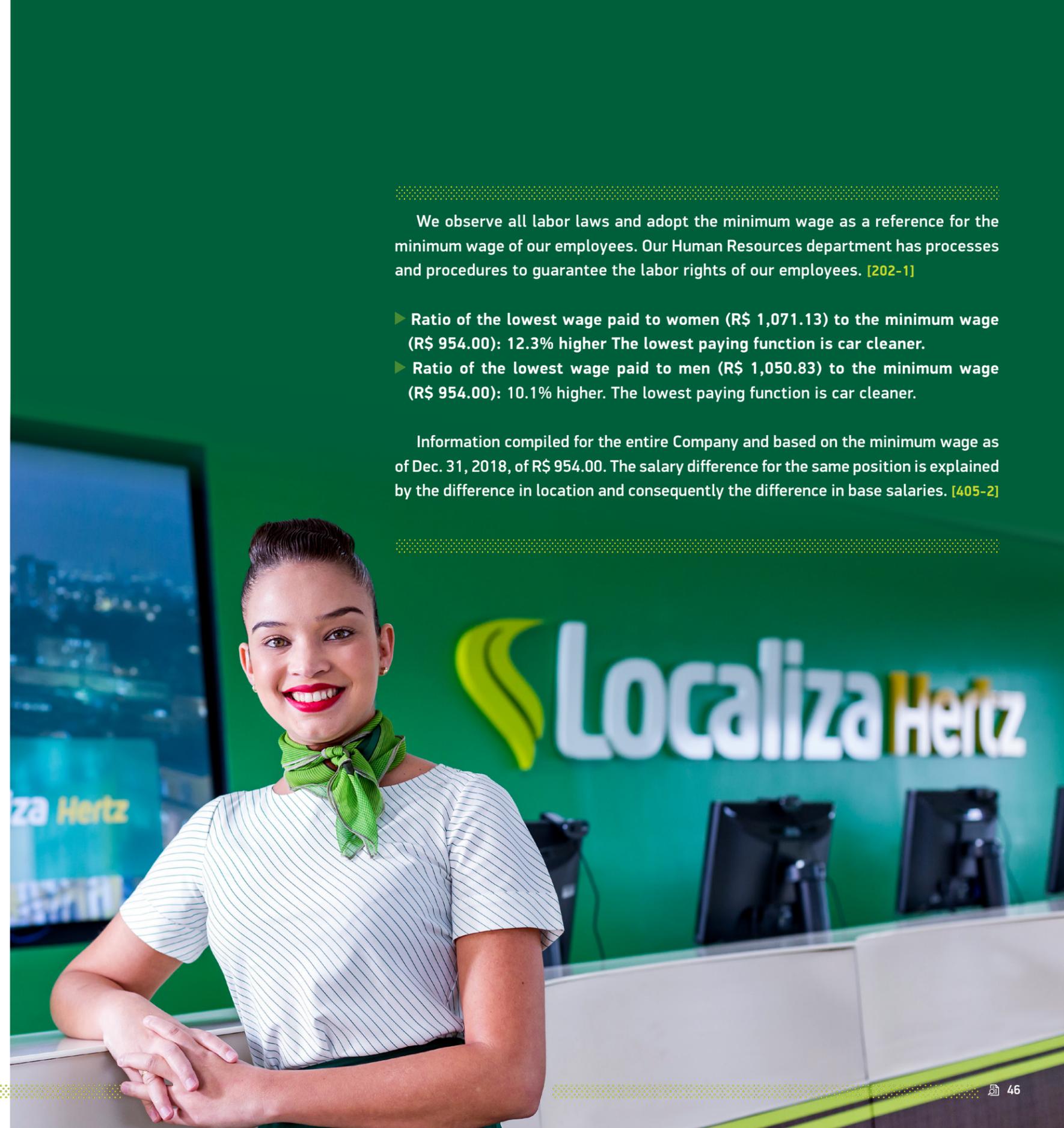
We were one of the first companies to offer a structured profit-sharing program, in 1990, and to offer various benefits to our employees. The payment of profit-sharing at Localiza is based on individual performance, which is measured by a performance review and competencies review, and also on the Company's results, which are measured by the achievement of managerial targets. In 2018, we shared 10.6% of the profits with our employees. We also ensure compliance with all labor rights and guarantee dignified work conditions. [102-36; 404-2]

<sup>7</sup> The method, which is developed and applied by the management consulting firm Korn Ferry, consists of the development of reward and compensation structures that eliminate expenses and retain talent. The method is based on, among various other sources, a database of 20 million employees from 25,000 companies. For more information, go to <<https://www.kornferry.com/pt/solutions-pt/rewards-and-benefits-pt>>. Accessed on 6/12/2019.

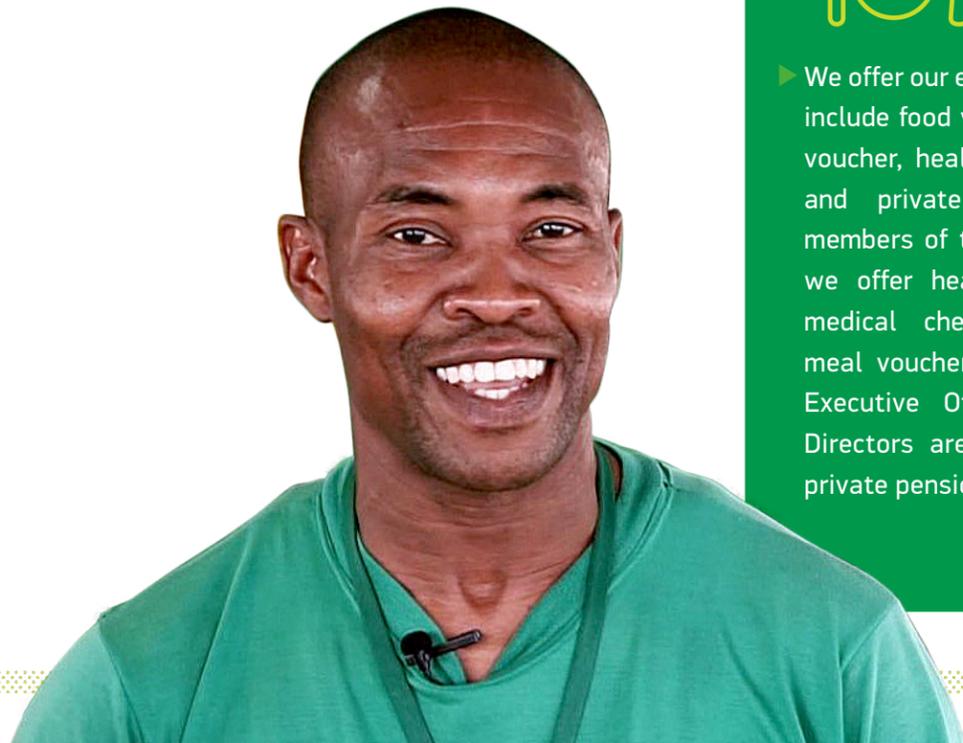
We observe all labor laws and adopt the minimum wage as a reference for the minimum wage of our employees. Our Human Resources department has processes and procedures to guarantee the labor rights of our employees. [202-1]

- ▶ Ratio of the lowest wage paid to women (R\$ 1,071.13) to the minimum wage (R\$ 954.00): 12.3% higher. The lowest paying function is car cleaner.
- ▶ Ratio of the lowest wage paid to men (R\$ 1,050.83) to the minimum wage (R\$ 954.00): 10.1% higher. The lowest paying function is car cleaner.

Information compiled for the entire Company and based on the minimum wage as of Dec. 31, 2018, of R\$ 954.00. The salary difference for the same position is explained by the difference in location and consequently the difference in base salaries. [405-2]



Regarding the guarantees and rules for retirement, employees in operational functions contribute 1% of their salaries to the Private Pension Plan. Localiza is responsible for contributing a matching amount. For employees in other functional levels, the matching contribution of the employee and company corresponds to 5% of their salary. Because we understand the deficits and deficiencies of the National Social Security System (INSS), we offer an optional Private Pension Plan to complement the public social security plan of all employees. The accumulated amount may be redeemed by the employee upon retirement to complement their income or when they leave Localiza. Currently, 11% of our employees participate in the private pension scheme. Through these initiatives, we promote the well-being and quality of life of our employees during and after their employment with Localiza. The Board of Directors and Audit Board do not participate in our pension plans. [201-3; 103-2:201; 103-3:201].



We comply with all Brazilian labor laws and even exceed legal requirements. [102-35; 102-41]

▶ 99.05% of our employees are covered by collective bargaining agreements, with 88.89% through Collective Conventions and 10.16% through Collective Agreements. For the other non-unionized employees (0.95%), Localiza's practice is to advance the salary adjustment and grant benefits in accordance with the company's internal policy.



▶ Every year, our employees receive a share in our profits as part of their compensation.



▶ We offer our employees benefits that include food voucher, transportation voucher, health plan, life insurance and private pension plan. For members of the Board of Directors, we offer health and dental plan, medical check-up, company car, meal voucher and grocery voucher. Executive Officers and Executive Directors are also entitled to the private pension plan.



▶ We ensure that our employees are entitled to paid vacation and to a year-end 13th salary.



▶ Our employees work 44 hours a week and overtime is either offset or paid, in accordance with the collective agreement for the region.

## 7.5 Workplace safety

Our business activity is classified in the lowest level of risk of workplace accidents, based on the NR4 of the National Classification of Economic Activities. Nevertheless, we reinforce our commitment to protect life and to promote the health of our team through our area called Specialized Service in Health and Safety Engineering and Workplace Medicine (SESMT). [403-2]

We work in coordination with the formal accident prevention committee (CIPA) to manage the health and safety of our employees. CIPA is a commission formed by representatives of employers and employees. Its mission is to protect the health and physical integrity of employees and to establish a creative and participatory relationship of dialogue and awareness among officers, managers and other employees, with the goal of improving work conditions. We function democratically, with all suggestions to improve occupational health and safety discussed in monthly meetings, registered in the minutes and presented to the leaders involved to ensure a transparent relationship guided by dialogue. In 2018, 74.42% of the formal agreements entered into between Localization and local trade unions included topics related to worker health and safety. These figures demonstrate the active engagement of employees in issues related to safety. In the collective instruments with Health and Safety clauses, the topics addressed include: Medical Leave, Uniforms, PPEs, Medical Examinations, Workplace Accidents, Minimum Hygiene and Health Conditions. [403-4; 403-1]

### INJURY RATES:

Lost days rate	68.7
Absenteeism	0.2%

### TYPES OF INJURIES:

Occupational fatalities	0
Ankle sprains and strains	15.8%
Superficial trauma	9.5%
Contusion on other members and non-specified parts of the foot	6.3%
Finger contusion without nail injury	4.7%
Sprains and strains on other members	4.7%
Shoulder and arm contusion	4.7%
Multiple traumas	3.2%
Fracture of the proximal end of the tibia	3.2%
Torn ligaments in the ankle	3.2%
Excoriation and abrasion	3.2%
Other	42%

# 8. *Green* attitude



7. AFFORDABLE AND CLEAN ENERGY



8. DECENT WORK AND ECONOMIC GROWTH



9. INDUSTRY, INNOVATION AND INFRASTRUCTURE



6. CLEAN WATER AND SANITATION



7. AFFORDABLE AND CLEAN ENERGY



9. INDUSTRY, INNOVATION AND INFRASTRUCTURE



12. RESPONSIBLE CONSUMPTION AND PRODUCTION



13. CLIMATE ACTION



15. LIFE ON LAND



16. PEACE, JUSTICE AND STRONG INSTITUTIONS

WE POSITION OURSELVES AS IMPORTANT AGENTS IN DEBATES ON MOBILITY, SMART VEHICLE USE, PRIORITIZING RENEWABLE ENERGY, OPTIMIZING WATER RESOURCES AND MANAGING AUTOMOTIVE WASTE

**Green attitudes for building the future of mobility; that is the value that converges our initiatives focusing on social and environmental management and on controlling sustainability performance indicators.** We strive to implement concrete actions to mitigate our main negative impacts and to maximize our positive impacts. We believe that, through our attitudes, we can contribute to a more environmentally balanced and socially just society. Building a culture of sustainability throughout the business demands a mature discourse that is strengthened by the Company's practices and reflected in positive results with tangible returns. In this way, we seek to position ourselves as an important agent in the debate on mobility, the smart use of cars, fleet efficiency, prioritizing renewable energy, optimizing water resources and managing automotive waste, which are topics associated with our main impacts and that, if duly addressed, will lead to solutions for a low-carbon economy.

We believe that to become the world's greenest car rental company, we must play an active and transformational role focused on innovation and creating value for society. And, to make that happen, we work to ensure that our activities and socio-environmental practices, firstly, comply with all legal requirements. According to CONAMA Resolution 237/97, the core business of Localiza, which is renting vehicles without a driver, does not require an environmental license. When municipal government authorities question some of Localiza's internal services, such as washing cars, fueling or oil change, we explain the company's core business activity and request an environmental license exclusively for such

activities or an exemption, and we have always been successful in these requests. If necessary, Localiza contracts the services of a consulting firm specializing in environmental licensing for the issue of technical opinions and reports. In 2018, there were no incidents involving significant fines or non-monetary sanctions arising from environmental violations. [\[103-2:307; 103-3:307; 307-1\]](#)

In addition to our constant concern with fully complying with the applicable legislation, our operations follow environmental management guidelines that promote sustainable and innovative initiatives with regard to energy, water and waste. Localiza is constantly monitoring the market for solutions to improve the performance of our locations and stores. We have pursued innovations in our processes to optimize the use of the resources associated with our activities and to ensure continuous improvement in the services we offer.



## 8.1 Energy

Localiza consumes energy in two different ways: electricity for the activities of its headquarters, branches and stores and fuel for running generators and its cars. In 2018, the energy consumption<sup>8</sup> of each of these sources was as follows [\[302-1\]](#):

ENERGY CONSUMPTION WITHIN LOCALIZA

Fuel types used	Fuel	GJ	Activities
Non-renewable fuels	Diesel / Brazil	46,382.28	Transportation of cars between regional units using semi-trucks, moving the fleet in branch parking lots, moving the fleet for maintenance (unproductive kilometer), use of cars under the responsibility of the sales team and use of generators at offices
	Gasoline / Brazil	109,504.34	
Purchase electricity	Electricity / Brazil	59,725.77	Consumption of electricity for operating activities and customer service
<b>Total</b>		<b>215,612.39</b>	

ENERGY CONSUMPTION OUTSIDE LOCALIZA

Fuel types used	Fuel	GJ	Activities
Non-renewable fuels	Diesel / Brazil	3,198.4	Employee commuting via public transportation <sup>9</sup> and air travel for business
	Jet fuel	12,694.2	
Solid waste	Lubricant oil	7.5	Incineration of solid waste contaminated with oil
<b>Total</b>		<b>15,900.21</b>	

<sup>8</sup> The information presented was prepared based on the standard NBR ISO 14064 and on the Brazilian GHG Protocol Program.

<sup>9</sup> In 2018, since we were unable to account for our employee's fuel consumption in their work commute using private cars, we calculated only their commute via public transportation. This change reduced significantly energy consumption outside the organization. In 2019, we plan to resume the monitoring of this information.

We are still working on a way to clearly differentiate the use of renewable fuels in our energy matrix. Our sales and operational teams are instructed to always opt for refueling cars with ethanol, but due to the high number of times a car is refueled and the absence of a tool that could report the fuel used, we still are unable to measure the effectiveness of ethanol use. Therefore, as a conservative approach, we consider that any fuel used is gasoline.

In 2018 compared to 2017, energy use by the Company's operations increased. This increase was expected, given the expansion in the fleet and higher number of customers served. [302-4]

One way of perceiving any efficiency gains and effective reduction in energy consumption is by using an indicator of energy intensity. The energy intensity ratio defines energy consumption in the context of a specific metric adopted by the organization. At Localiza, we adopt net revenue as the metric for energy intensity. This proportion expresses the energy required (GJ) by the Company to realize each monetary unit (R\$) of its net revenue. [302-3]

**ENERGY INTENSITY 2017:**  
 Total energy consumption GJ /  
 Net revenue R\$  
 188,356.89 / 6,058,300,000 = 31.09



**ENERGY INTENSITY 2018:**  
 Total energy consumption GJ /  
 Net revenue R\$  
 215,612.39 / 7,895,800,000 = 27.30

In other words, in 2018, Localiza consumed 27.3 energy units for each net revenue unit, while in 2017 it consumed 31.09. This represents an efficiency gain of 15%

We believe in the sustainable development of the planet and work in various ways to ensure our contribution. Our business is based on transporting people using cars, which means that our concern with the quality and mechanical efficiency of the fleet has direct impacts on energy consumption. As such, we have assembled our fleet so as to offer our customers modern, economic, flex-fuel models within the most efficient period of their useful lives. Our fleet renewal policy establishes that cars must be replaced after one year of use<sup>10</sup>, which ensures that the available fleet always complies with the highest operational standards of the automotive industry.

In addition to energy consumed by the car engines, we also devote attention to the electricity consumption of our stores and headquarters. Always innovating to ensure the perpetuity of our business, in 2017 we undertook the commitment to become the first car rental company to adopt solar power as the energy source for 100% of our operations. With the goal of generating our own clean and renewable energy, reduce costs and contribute to a more sustainable energy profile, the Solar Project adopts two strategies to honor this commitment: [103-2:302; 103-3:302]

<sup>10</sup> This rule is valid only for Car Rental, since in Fleet Rental the cars are replaced in accordance with the agreement signed with each client.

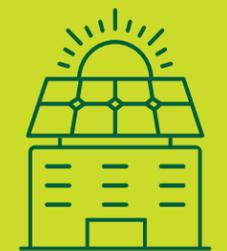
COMPARISON OF ENERGY CONSUMPTION, GJ

Consumption Sour		2017	2018
Diesel	Generators	34,400.3	46,328.3
	Semi-trucks		
Gasoline	Sales team fleet	102,685.9	109,504.3
	Fleet / unproductive km		
Electricity	Electricity consumed	50,269.9	59,725.7
<b>TOTAL</b>		<b>187,356.2</b>	<b>215,612.39</b>

SOLAR PROJECT IMPLEMENTATION STRATEGIES



► **Solar Farms:** Construction of the ground infrastructure required for the assembly and installation of photovoltaic panels on a large scale. The solar farms generate energy under the remote self-consumption category of Distributed Generation, whereby all generated is directed to the power grid, which generates credits at the local concessionaire that can be redeemed at consumption units. This strategy was adopted at regional units where this system is feasible, depending on land availability, minimum load, interaction with the local concessionaire and the system's operations.



► **Rooftop Power Stations:** Construction of infrastructure on the roof of branches for the assembly and installation of photovoltaic panels. Rooftop power stations operate under the distributed generation category, whereby the power generated is directly consumed at the location and the surplus is sent to the power grid, which generates credits at the local concessionaire that can be redeemed. This strategy was adopted at the regional units where solar farms are not feasible.



In 2018, we concluded **Phase 1** of the Solar Project, which consisted of completing construction of the solar farms and commencing power generation. Initially, we planned the construction of four solar farms, in the states of Minas Gerais, Rio de Janeiro, Pernambuco and Goiás. During this process, we ended up opting to discontinue the solar farm in Goiás, due to commercial disagreements that made their operation unfeasible. Accordingly, the rooftop power station strategy was adjusted by expanding the installation of rooftop panels at this regional unit and ensuring support for our operations in the state.

On another front, in 2018 we launched **Phase 2** of the Solar Project. This phase consists of preparing and building the infrastructure and installing rooftop photovoltaic panels at various car rental locations and used-car dealerships in Localiza's operational base. The work is being performed by a specialized service provider, which is responsible for all technical, operational and legal procedures under the project. Due to the lengthy contractual negotiations involving the parties, which is typical for a project of this scale, there was a delay in launching the activities, which affected the final timeframe and target initially set for the project.



As such, the target for completing all installation projects under **Phase 2** is by mid-2020, although part of our power stations will start operating already in 2019.

With the conclusion of **Phase 2** of the Solar Project, we will have net energy generation of 12,700 MWh per year, which is the project's guaranteed minimum generation and sufficient to supply our eligible branches<sup>11</sup> with 100% solar, renewable and clean energy. Considering the ideal weather conditions for this energy source, this figure could be even higher. Note that the project was designed to meet obligatorily the demand from 497 branches, which corresponds to the size of our network at the time of the project's conception. The expansion in the number of branches is monitored by the Solar Project to determine if new locations and stores should have their own generation facilities or if they can use the surplus power generated by facilities already operational.

We already have a Solar Project pilot location operating and generating power since March 2017, the power station at Localiza Cristiano Machado location in Belo Horizonte, as a remote self-consumption unit. The power station was the first of the project and serves as a reference for our technical estimates, assumptions and considerations.

### SOLAR PROJECT – PHASE 2:

#### Operational Milestones of Rooftop Power Stations, 1st Half 2020

- ▶ Activation of **42%** of power stations in December 2019 and **58%** in January 2020.
- ▶ **87** power stations built, meeting demand from **497** locations

ASSEMBLY GROUP	CAPACITY (KWP)	PLANTS	PRIORITY	% PROJECT	DELIVERY OF WORKS	ACTIVATION
1. São Paulo city	1,005.7	18	0	26%	Nov/19	Dec/19
2. São Paulo interior	583.9	14	1	15%	Dec/19	Jan/20
4. Northeast	710.3	19	1	19%	Dec/19	Jan/20
6. Rio Grande do Sul + Santa Catarina	511.8	12	2	13%	Dec/19	Jan/20
5. Midwest	429.9	10	2	11%	Dec/19	Jan/20
8. Espírito Santo + Rio de Janeiro	177.2	4	3	5%	Nov/19	Dec/19
7. North	194.6	5	3	5%	Nov/19	Dec/19
8. Paraná	222.8	5	3	6%	Oct/19	Dec/19
<b>GENERAL TOTAL</b>	<b>3,836.2</b>	<b>87</b>		<b>100%</b>		

### SOLAR PROJECT – PHASE 1:

#### Solar farms operations, March 2018

- ▶ **Minas Gerais Solar Farm**  
UFV Cemig Localiza  
**468 kWp** of installed capacity
- ▶ **Rio de Janeiro Solar Farm**  
UFV Light Localiza  
**546 kWp** of installed capacity
- ▶ **Pernambuco Solar Farm**  
UFV Celpe Localiza  
**130 kWp** of installed capacity

GENERATING UNIT	TOTAL GENERATION 12/31/2018 (KWH)
UFV Light Localiza	321,939
UFV Cemig Localiza	111,520
UFV Celpe Localiza	112,864
<b>TOTAL</b>	<b>557,576</b>

The power generated by the solar farms covers 25% of the total energy needs of Localiza's current operating footprint.

GENERATING UNIT	TOTAL GENERATION 12/31/2018 (KWH)
Localiza Location Cristiano Machado	11,253

<sup>11</sup> Eligible branches are all the 497 locations and stores in operation at the time the solar project was developed. All branches created after the project's conception fall outside the initial scope and are assessed on a case-by-case basis for incorporation into the project.



ENERGY EFFICIENCY INITIATIVES ARE BEING IMPLEMENTED IN OUR LOCATIONS AND STORES

In addition to investing in the renewal of our electricity profile, we remain attentive to opportunities to reduce our energy consumption. At our headquarters, built in 2017, we have implemented cutting-edge and innovative initiatives to make our day-to-day activities as efficient as possible in terms of energy consumption. We also implemented actions at our branches that help to reduce energy consumption, which we plan to expand.

INITIATIVES ADOPTED AT STORES AND BRANCHES IN 2018

-  ► **Change to LED lighting.** In 2018, 60% of the complex already uses this technology;
-  ► **Change to inverter air conditioners, which are more efficient in terms of energy consumption.** In 2018, 57 substitutions were made, which will continue throughout 2019.

MAIN INNOVATIONS AT THE HEADQUARTERS, ENERGY EFFICIENCY

-  ► **Smart elevators that generate power when braking and reduce energy consumption by up to 30%;**
-  ► **Optimization of the use of natural lighting through automated window blinds;**
-  ► **Building an automation system that controls the intensity of artificial lighting based on the amount of natural light received;**
-  ► **LED lighting enabling a reduction in energy consumption of up to 70%;**

WE IMPLEMENTED WATERLESS WASHING OF THE VEHICLES IN OUR FLEET

## 8.2 Water

Water consumption also is a constant concern in our operations, which is why our branches have been improving the monitoring of this consumption. In 2118, we compiled data on the water consumption of our car rental locations, used car stores and headquarters. [303-1; 303-3]

WATER CONSUMPTION AT LOCALIZA

Consumption Point	Volume (m³)	Source	Note
Headquarters	8,315	Public supply	There is no reuse water at the Headquarters We have an artesian well and are in the process of obtaining authorization to use the water, which is expected to be granted by the competent authorities in second half of 2019 / first half of 2020.
Car rental locations	349,141	Public supply	There are ongoing initiatives to obtain authorization for the drilling and use of artesian wells at the locations.
Used car stores	38,755	Public supply	There are ongoing initiatives to obtain authorization for the drilling and use of artesian wells at the locations.
<b>TOTAL</b>	<b>396,211 m³</b>		

The highest water consumption in our operations is associated with washing the cars in our fleet. Committed to promoting the efficient and rational use of water, in 2015, we innovated our processes by implementing waterless car washing in our entire chain in Brazil, which saves up to 82 liters of water per washing. While we spend 83 liters on average in traditional washing, waterless washing uses only 200 ml. It would be ideal if all our cars were cleaned using waterless washing. However, not all types of dirt are eligible for this type of cleaning. Waterless washing is effective for simple dirt that is easily removed. In some cases, it is necessary to adopt traditional cleaning using water.

Note that the products used in waterless washing are monitored, and only duly approved brands that demonstrably show no adverse effects to the environment and employee health may be used.

We monitor on a monthly basis the performance of all locations in terms of waterless washing and are developing a process for managing and controlling these data in a systemic and centralized way. The idea is to establish an objective target for waterless washing. To ensure the achievement of this target, we will offer annual training sessions to car washing teams that demonstrate the best application of the technique and the efficiency, quality and cost-effectiveness of waterless washing. [103-2:303; 103-3:303]



# 8.3 Materials used and waste generation

Our operations require various types of materials and inputs. The most relevant ones are office supplies and inputs for maintaining our fleet. [306-1]



CAR MAINTENANCE INPUTS, 2018

Item Consumed	Total Volume	Unit	Reverse Logistics Legal
Motor oil	1,334,292	L	YES
Oil filter	297,879	unit	YES
Fuel filter	278,642	unit	NO
Tires	174,420	unit	YES
Air filter	108,799	unit	NO
Hubcap	62,156	unit	NO
Brake pad	53,143	kg	NO
Spark plug	47,003	unit	NO
Brake rotor	28,055	unit	NO
Windshield	27,332	unit	NO
Bumper	20,951	unit	NO
Radiator additive	18,162	L	YES
Brake fluid	12,309	L	YES
Headlight	13,122	unit	NO
Wheel	12,097	unit	NO
Lamp	11,227	unit	NO
Battery	10,401	unit	YES
Mn transmission oil	4,522	L	YES
Compressor oil	540	L	YES
Aut transmission oil	266	L	YES

OFFICE SUPPLIES

Item consumed	Total volume	Unit	Reverse logistics legal
Paper	18,580,500	unit	NO
Toner	1,810	unit	YES



Most of the solid waste generated by our operations comes from car maintenance. Aware of the negative impacts this waste can cause, Localiza is co-responsible for the disposal of this waste, with this responsibility occurring in two different ways [103-2:306; 103-3:306]:

- **Direct Responsibility** - Direct impact occurs when we conduct internal maintenance, inside Localiza locations (35 units in Brazil). Most of this solid waste is returned to suppliers that comply with the legal requirements of reverse logistics, which is incinerated and used as alternative fuel. Other waste is sent to duly licensed companies that dispose of them and issue the applicable certificates attesting to their environmentally correct disposal. In addition, these branches are equipped to ensure that car maintenance operations do not pose any environmental risks, minimizing the impacts of operations by installing containment grates along the perimeter of maintenance areas and installing water-oil separators to avoid soil contamination in the event of a leak.
- **Indirect Responsibility** - Maintenance carried out at the facilities of outsourced suppliers, which are responsible for correct waste disposal. In this case, Localiza has a policy of engaging only suppliers that comply with environmental regulations and have the capacity to perform maintenance and waste disposal activities in accordance with environmental standards.

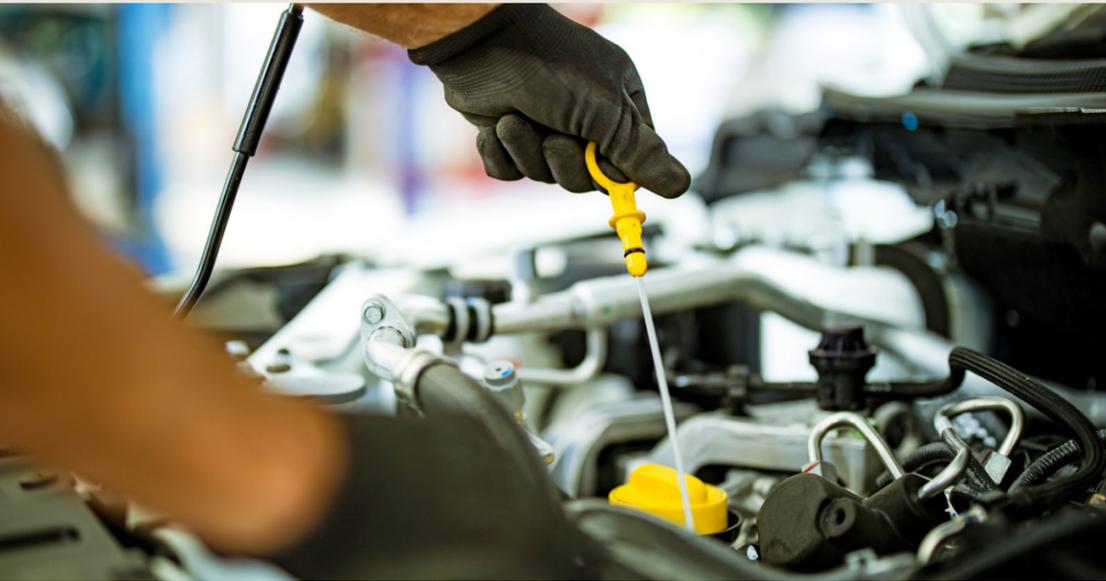
## OIL PROJECT

The Oil Project focuses on reducing costs and unproductivity in the fleet. Its basic principle is that the fleet cars is not transported to the dealership, but the opposite, whereby we acquire the oil directly from the manufacturer and dispose of the waste correctly. This means that Localiza not only obtains savings and efficiency gains in the service, but also ensures that its cars are being inspected in the most correct and controlled way possible, ensuring a workplace especially designed for maintenance and contracting licensed suppliers.

The total volume of used oil sent for re-refining in 2018 was 206,950 liters. This figure refers to the services carried out at Localiza locations. The volume of solid waste contaminated with oil, filters, cotton yarn waste, etc. was 31124.80 kg.

For these kinds of waste, Localiza prioritizes co-processing and use as alternative fuel, incineration or industrial landfill.

In 2018, there were no incidents involving major leaks at our facilities or operations. [306-3]



Localiza also monitors the solid waste generated by its headquarters and strives to find solutions to reduce the impacts of the generation, transportation and disposal of this waste. Given its focus on reducing the volume of waste sent to landfills and consequently reducing the greenhouse gas emissions generated by this activity, Localiza is planning to install a composter at its headquarters area. With the capacity to process up to 50 kg/day of organic waste from our corporate restaurant, the composter will be managed by a team hired by Localiza. The goal is to transform organic waste into substrate, which has a direct impact on reducing methane emissions and on partially substituting the use of chemical fertilizers in our landscaping with organic matter, while also reducing costs. In 2018, we also launched a

Recycling Program at our headquarters to raise awareness on the importance of recycling among our employees. After the campaign, we promoted the sorting of the waste generated by the headquarters by type so that it can be

duly sent for processing and recycling, which significantly reduces the volume of waste disposed of in landfills. The remaining solid waste generated that is not recyclable is properly handled and disposed of in accordance with its classification. Printer toners are sent for reprocessing or reuse; lightbulbs and batteries are sent for decontamination and disposal; and the remainder is sent to landfills.

WASTE GENERATED AT THE HEADQUARTERS

Waste generated	Quantity	Unit	Classification
Lamps	120	unit	Hazardous
Toners	240	unit	Hazardous
Batteries	120	unit	Hazardous
Nonrecyclable waste	5,926	liters/day	Nonhazardous
Organic	1,076	liters/day	Nonhazardous
Paper and paperboard	938	liters/day	Nonhazardous
Plastic	1,160	liters/day	Nonhazardous
Metal	251	liters/day	Nonhazardous
Glass	305	liters/day	Nonhazardous
Cooking oil	10	liters/day	Hazardous

## 8.4 Greenhouse gas emissions

Another important concern addressed by our sustainability strategy is the commitment to understanding better the impacts of our operations on global warming, which involves measuring our greenhouse gas emissions and then supporting efforts to reduce and control them.

In 2018, we continue to seek best practices and

greater control of our emission sources. We conducted our second GHG inventory following internationally recognized methodologies, the Brazilian GHG Protocol Program and the standard ISO 14064-1. Emission sources were identified and classified by hierarchy within our organizational structure, following the control approach of responsibility for GHG emissions of operations over which we have operational control. Consistent with practices and committed to excellence in all we do, we measure the emissions that must be reported (Scope 1 and Scope 2) as well as the emissions whose reporting is optional (Scope 3).

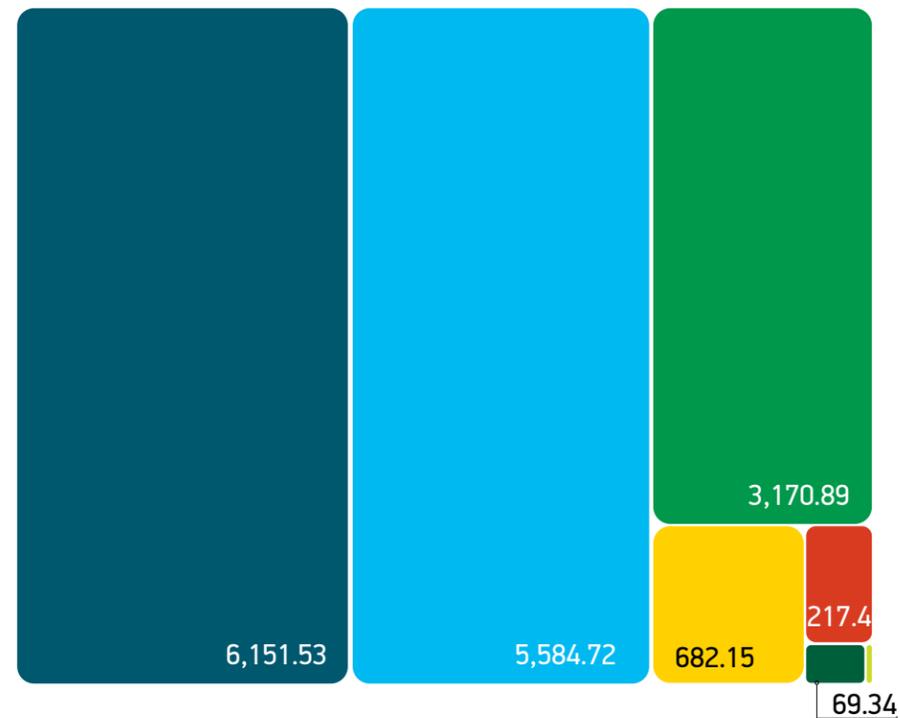


**SCOPE 1 [305-1]: Direct GHG emissions from sources that belong to or are controlled by the organization.**

EMISSÕES DE GEE KYOTO ESCOPO 1 POR CATEGORIA E ATIVIDADE, 2018

Scope	Category	Activity	Emissions (tCO2e)	Emissions (%)	Total (tCO2e)
Scope 1	Stationary combustion	Sporadic generator rental	0.53	0.00%	13.67
		Generator	13.14	0.10%	
	Mobile combustion	Semi-trailer used to transport vehicles among regional units	3,170.89	17.40%	9,507.09
		Own fleet / unproductive km	5,584.72	30.60%	
		Company vehicles under responsibility of the sales team	682.15	3.70%	
		Company vehicles under responsibility of GF sales team	69.34	0.40%	
		Air conditioning of fleet	6,151.53	33.70%	
	Fugitive emissions	Cooling equipment of buildings	217.4	1.20%	6,372.26
		Replacement of fire extinguishers	3.33	0.00%	
<b>Total</b>			<b>15,893.03</b>		

**SCOPE 1 Emissions**



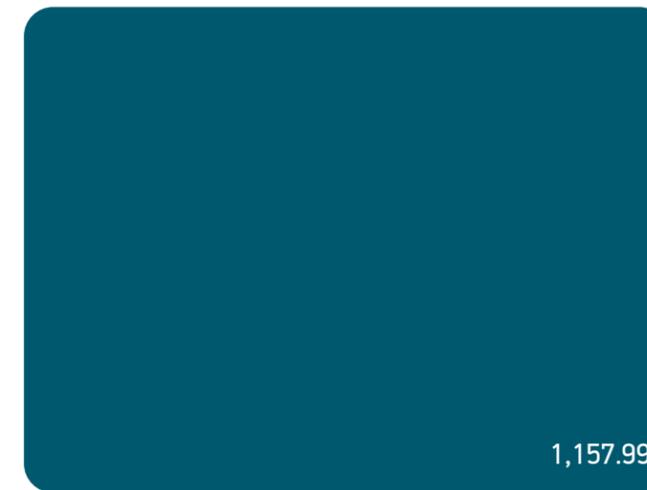
- Air conditioning of fleet
- Own fleet/unproductive km
- Semi-trailer used to transport vehicles among regional units
- Company vehicles under responsibility of sales team
- Cooling equipment of buildings
- Company vehicles under responsibility of GF sales team
- Other less relevant emissions

**SCOPE 2 [305-2]: Indirect GHG emissions from the purchase of electricity that is consumed by the organization.**

KYOTO GHG EMISSIONS - SCOPE 2 BY CATEGORY, 2018

Scope	Category	Activity	Emissions (tCO2e)	Emissions (%)	Total (tCO2e)
Scope 2	Electricity purchases	Electricity consumption	1,157.99	6.30%	1,157.99

**Scope 2 emissions**



- Consumption of electricity

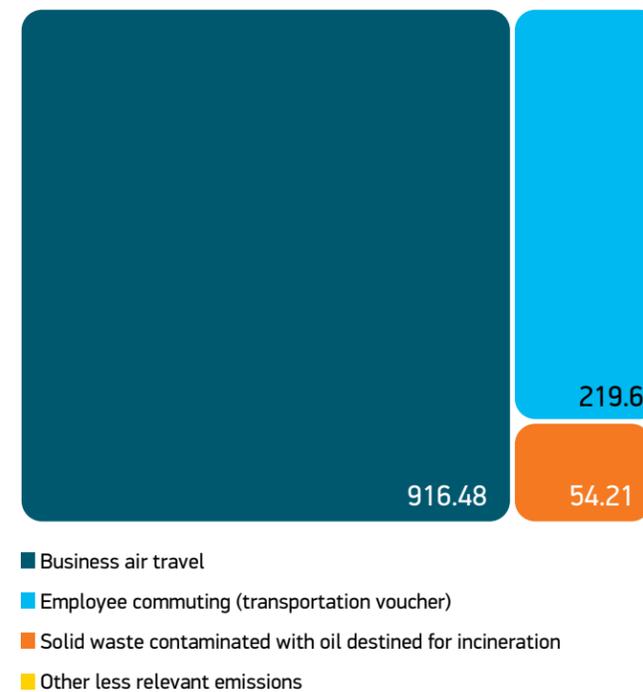
**SCOPE 3 [305-3]:** Optional reporting category, considers all other indirect emissions not falling under Scope 2. They are a consequence of the organization's activities, but occur at sources that it does not own or control.

KYOTO GHG EMISSIONS - SCOPE 3 BY CATEGORY, 2018

Scope	Category	Activity	Emissions (tCO2e)	Emissions (%)	Total (tCO2e)
Scope 3	Employee commuting	Employee commuting (transportation voucher)	219.6	1.20%	219.6
	Waste from operations	Solid waste contaminated with oil destined for incineration	54.21	0.30%	54.79
		Oil from sump	0	0.00%	
		Oil destined for re-refinery – reverse logistics	0.58	0.00%	
	Business air travel	Business air travel	916.48	5.00%	916.48
<b>Total</b>			<b>1,190.87</b>		

The results of our inventory will, as from 2019 (base year 2018), be available for consultation on the platform of **Public Emissions Registry of the Brazilian GHG Protocol Program**. The goal is to impart greater transparency and visibility to our inventory data for all our stakeholders. Our initiative to adhere to the program contributes to Latin America's largest database of corporate GHG inventories.

Emissões ESCOPO 3



## 8.5 Supply chain

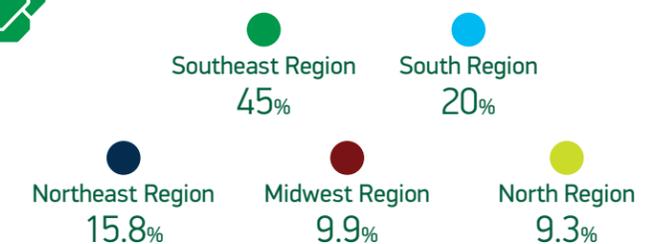
We understand that the value chain is one of the ways in which we can enhance the sustainability of our operations and to foster fairer, more competitive and enduring relations with our partners. In this light, our supply chain is divided into direct and indirect suppliers. Direct suppliers are responsible for fleet maintenance and for selling parts and accessories to the fleet, which amount to 9,300 suppliers with the following geographic distribution by region: 45% in the Southeast, 20% in the South, 15.8% in the Northeast, 9.9% in the Midwest and 9.3% in the North. Meanwhile, indirect suppliers provide all the consumption materials and fixed assets to the Company, as well as services. Our over 900 indirect suppliers are distributed geographically as follows: 76% in the Southeast, 8% in the South, 5% in the Midwest, 5% in the North and 6% in the Northeast. There were no significant changes in our supply chain in 2018 compared to 2017. **[102-9; 102-10]**



DIRECT SUPPLIERS



More than 9,300 suppliers responsible for maintenance and sale of parts and accessories for the fleet



INDIRECT SUPPLIERS



900 suppliers that supply all consumption materials and fixed assets to the company



## ALL OUR SUPPLIERS MUST RESPECT DIVERSITY AND OFFER A SAFE AND HEALTHY WORKPLACE

In 2018, direct costs with suppliers of materials and services came to R\$ 350 million and indirect costs amounted to R\$ 200 million. The magnitude of Localiza's supply chain demonstrates the importance of our role in causing positive economic impact in the country. [203-2]

We always prioritize maintenance suppliers located near our branches to expedite fleet repair and reduce the risk of fines, accidents and theft involving the cars. In the procurement area of our headquarters, we strive to always include our local suppliers in our bid processes to promote local commerce, expedite deliveries and reduce freight costs. We also prioritize the engagement of local general contractors for the construction and renovation of branches. Despite our efforts to strengthen regional economies, we have not yet quantified our spending with local suppliers. We manage sustainability across our value chain in accordance with the contractual clauses especially developed to provide legal grounding for our operations, ensure environmentally friendly activities and encourage the involvement of our suppliers with sustainability. [204-1; 103-2: 414; 103-3: 414]

To disseminate the culture of sustainability across our chain, all suppliers must observe and respect diversity, prohibit any form of discrimination and comply with environmental rules and regulations. They must ensure a safe and healthy workplace, comply with all occupational health and safety regulations and combat any form of forced labor.

These are the essential prerequisites for executing and maintaining service agreements with Localiza. In addition to practices undertaken during the execution of services agreements, Localiza analyzes the documentation provided by suppliers, especially those that could generate any environmental impact, and requests, when applicable, proof that the supplier complies with environmental and labor law, such as training certificates, risk and accident prevention plans, as well as other measures to ensure that its supply chain complies with legislation and standards and to guarantee Localiza's social and environmental value. [103-2:308; 103-3:308]

The growing adoption of sustainability practices in our value chain represents a competitive advantage that has a direct impact on our results and on value creation for our stakeholders.

We repudiate the hiring of child or slave labor and believe in inclusive labor relations and respect for human rights.

Although the value chain of our business model is not considered to be at high social risk, we know that child labor and slave labor are a reality in Brazil, so we recognize child labor as a risk to which Localiza is exposed. As part of our actions with suppliers, we strive to engage them and to raise awareness on the importance of eliminating slave labor and combating child labor. [103-2: 408 103-3:408; 103-2: 409; 103-3:409;].

Child labor adversely affects a child's learning and makes the child vulnerable in various aspects, including health, exposure to violence, sexual harassment, grueling physical activity, accidents involving machinery and animals, among others. We understand that changing this reality is critical to building a better society. Furthermore, we undertook a commitment to guarantee respect for human dignity and the social value of work, principles established in the Brazilian constitution.

The execution of agreements for expanding and renovating Localiza's branches and Seminovos stores is the main point of attention. Therefore, for the expansion or renovation works of our network of Localiza Car Rental and Seminovos locations in Brazil, we conduct regular random audits at work sites and, in 2018, no incidents of child or slave labor were identified.

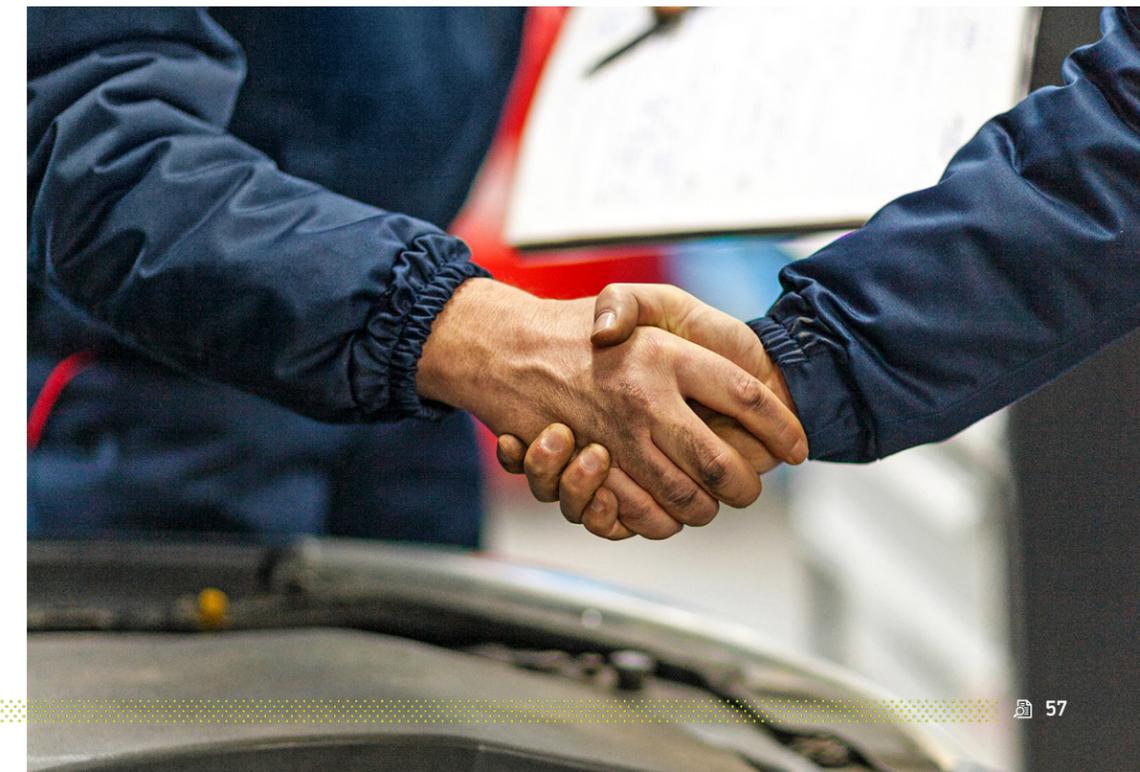
We also foster sustainability in our supply chain through a series of processes and projects, such as:

### **DUE DILIGENCE PROCESS FOR INTERMEDIARIES [205-1]:**

For these stakeholders, we conduct regular monitoring and Due Diligence procedures, through which we obtain key information on suppliers. We also administer training programs, especially for third-party intermediaries.

The Internal Audit and Compliance area is responsible for assessing the information obtained in the Due Diligence process and for issuing a report recommending the approval (qualified or unqualified) or suspension of the supplier.

In 2018, 205 third-party intermediaries were analyzed.



# *GRI content index*



[102-55]

DISCLOSURE NUMBER	APPROACH	DISCLOSURE DESCRIPTION	URL / PAGE
<b>GRI 102: GENERAL DISCLOSURES, 2016</b>			
102-1	Essential	Name of the organization	3. Localiza
102-2	Essential	Activities, brands, products and services	3. Localiza
102-3	Essential	Location of the headquarters	3. Localiza
102-4	Essential	Location of operations	3. Localiza
102-5	Essential	Ownership and legal form	3.3. Governance Structure
102-6	Essential	Markets served	3. Localiza
102-7	Essential	Scale of the organization	3. Localiza 5. Exceptional Results 5.1. Economic Value
102-8	Essential	Information on employees and other workers	7.1. Profile of our team
102-9	Essential	Supply chain	8.5. Supply chain
102-10	Essential	Significant changes to the organization and its supply chain	8.5. Supply chain
102-11	Essential	Precautionary principle or approach	3.3.3 Committees
102-12	Essential	External initiatives	3.2. Ethics and Transparency 4.1. Sustainability Program
102-14	Essential	Statement from senior decision-maker of the organization	2. Message from the CEO
102-16	Essential	Values, principles, standards, and norms of behavior	3.1. Institutional
102-17	-	Mechanisms for advice and concerns about ethics	3.2. Ethics and Transparency
102-18	Essential	Governance structure	3.3. Governance Structure 3.3.1. Board of Directors 3.3.3 Committees
102-19	-	Delegating authority	3.3.3 Committees
102-20	-	Executive-level responsibility for economic, environmental, and social topics	3.3.3 Committees
102-21	-	Consulting stakeholders on economic, environmental, and social topics	4.2. Materiality of Sustainability topics
102-22	-	Composition of the highest governance body and its committees	3.3.1. Board of Directors
102-23	-	Chair of the highest governance body	3.3. Governance Structure
102-24	-	Nominating and selecting the highest governance body	3.3.1. Board of Directors
102-25	-	Conflicts of interests	3.2. Ethics and Transparency

DISCLOSURE NUMBER	APPROACH	DISCLOSURE DESCRIPTION	URL / PAGE
102-26	-	Role of highest governance body in setting purpose, values, and strategy	3.3.1. Board of Directors
102-27	-	Collective knowledge of highest governance body	3.3.1. Board of Directors
102-28	-	Evaluating the highest governance body's performance	3.3.1. Board of Directors
102-29	-	Identifying and managing economic, environmental, and social impacts	4.2. Materiality of Sustainability topics
102-33	-	Communicating critical concerns	3.3.2. Executive Board
102-35	-	Remuneration policies	7.4. Compensation
102-36	-	Process for determining remuneration	7.4. Compensation
102-40	Essential	List of stakeholder groups	4.2. Materiality of Sustainability topics
102-41	Essential	Collective bargaining agreements	7.4. Compensation
102-42	Essential	Identifying and selecting stakeholders	4.2. Materiality of Sustainability topics
102-43	Essential	Approach to stakeholder engagement	4.2. Materiality of Sustainability topics
102-44	Essential	Key topics and concerns raised	4.2. Materiality of Sustainability topics
102-45	Essential	Entities included in the consolidated financial statements	3. Localiza
102-46	Essential	Defining report content and topic Boundaries	4.2. Materiality of Sustainability topics
102-47	Essential	List of material topics	4.2. Materiality of Sustainability topics
102-49	Essential	Changes in reporting	4.2. Materiality of Sustainability topics
102-50	Essential	Reporting period	1. About this report
102-51	Essential	Date of most recent report	1. About this report
102-52	Essential	Reporting cycle	1. About this report
102-53	Essential	Contact point for questions regarding the report	Credits - Employees
102-54	Essential	Claims of reporting in accordance with the GRI Standards	1. About this report
102-55	Essential	GRI content index	9. GRI Content Summary
102-56	Essential	External assurance	4.2. Materiality of Sustainability topics
<b>GRI 201: ECONOMIC PERFORMANCE, 2016</b>			
103-1:201	Essential	Explanation of the material topic and its boundary	4.2. Materiality of Sustainability topics
103-2:201	Essential	Management approach and its components	5. Exceptional Results 7.4. Compensation
103-3:201	Essential	Evaluation of the management approach	5. Exceptional Results 7.4. Compensation

DISCLOSURE NUMBER	APPROACH	DISCLOSURE DESCRIPTION	URL / PAGE
201-1	-	Direct economic value generated and distributed	5.2. Shared value creation
201-3	-	Defined benefit plan obligations and other retirement plans	7.4. Compensation
201-4	-	Financial assistance received from government	5.2. Shared value creation
<b>GRI 202: MARKET PRESENCE, 2016</b>			
202-1	-	Ratios of standard entry level wage by gender compared to local minimum wage	7.4. Remuneration
<b>GRI 203: INDIRECT ECONOMIC IMPACTS, 2016</b>			
203-1	-	Infrastructure investments and services supported	5. Exceptional Results
203-2	-	Significant indirect economic impacts	5. Exceptional Results 8.5. Supply chain
<b>GRI 204: PROCUREMENT PRACTICES, 2016</b>			
204-1	-	Proportion of spending on local suppliers	8.5. Supply chain
<b>GRI 205: ANTI-CORRUPTION, 2016</b>			
103-1:205	Essential	Explanation of the material topic and its boundary	3.2. Ethics and Transparency 4.2. Materiality of Sustainability topics
103-2:205	Essential	Management approach and its components	3.2. Ethics and Transparency
103-3:205	Essential	Evaluation of the management approach	3.2. Ethics and Transparency
205-1	-	Operations assessed for risks related to corruption	8.5. Supply chain
205-2	-	Communication and training about anti-corruption policies and procedures	3.2. Ethics and Transparency
205-3	-	Confirmed incidents of corruption and actions taken	3.2. Ethics and Transparency
<b>GRI 206: ANTI-COMPETITIVE BEHAVIOR, 2016</b>			
206-1	-	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	3.2. Ethics and Transparency
<b>GRI 302: ENERGY, 2016</b>			
103-1:302	Essential	Explanation of the material topic and its boundary	4.2. Materiality of Sustainability topics
103-2:302	Essential	Management approach and its components	8.1. Energy
103-3:302	Essential	Evaluation of the management approach	8.1. Energy
302-1	-	Energy consumption within the organization	8.1. Energy
302-3	-	Energy intensity	8.1. Energy
302-4	-	Reduction in energy consumption	8.1. Energy

DISCLOSURE NUMBER	APPROACH	DISCLOSURE DESCRIPTION	URL / PAGE
<b>GRI 303: WATER, 2016</b>			
103-1:303	Essential	Explanation of the material topic and its boundary	4.2. Materiality of Sustainability topics
103-2:303	Essential	Management approach and its components	8.2. Water
103-3:303	Essential	Evaluation of the management approach	8.2. Water
303-1	-	Water withdrawal by source	8.2. Water
303-3	-	Water recycled and reused	8.2. Water
<b>GRI 305: EMISSIONS, 2016</b>			
305-1	-	Direct (Scope 1) GHG emissions	8.4. Greenhouse gas emissions
305-2	-	Energy indirect (Scope 2) GHG emissions	8.4. Greenhouse gas emissions
305-3	-	Other indirect (Scope 3) GHG emissions	8.4. Greenhouse gas emissions
<b>GRI 306: EFFLUENTS AND WASTE, 2016</b>			
103-1:306	Essential	Explanation of the material topic and its boundary	4.2. Materiality of Sustainability topics
103-2:306	Essential	Management approach and its components	8.3. Materials used and waste generation
103-3:306	Essential	Evaluation of the management approach	8.3. Materials used and waste generation
306-1	-	Total water discharge by quality and destination	8.3. Materials used and waste generation
306-3	-	Significant spills	8.3. Materials used and waste generation
<b>GRI 307: ENVIRONMENTAL COMPLIANCE, 2016</b>			
103-1:307	Essential	Explanation of the material topic and its boundary	4.2. Materiality of Sustainability topics
103-2:307	Essential	Management approach and its components	8. Green attitude
103-3:307	Essential	Evaluation of the management approach	8. Green attitude
307-1	-	Non-compliance with environmental laws and regulations	8. Green attitude
<b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT, 2016</b>			
103-1:308	Essential	Explanation of the material topic and its boundary	4.2. Materiality of Sustainability topics
103-2:308	Essential	Management approach and its components	8.5. Supply chain
103-3:308	Essential	Evaluation of the management approach	8.5. Supply chain

DISCLOSURE NUMBER	APPROACH	DISCLOSURE DESCRIPTION	URL / PAGE
<b>GRI 401: EMPLOYMENT, 2016</b>			
103-1:401	Essential	Explanation of the material topic and its boundary	4.2. Materiality of Sustainability topics
103-2:401	Essential	Management approach and its components	7.1. Profile of our team
103-3:401	Essential	Evaluation of the management approach	7.1. Profile of our team
401-1		New employee hires and employee turnover	7.1. Profile of our team
401-3		Parental leave	7.3. Personal development of our employees
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY, 2016</b>			
403-1		Workers representation in formal joint management-worker health and safety committees	7.5. Workplace Safety
403-2		Types of injury and rates of injury, occupational disease, lost days, absenteeism and total number of work-related fatalities	7.5. Workplace Safety
403-4		Health and safety topics covered by formal agreements with trade unions	7.5. Workplace Safety
<b>GRI 404: TRAINING AND EDUCATION, 2016</b>			
103-1:404	Essential	Explanation of the material topic and its boundary	4.2. Materiality of Sustainability topics 7.2. Professional development of our employees
103-2:404	Essential	Management approach and its components	7.2. Professional development of our employees
103-3:404	Essential	Evaluation of the management approach	7.2. Professional development of our employees
404-1		Average hours of training per year per employee	3.2. Ethics and Transparency 7.2. Professional development of our employees
404-2		Programs for developing employee skills and transition assistance programs	3.2. Ethics and Transparency 7.4. Compensation
404-3		Percentage of employees receiving regular performance and career development reviews	7.2. Professional development of our employees
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES, 2016</b>			
103-1:405	Essential	Explanation of the material topic and its boundary	4.2. Materiality of Sustainability topics
103-2:405	Essential	Management approach and its components	7.1. Profile of our team
103-3:405	Essential	Evaluation of the management approach	7.1. Profile of our team
405-1		Diversity of governance bodies and employees	7.1. Profile of our team
405-2		Ratio of basic salary and remuneration of women to men	7.4. Compensation

DISCLOSURE NUMBER	APPROACH	DISCLOSURE DESCRIPTION	URL / PAGE
<b>GRI 406: NON-DISCRIMINATION, 2016</b>			
103-1:406	Essential	Explanation of the material topic and its boundary	4.2. Materiality of Sustainability topics
103-2:406	Essential	Management approach and its components	7.1. Profile of our team
103-3:406	Essential	Evaluation of the management approach	7.1. Profile of our team
406-1		Incidents of discrimination and corrective actions taken	7.1. Profile of our team
<b>GRI 408: CHILD LABOR, 2016</b>			
103-1:408	Essential	Explanation of the material topic and its boundary	4.2. Materiality of Sustainability topics
103-2:408	Essential	Management approach and its components	8.5. Supply chain
103-3:408	Essential	Evaluation of the management approach	8.5. Supply chain
<b>GRI 409: FORCED OR COMPULSORY LABOR, 2016</b>			
103-1:409	Essential	Explanation of the material topic and its boundary	4.2. Materiality of Sustainability topics
103-2:409	Essential	Management approach and its components	8.5. Supply chain
103-3:409	Essential	Evaluation of the management approach	8.5. Supply chain
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT, 2016</b>			
103-1:414	Essential	Explanation of the material topic and its boundary	4.2. Materiality of Sustainability topics
103-2:414	Essential	Management approach and its components	8.5. Supply chain
103-3:414	Essential	Evaluation of the management approach	8.5. Supply chain
<b>GRI 416: CUSTOMER HEALTH AND SAFETY, 2016</b>			
416-1		Assessment of health and safety impacts of products and services	6.1. Traffic safety
416-2		Incidents of non-compliance concerning the health and safety impacts of products and services	6.1. Traffic safety
<b>GRI 419: SOCIOECONOMIC COMPLIANCE, 2016</b>			
103-1:419	Essential	Explanation of the material topic and its boundary	4.2. Materiality of Sustainability topics
103-2:419	Essential	Management approach and its components	3.2. Ethics and transparency
103-3:419	Essential	Evaluation of the management approach	3.2. Ethics and transparency

 ***Localiza***