

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainability-Linked Securities

Movida Participações S.A
18 January 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	Sustainability-Linked Securities
Relevant standards	Sustainability-Linked Bond Principles, as administered by ICMA
Lifecycle	Pre-issuance verification
Validity	As long as Movida's Sustainability-Linked Financing Framework and benchmarks for the Sustainability Performance target(s) remain unchanged

CONTENTS

SCOPE OF WORK	3
ISS ESG SPO ASSESSMENT SUMMARY	4
ISS ESG SPO ASSESSMENT	5
PART 1: KPI SELECTION & SPT CALIBRATION	5
PART 2: ALIGNMENT WITH ICMA SUSTAINABILITY-LINKED BOND PRINCIPLES	14
PART 3: LINK TO Movida’S SUSTAINABILITY STRATEGY	17
ANNEX 1: Methodology	21
ANNEX 3: Quality management processes	22
About ISS ESG SPO	23

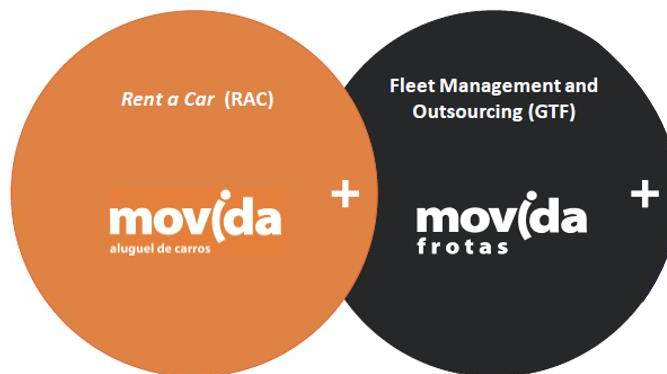
SCOPE OF WORK

Movida Participações S.A (“Movida” or “the issuer”) commissioned ISS ESG to assist with its Sustainability-Linked Financing Framework by assessing three core elements to determine the sustainability quality of the instrument:

1. The sustainability credibility of the KPI selected and Sustainability Performance Target (SPT) calibrated – whether the KPI selected is core, relevant and material to the issuer’s business model and sector, and whether the associated target is ambitious.
2. Movida’s Sustainability-Linked Financing Framework (January 2021 version) and the structural components of a potential transaction – benchmarked against the Sustainability-Linked Bond Principles (SLBPs), as administered by the International Capital Market Association (ICMA).
3. Sustainability-Linked Securities link to Movida’s sustainability strategy – drawing on Movida’s overall sustainability profile and related objectives.

MOVIDA BUSINESSES OVERVIEW

Movida operates in the rent a car (RAC) fleet management and outsourcing segments (GTF). Movida serves customers in Brazil and owns a fleet of more than 109,000 vehicles.



ISS ESG SPO ASSESSMENT SUMMARY

SECTION	EVALUATION SUMMARY ¹
<p>Part 1:</p> <p>KPI selection and SPT calibration</p>	<p>KPI selection: Material to issuer’s business model and sustainability profile</p> <p>Sustainability Performance Target (SPT) calibration:</p> <ul style="list-style-type: none"> • Ambitious against issuer’s performance for the past two years² • Ambitious against issuer’s sectorial peer group • Ambitious against Paris Climate Goals <hr/> <p>The KPI selected is core, relevant and material to the issuer’s business model and consistent with its sustainability strategy. It is measurable, quantifiable, externally verifiable and benchmarkable. It covers a material scope of the operations and activities of Movida.</p> <p>The SPT calibrated by Movida is ambitious against the company’s past performance and compared to Transport and Logistics sector companies involved in road transportation in terms of defining a GHG emissions reduction target. The SPT belongs to the top 5 most ambitious targets defined by companies in the peer group. Compared with the benchmark provided by the issuer and obtained through engagement with the Science Based Initiative, the issuer’s SPT is aligned with the Paris Climate Goals and well-below a 2°C decarbonization pathway. The target is set in a clear timeline, is benchmarkable and supported by a clear strategy and action plan. To further demonstrate the ambition of the SPT, the issuer is in the process of submitting it to the SBTi for certification.</p>
<p>Part 2:</p> <p>Alignment with the SLBPs</p>	<p>Alignment with Sustainability-Linked Bond Principles, 2020, as administered by ICMA</p> <hr/> <p>The Issuer has defined a formal framework for its Sustainability-Linked Securities regarding the selection of KPI, calibration of Sustainability Performance Target (SPT), sustainability-linked securities characteristics, reporting and verification. The framework is in line with the Sustainability-Linked Bond Principles (SLBP) as administered by the ICMA.</p>
<p>Part 3:</p> <p>Link to issuer’s sustainability strategy</p>	<p>Consistent with issuer’s sustainability strategy</p> <hr/> <p>According to ISS ESG Indicative assessment, the company currently shows a moderate sustainability performance. For the four key ESG issues identified by ISS ESG as relevant to Movida based on the Transport & Logistics sector’s main ESG challenges (Pollution prevention, Climate prevention, Transport safety, and Customer and stakeholder responsibility), the company has put in place measures and policies to address risks, even if further efforts could help strengthening the ESG performance.</p> <p>The KPI selected by the issuer is related to climate change. Climate change has been defined as one of the key priorities of the issuer in terms of sustainability strategy and ISS ESG finds that this is a material sustainability topic for the issuer. ISS ESG finds that this issuance contributes to the issuer’s sustainability strategy thanks to the KPI’s clear link to one of the key sustainability priorities of the issuer and due to an ambitious SPT against company’s past performance and peer group. To further demonstrate the ambition of the SPT, the issuer could get the SPT certified by the Science-Based Target Initiative.</p>

ISS ESG SPO ASSESSMENT

PART 1: KPI SELECTION & SPT CALIBRATION

1.1. KPI selection

KPI selected by the issuer

FROM ISSUER'S FRAMEWORK

- **KPI: tCO₂e/million R\$ (net revenue) covering 100% of Movida operations and including Scopes 1, 2 and 3 emissions.**
- **SPT:** reduction of GHG emissions intensity to 45.37 or less tCO₂e/million R\$ by the end of 2025, which is equivalent to an estimated reduction of 15% from the 2019 baseline.

Associated long-term goal: Reduce GHG emissions intensity (tCO₂e/million R\$) by 30% (scopes 1, 2 and 3 emissions) by the end of 2030, reaching an intensity level of 37.38 or less tCO₂e/million R\$ produced.

Rationale: The issuer states that the KPI selected is material and relevant for Movida. Due to the nature of its business, the issuer concludes that the best option for their first SLB operation is to define an intensity target, tracking the company's organic growth regarding its emissions reductions. Reducing GHG emissions intensity is a key strategy for Movida to contribute to the achievement of global sustainability goals and targets, mitigate climate change and address the climate crisis, while expanding its potential for generating a positive impact.

Movida's Sustainability Performance Target was therefore established considering its direct emissions (Scope 1), as well as its indirect emissions, related to the use of energy (Scope 2) and the material links of its value chain (Scope 3), with the purpose of aligning the company's organic growth with emissions reductions. Scope 3 emissions were strategically included in the scope of its reduction target because this category represents 98% of the company's total emissions, according to its latest GHG Inventory published and audited.

Baseline: 53.38 tCO₂e/million R\$ *

Baseline year: 2019

2025 goal: 45.37 tCO₂e/million R\$

Scope: 100% of Movida operations, on GHG emissions scopes 1,2 and 3.

*2019 was chosen as a baseline year because it was the year when Movida started to prepare its GHG Inventory following the standards of The Greenhouse Gas Protocol: the Corporate Accounting and Reporting Standard, WRI & WBCSD (2004) and Guides, Guidelines and Calculation tools of the Brazilian GHG Protocol Program (PBGHGP) of FGV (2020). In addition to that, the 2019 GHG's Inventory was the first inventory audited by an independent third party in 2020.

KPI calculation methodology: Movida used its GHG emissions inventory methodology, that was built following the guides, guidelines and calculation tools of the Brazilian GHG Protocol Program (2020).

¹ Movida is not part of the ISS ESG Corporate Rating Coverage Universe. The assessment of the ESG performance and strategy of the company has been conducted by an ISS ESG analyst for the Transport and Logistics sector. Please note that, while the assessment methodology is derived from the ISS ESG Corporate Rating methodology, the below assessment should be considered as indicative only and differs from a full Corporate Rating.

² The level of ambition against Movida's past performance can only be partially judged due to the lack of historical data beyond 2019 and 2020. Prior to this date, the inventory methodology was not aligned with the same accounting protocol and has not been verified.

Materiality and relevance

Climate change mitigation is considered a key ESG issue faced by the Transport and Logistics sector according to key ESG standards³ for reporting and ISS ESG assessment. As of 2020, transportation is responsible for 24% of direct CO₂ emissions from fuel combustion. Road vehicles – cars, trucks, buses and two- and three-wheelers – account for nearly three-quarters of transport CO₂ emissions.

Companies in the Transport and Logistics sector involved in road transport for passengers are highly energy-intensive in the operations of their fleet. In the context of Movida, the company owns a fleet for its rent-a-car business and outsourcing segments and sells used cars, therefore accounting for a high carbon profile for its scope 3 emissions related to the use of goods and services sold. Furthermore, the sector is highly exposed to other environmental and social risks, including air pollution and transport safety risks.

ISS ESG finds that climate change mitigation and the GHG emissions reduction KPI selected by the issuer is:

- **Relevant** to Movida's business as its industry is highly GHG-emitting, especially on the scope 3 of its operations and exposed to climate change mitigation solutions (e.g. alternative combustion engines and fuels, electric vehicles).
- **Core** to the issuer's business as climate change mitigation reduction measures, especially on the scope 3 of operations that represent a vast majority of the GHG emissions of Movida, will impact key processes and operations (e.g. fleet management).
- **Material** to Movida from an ESG perspective as it is one of the key ESG issues faced by the Transport & Logistics industry and hence Movida can have material impact on the issue, especially by including the scope 3 of operations within the scope of the selected KPI.

Consistency with overall company's sustainability strategy

Through its Corporate Sustainability Policy, Movida is committed to sustainability. Those commitments focus on the various social topics (e.g. diversity, urban mobility as inclusion, traffic safety), governance (e.g. business ethics and corporate governance, taking part to national and international sustainability agendas) and environmental topics. Climate change mitigation, adaptation and offsetting has been defined as one of the key sustainability priorities of Movida.

Specific objectives related to climate change mitigation have also been defined along the sustainable view of Movida, on the axis "Better planet". In this context, Movida is committed to become carbon neutral by 2030 and to become carbon positive in 2040 (through climate mitigation measures to reduce its GHG emissions, as captured in the context of this bond, and through carbon emissions offsetting measures, which are not considered and accounted for in the scope of this transaction).

Movida is the first car rental company in Brazil that obtained a B Corporation Certification⁴ and that has been included in the ISE B3 Corporate Stock Exchange Index on Sustainability for the second

³ Key ESG Standards include SASB and TCFD, among others.

⁴ <https://bcorporation.net/>

time⁵. Recently, Movida has been included in ICO2 B3 Corporate Stock Exchange Index on Efficient Carbon, demonstrating commitment with the transparency of its emissions.

Movida has defined a roadmap for climate change based on the mitigation, neutrality and adaptation measures across its value chain. The steps planned or underway through this program include for example:

- Definition of medium- and long-term reduction goals, which is directly supported by the Sustainability-Linked Financing Framework with a long-term goal of reducing GHG emissions intensity (tCO₂e/million R\$) by 30% (scopes 1, 2 and 3 emissions) by year end 2030;
- Strategies to mitigate greenhouse gas emissions and neutralize business impacts encouraging customer to use ethanol as a fuel;
- Other action fronts are the continuous improvement of energy and water efficiency, such as implementation of renewable energy solutions such as solar energy in the company's facilities, dry washing projects focused to minimize water consumption and improved solid waste management focused on circular economy;
- Implementation of specific projects for customers in their operations, in order to help them map data about CO₂ emissions and offer opportunities to reduce/neutralize emissions, engaging the entire value chain around the subject.
- Infrastructure upgrade and continuous modernizing of its vehicles. Examples include the partnership between Movida and Nissan to promote electric and hybrid cars market evolution in Brazil.

The definition of a GHG emission intensity reduction KPI is consistent with Movida's strategy of mitigating climate change and represents an intermediate step to reach the longer-term GHG reduction target set by the company. The issuer states that this transaction will support Movida's wider Sustainability Strategy and 2030 long-term goals ([see section 3 of this report](#)).

ISS ESG finds that the KPI selected by the issuer is consistent with the overall company's sustainability strategy.

Measurability

- **Material scope and perimeter:** The KPI selected covers 100% of the issuer's operations including all GHG emissions scope 1, 2 and 3, and thus a material scope given the issuer's high exposure to scope 3 emissions, responsible for more than 98% of its emissions.
- **Quantifiable:** The KPI selected is measurable and quantifiable. The issuer is referring to key reporting and accounting protocol for GHG emissions inventory in its local market: the Brazilian GHG Protocol Program.
- **Externally verifiable:** The KPI selected is externally verifiable thanks to the above-mentioned protocol. The 2019 GHG inventory of the issuer has been audited by a third-party. The 2018

⁵ <http://iseb3.com.br/o-que-e-o-ise>

data is not taken into consideration as it is not aligned with the same accounting protocol and not verified by third parties.

- **Benchmarkable:** By referring to a commonly acknowledged GHG accounting protocol, the KPI is comparable and benchmarkable. Benchmarking of the SPT in relation with this KPI has been analyzed in the subsequent section.

Opinion on KPI selection: ISS ESG finds that the KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy. It is measurable, quantifiable, externally verifiable and benchmarkable. It covers a material scope of the operations and activities of Movida.

1.2. Calibration of SPT

SPT set by the issuer

FROM ISSUER'S FRAMEWORK⁶

Sustainability Performance Target: Reduction of GHG Emissions Intensity to 45.37 or less tCO₂e/million R\$ (net revenue) by the end of 2025. The trigger will be achieving the GHG emissions intensity target above. This is equivalent to an estimated reduction of 15% from the 2019 baseline, including Scopes 1, 2 and 3 GHG emissions.

Sustainability Performance Target Trigger: is calculated as follows: the GHG emissions intensity for the year ending 2025.

Sustainability Performance Target Observation Date: December 31, 2025

2019 Baseline Intensity: 53.38 tCO₂e/million R\$ produced, including scopes 1, 2 and 3 GHG emissions

Strategic 2030 Goal and selection of methodology for calculating the SPT: This SPT aligns with Movida 2030 Goal of reducing GHG emissions intensity by 30% to 37.38 or less tCO₂e/million R\$ produced by the end of 2030 (Scope 1, 2 and 3 emissions).

Rationale for Sustainability Performance Target calibration and ambition: Considering that the issuer could not find relevant emissions reduction strategy published by its peers, in a way that it would help to understand how car rental sector is organizing itself for declaring ambitious targets that are actually feasible, Movida decided to make a self-assessment to define its own target, through an internal benchmarking that the company did with the Science Based Target Initiative. In fact, it defined specific projects that will allow the company to achieve this challenge by 2030. These include the use of renewable fuel (such as Brazilian ethanol) in the company's fleet, through the monitoring the fuel type in tanks returned by customers; the implementation of renewable energy solutions such as solar energy in the company's facilities; and the increased use of electric and hybrid vehicles by 2030.

Factors that support the achievement of the target:

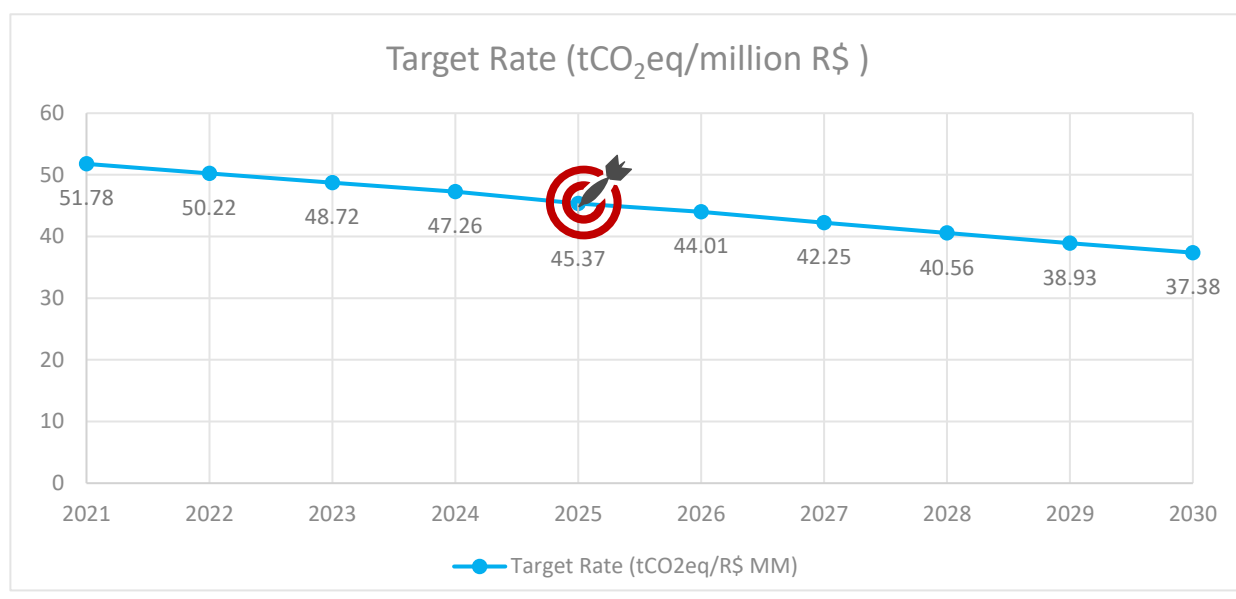
- Brazilian fuel scenario: positive financial viability on renewable fuels (R\$/per liter) when compared to fossil fuels
- Public Sustainability Commitments: In March 2020 Movida established its commitment to have its commercial stores supplied 100% by renewable energy sources by the end of 2021. This will positively impact the results of the company's emissions.

⁶ This table is displayed by the issuer in its Sustainability-Linked Financing Framework and have been copied over in this report by ISS ESG for clarity.

- **Public Sustainability Commitments:** In March 2020 Movida established its commitment to achieve its Carbon Neutrality in 2030 and to become Carbon Positive in 2040. To achieve this commitment satisfactorily, the company must boost its GHG Reduction's Projects to make the achievement progress of neutrality in 2030 financially viable (the less carbon emissions emitted by the company, the less intern financial resources will be used to neutralize its GHG emitted through its Reforestation's Projects).
- The commitment to Sustainability and an action based on the principles of conscious capitalism demands from the Company the need to align the growth of its business with initiatives that generate positive impacts for our stakeholders.

Risks to the target:

- Decrease in production and extreme events, such as pandemics.
- Lack of commercial offers for electric vehicles in the Brazilian scenario.

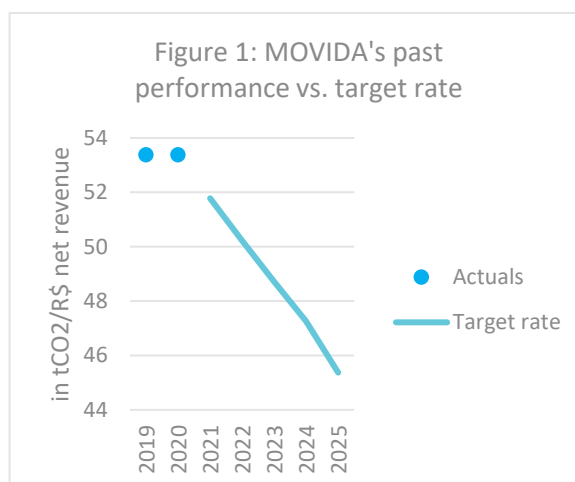


Ambition

Against company's past performance

Movida sets the SPT to reduce its GHG emissions intensity (scopes 1, 2 and 3) equal to or less than 45.37 tCO₂e/million R\$ produced. This equates to an estimated reduction of 15% in 6 years, from the 2019 baseline to the 2025 target. This target aligns with the longer-term target of Movida of decreasing its GHG emissions intensity in 2030 by 30%.

While achieving this target would represent a clear reduction of GHG emissions intensity relative to the baseline year and 2020 performance data (both 53.38 tCO₂e/million R\$ net revenue on scopes 1, 2 and 3), it is worth pointing out that Movida did not provide further historical



Sources: Movida, as of 18.01.2021

performance data on this KPI beyond 2019, as the 2018 data is not taken into consideration as not aligned with the same accounting protocol and not verified by third parties.

While some macro-economic factors and trends will support the achievement of this target, e.g. increased customers awareness on and willingness to act upon climate change mitigation, evolution of regulatory scene towards lower GHG emissions in the Brazilian transportation system and financial viability of renewable fuels over fossil fuels, some other factors will likely pose challenges for Movida to systemically achieve the SPT set by 2025. Brazilian regulators are encouraging the shift towards more sustainable transport infrastructures and vehicles, but as of now, supporting infrastructures to shift to electric vehicles such as charging stations are not sufficient to allow long distance transportation. Extreme events, such as pandemics, could also impact negatively the achievement of the SPT. But mainly, the GHG emissions profile of Movida, with a majority of Scope 3 emissions, makes this target ambitious for the issuer due to the lack of direct control on the means of achieving GHG reduction on this scope. Increased engagement and monitoring with Movida’s customer will be needed from the issuer to achieve this target, thus making the systemic reduction of GHG emissions an ambitious target to fulfill.

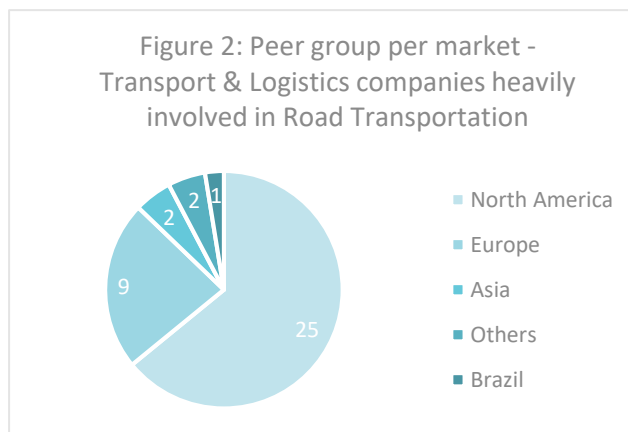
In this context and compared to the baseline year, the SPT set by Movida is perceived by ISS ESG as ambitious against the company’s performance in the past two years. However, this ambition level can only be partially judged due to fact that historical data, such as 2018 figures cannot be taken into consideration because not aligned with the same accounting protocol and not verified by third parties.

Against company’s sectorial peers

ISS ESG conducted a benchmarking of the SPT set by Movida against the Transport and Logistics peer group involved primarily in road transportation, which included 40 listed companies derived from the ISS ESG Universe. Those companies are located in the markets displayed in Figure 2.

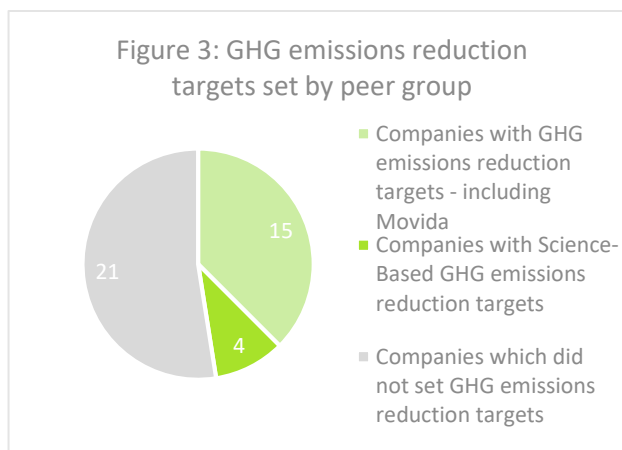
Current performance against peer group on GHG emissions intensity: As of the end of reporting year 2020 and according data provided by Movida and from ISS ESG databases, ISS ESG evaluates Movida as a good performer in terms of GHG emissions intensity on scopes 1, 2 and 3 in relation to its industry peers.

Ambition of forward-looking SPT against targets set by peer group on GHG emissions intensity reduction: In terms of the target, Movida is one of 15 companies in its industry peer group to have set a GHG emission reduction target, and one of the only six companies with a target considering all scopes



Sources: ISS ESG, as of 12.01.2021

1, 2 and 3. The issuer thus belongs to the top tier of its sector in terms of existence of such targets (see Figure 3). Four companies in the peer group have set Science Based Targets, certified by the Science Based Target Initiative (SBTi), and thus outperform the SPT set by Movida. Movida is committing to get its GHG emissions reduction target certified by the SBTi in the near future and already engaged with the SBTi but has not obtained yet the certification. However, Movida defined a target in a similar order and magnitude that is observed in the SBTi certified targets defined by companies in the peer group in terms of yearly average of GHG emissions reduction. The target set by Movida thus belong to the top 5 most ambitious target defined by its peer group.



Sources: ISS ESG, as of 12.01.2021

ISS ESG concludes that the SPT set by the issuer is ambitious compared to its overall peer group of companies in the Transport and Logistics sector involved in road transportation in terms of defining a GHG emissions reduction target. The SPT belongs to the top 5 most ambitious targets defined by companies in their peer group. To further demonstrate the ambition of the SPT, the issuer could get the SPT certified by the SBTi.

Against international targets

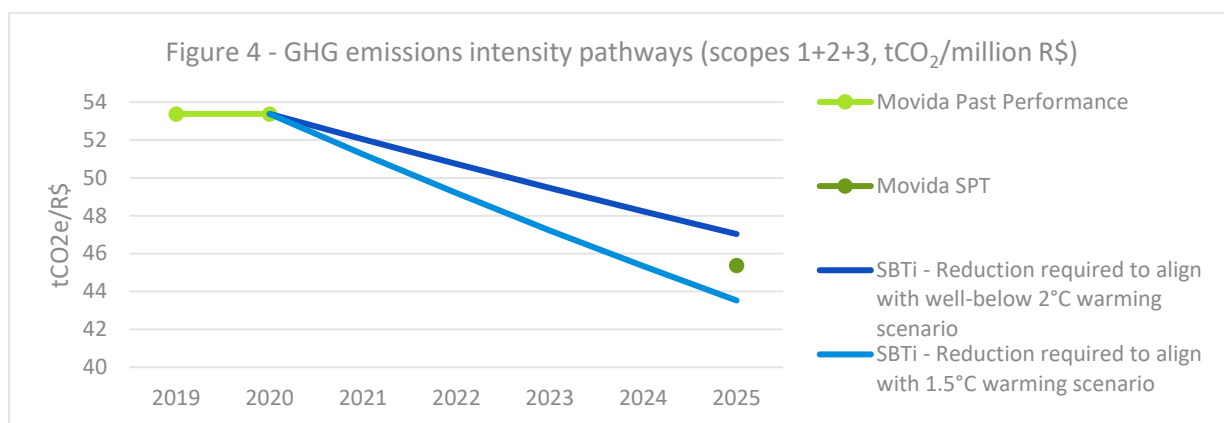
Paris agreement

Movida used the Science Based Target Initiative tool for the Transport sector to benchmark its SPT against the Paris Climate Goals. The Science Based Target Initiative (SBTi) is a collaboration between Carbon Disclosure Project, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature, derived from Beyond 2°C Scenario (B2DS) developed by the International Energy Agency (IEA) as part of its publication, Energy Technology Perspectives (ETP) 2017 (IEA, 2017).

According to the engagement conducted by Movida with the SBTi, the minimum GHG intensity reduction level for scopes 1, 2, and 3 for Transport sector companies to align with the above-listed decarbonization pathways are the following ones:

- 2.5% of annual linear reduction required to align with a well-below a 2°C decarbonization pathway
- 4% of annual linear reduction required to align with a 1.5°C decarbonization pathway

Based on this information provided by the issuer, ISS ESG conducted a comparison between Movida's past performance for the 2019 baseline year and the SPT for 2025 with the two rates indicated as a guideline for alignment with decarbonization pathways based on Movida's GHG intensity on scopes 1, 2 and 3 for 2019 (see Figure 4).



Furthermore, Movida has committed to get the long-term target associated with this SPT (decreasing its GHG emissions intensity of 30% by the end of 2030) certified by the SBTi. The process has been initiated in February 2020 and is expected to be finalized by March 2021.

Compared with the credible benchmark provided by the issuer, ISS ESG concludes that the issuer’s SPT is aligned with the Paris Climate Goals and a well-below a 2°C decarbonization pathway.

UN Sustainable Development Goals

In addition, ISS ESG, using a proprietary methodology, assessed that the SPT achievement would have a positive contribution to the SDG 13 “Climate action”.



Measurability & comparability

- **Historical data:** The issuer has provided historical data for years 2019 & 2020. However, Movida did not provide further historical performance data on this KPI as data prior to this year is not available. The lack of historical data, while understandable in his context, limits the conclusion of the analysis of the level of ambition against companies’ past performance.
- **Benchmarkable:** By referring to a commonly acknowledged GHG accounting protocol and reported metric, the KPI is comparable and benchmarkable.
- **Timeline:** The issuer defined a precise timeline related to the SPT achievement, including the target observation date, the trigger event and the frequency of SPTs measurement.

Supporting strategy and action plan

To reduce its GHG emission intensity, Movida will direct its investments and efforts to the following measures:

- Increased electrification of its fleet. Movida aims to gradually have, by the end of 2030, at least 20% of its fleet consisting of electric and hybrid vehicles, resulting in a reduction of 439,740.00 tons of CO₂eq.
- Gradual migration of its fleet to renewable fuels: Movida aims to gradually switch the fuel consumption from its fleet from gasoline to Brazilian ethanol, which the company plans to achieve by implementing mechanisms to encourage its final clients to use Brazilian ethanol in substitution to gasoline. According to the data presented by the International Energy Agency (IEA), ethanol produced from sugarcane is the main fuel source in Brazil, which shows an 89%

reduction in greenhouse gas emissions when compared to gasoline⁷. According to the issuer, those initiatives will have the potential to reduce 2,661,005 tons of CO₂eq by 2030.

- Ensure that all Movida's building facilities will be supplied with renewable energy sources by 2021 and keep on investing in renewable energy sources such as solar power, to achieve this.

The supporting strategy and action plan contemplated by Movida is aligned with the Transport Climate Action Directory recommendations⁸ released by the International Transport Forum⁹ piloting by the Organization for Economic Cooperation and Development (OECD) on how Transport and Logistics industry can reduce GHG emissions, by focusing namely on improving design, electrification, low-carbon fuels, etc.

ISS ESG finds that there is a credible action plan to support the achievement of the SPT set by Movida.

Opinion on SPT calibration: ISS ESG finds that the SPT calibrated by Movida is ambitious against the company's past performance¹⁰ and compared to companies from the Transport and Logistics sector that are involved in road transportation, primarily in terms of defining a GHG emissions reduction target. The SPT belongs to the top 5 most ambitious targets defined by companies in peer group. Compared with the benchmark provided by the issuer and obtained through engagement with the Science Based Initiative, the issuer's SPT is aligned with the Paris Climate Goals and well-below a 2°C decarbonization pathway. The target is set in a clear timeline, is benchmarkable and supported by a clear strategy and action plan. To further demonstrate the ambition of the SPT, the issuer could get the SPT certified by the SBTi.

⁷ In an international perspective, ISS ESG assesses the use of ethanol in combustion vehicles as an activity having no net impact on environmental and social objectives, neither contribution nor obstructing. It is worth pointing out that use of ethanol from first generation sources of crops can obstruct the achievement of the SDG 2 Zero Hunger.

⁸ <https://www.itf-oecd.org/tcad>

⁹ <https://www.itf-oecd.org/decarbonising-transport>

¹⁰ The level of ambition against Movida's past performance can only be partially judged due to the lack of historical data beyond 2019.

PART 2: ALIGNMENT WITH ICMA SUSTAINABILITY-LINKED BOND PRINCIPLES

Rationale for Framework

FROM ISSUER'S FRAMEWORK

In order to enhance the power of the company to address environmental issues where there is the ability to effect positive change, Movida intends to issue Sustainability-Linked Securities ("SLs"), which may include, but are not limited to, Sustainability-Linked Bonds ("SLBs"). The company hopes that their issuance of Sustainability-Linked Securities will inspire other similar companies to do the same. For that, Movida will, commit to specific environmental outcomes setting ambitious timelines for achieving a sustainability performance target that is relevant, core and material to the company's business. The issuer's framework provides a high-level approach to its Sustainability-Linked Securities and investors should refer to the relevant documentation for any specific new issue.

Opinion: ISS ESG considers the Rationale for Issuance description provided by Movida as aligned with the SLBPs.

2.1. Selection of KPI

ISS ESG conducted a detailed analysis of the sustainability credibility of KPI selection available in section 1 of this report.

Opinion: ISS ESG considers the Selection of the KPI as per the description provided by Movida as aligned with the SLBPs. The KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy (detailed analysis has been conducted in the [section 1 of this report](#)). The KPI is quantifiable, externally verifiable and benchmarkable. It is well quantified and calculated on a consistent methodological basis. The baseline selected for improvement as well as the rationale for that baseline is well defined. The definition of applicable scope and the perimeter for the KPI is provided. When selecting the KPI, Movida took into consideration technological advancements and the regulatory environment change that further contribute to the solidity of the indicator chosen. It is worth pointing out that Movida did not provide further historical performance data on this KPI beyond 2019, as the 2018 data is not taken into consideration as not aligned with the same accounting protocol and not verified by third parties.

2.2. Calibration of Sustainability Performance Target (SPT)

ISS ESG conducted a detailed analysis of the sustainability credibility of SPT is available in section 1 of this report.

Opinion: ISS ESG considers the Calibration of Sustainability Performance Target (SPT) description provided by Movida as aligned with the SLBPs. The SPT calibrated by Movida is ambitious against the company's past performance¹¹ and compared to companies in the transport and logistics sector that are involved in road transportation primarily in terms of defining a GHG emissions reduction target. The SPT belongs to the top 5 most ambitious targets defined by companies in the peer group.

¹¹ The level of ambition against Movida's past performance can only be partially judged due to the lack of historical data beyond 2019.

Compared with the benchmark provided by the issuer and obtained through engagement with the Science Based Initiative, the issuer's SPT is aligned with the Paris Climate Goals and well-below a 2°C decarbonization pathway (detailed analysis has been conducted in the [section 1 of this report](#)). Strategic information that would decisively impact the achievement of the SPT has been considered by Movida while calibrating the target. Additionally, key macroeconomic factors that may affect the achievement of the target are disclosed in the framework. The timeline, calculation methodology and benchmark for the target achievement are clearly defined.

2.3. Sustainability-Linked Securities Characteristics

FROM ISSUER'S FRAMEWORK

Movida's Sustainability-Linked Securities have a sustainability-linked feature that will result in a coupon adjustment, which can be represented by, but is not limited to, a one-time coupon step-up of 25 bps if the company does not meet its performance target in the agreed timeline. The calculation of the relevant KPI or SPT, may exclude the effects of certain material acquisitions and/or material changes in laws or regulations applicable or relating to our production activities, in each case to be set forth, if applicable, in further detail in the terms and conditions of each our Sustainability-Linked Securities.

Opinion: ISS ESG considers the Sustainability-Linked Securities Characteristics description provided by Movida as aligned with the SLBPs. The issuer describes the potential variation of the Sustainability-Linked Securities financial or structural characteristics and defined clearly the KPI and SPT, including calculations methodology. Furthermore, the issuer considered potential exceptional events, such as the significant change of perimeter in case of acquisition or regulatory changes, that could influence the calculation of the KPI and SPT.

2.4. Reporting

FROM ISSUER'S FRAMEWORK

Annually, and in any case for any date/period relevant for assessing the trigger of the SPT performance leading to a potential coupon adjustments, Movida will publish and keep readily available and easily accessible on its website a Sustainability-Linked Securities update including:

- Up-to-date information on the performance of the selected KPI, including the baseline used;
- a verification assurance report relative to the SPT outlining the (i) performance against the SPT(ii) the related impact, (iii) timing of such impact, and (iv) impact on the security's characteristics (if any); and
- any relevant information enabling investors to monitor the progress of the SPT.

Information may also include when feasible and possible:

- Qualitative or quantitative explanation of the contribution of the main factors, for the evolution of the performance/KPI on an annual basis;
- Illustration of the positive sustainability impacts of the performance improvement; and/or
- Any re-assessments of the KPI and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope.

Opinion: ISS ESG considers the Reporting description provided by Movida as aligned with the SLBPs. This will be made publicly available annually and include valuable information, as described above.

2.5. Verification

FROM ISSUER'S FRAMEWORK

Annually, and in any case for any date/period relevant for assessing the SPT performance leading to a potential coupon adjustment, Movida will seek independent and external verification of its performance level against the SPT for the stated KPI by a qualified external reviewer with relevant expertise. The verification of the performance against the SPT will be made publicly available on its website.

Movida will also obtain and make publicly available a Second Party Opinion (SPO) and/or other external review from consultants with recognized environmental and social expertise to provide an opinion on the sustainability benefit of this Sustainability-Linked Financing Framework as well as the alignment to the SLBP. The SPO will be available on the SPO provider's website.

Opinion: ISS ESG considers the Verification description provided by Movida as going beyond what requested by the SLBPs. The issuer plans on having all annual values of the SPT published and verified. This will outline the performance against the SPT, the related impact and timing of such impact on the securities financial characteristics.

PART 3: LINK TO MOVIDA'S SUSTAINABILITY STRATEGY

Movida Participações S.A is not part of the ISS ESG Corporate Rating Coverage Universe. The below assessment of the ESG performance and strategy of the company has been conducted by an ISS ESG analyst that is dedicated to the Transport and Logistics sector. Please note that, while the assessment methodology is derived from the ISS ESG Corporate Rating methodology, the below assessment should be considered as indicative only and differs from a full Corporate Rating.

COMPANY	SECTOR
MOVIDA PARTICIPAÇÕES S.A	TRANSPORT & LOGISTICS

Key ESG issues of the industry:

Below we included the main areas where we see the challenges faced by companies in term of sustainability management:

- Pollution prevention
- Climate prevention
- Transport safety
- Biodiversity protection
- Customer and stakeholder responsibility

Indicative ESG risk and performance assessment

Movida operates in the rent a car (RAC), fleet management and outsourcing segments (GTF) and sale of used cars (Seminovos). Movida serves customers in Brazil with a fleet of more than 109,000 vehicles.

- Pollution prevention: The company reports that they renew their fleet regularly. This is a positive indication, as new vehicles are more likely to conform with stricter standards regarding fuel efficiency, emissions of particulate matter, sulphur and nitrogen oxides and to generate less noise, leading to less pollution and less adverse impacts on biodiversity. Also, the company is encouraging customers to use ethanol as fuel, switching from gasoline to ethanol which also has the potential of reducing pollution aiming to monitor the type of fuel used in its car rentals. However, there is no concrete performance data available and it appear difficult to accurately trace the provenience of ethanol used.
- Climate prevention: Movida is in the process of implementing strong management of greenhouse gas emissions to mitigate climate change, including mid- and long-term reduction targets. This target is ambitious against the company's past performance¹² and compared to



¹² The level of ambition against Movida's past performance can only be partially judged due to the lack of historical data beyond 2019.

companies in the Transport and Logistics sector that are involved in road transportation primarily in terms of defining a GHG emissions reduction target. Compared with the benchmark provided by the issuer and obtained through engagement with the Science Based Initiative, the issuer’s SPT is aligned with the Paris Climate Goals and well-below a 2°C decarbonization pathway.

- **Transport safety:** Movida implemented an action plan to renew its fleet of vehicles aiming to increase passenger safety, but no information is available on efforts of the company to devise a comprehensive transport safety management system.
- **Customer and stakeholder responsibility:** There is little concrete evidence how the company safeguards consumer data or how complaints are internally handled.
- **Biodiversity protection:** Movida has a limited exposure to the topic of biodiversity protection due to the fact that it is solely involved in fleet operations and sale of used cars and is not involved in road or other transport infrastructure development.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of the Movida current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to evaluation of final product characteristics and does not include practices along Movida’s operations and processes.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Sales, rentals and leasing services of vehicles with combustion engines	Major	OBSTRUCTION	 
Others	N/A	NO NET IMPACT	N/A

Breaches of international norms and ESG controversies

The company is not facing any controversy according to the proprietary Norm-Based Research of ISS ESG.

Issuer's commitment to address climate change¹³

Movida has defined a Corporate Climate Strategy that is based on three main spheres: Mitigation (actions focused on reduce GHG emissions), Neutrality (actions to offset the emissions that could not be avoided in operational processes) and Adaptation (actions to manage climate risks considering different climates scenarios).

Initiatives evolving around these pillars include the pledge to use ethanol as fuel in fleet, and form partnerships to increase the usage of electric vehicles. Other actions include the continuous improvement of energy efficiency, such as water consumption in company stores (minimized through projects such as dry washing), improved solid waste management at the stores and the implementation of renewable energy solutions such as solar energy in the company's facilities.

The company started in 2019 to compile a GHG Inventory, which served as a basis for the selection of the sustainability target of its Sustainability-Linked Instrument.

The definition of a GHG emission intensity reduction KPI is consistent with Movida's strategy of mitigating climate change and represents an intermediate step to reach the longer-term GHG reduction target set by the company. According to the issuer, this transaction will support Movida's wider Sustainability Strategy and 2030 long-term goals. ISS ESG finds that the KPI selected by the issuer is consistent with the overall company's sustainability strategy.

Opinion: *ISS ESG finds that the proposed issuance is consistent with the issuer's sustainability strategy thanks to a KPI related to one of the key sustainability priorities of the issuer and to an ambitious SPT.*

¹³ Please note that this part is not extracted from ISS ESG Indicative Corporate Assessment. This assessment has been conducted with the Project Team based on Movida's press release and external commitment publicly available.

DISCLAIMER

1. Validity of the SPO: As long as Movida's Sustainability-Linked Financing Framework and benchmarks for the Sustainability Performance target(s) remain unchanged
2. ISS ESG uses a scientifically based rating concept to analyze and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
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ANNEX 1: Methodology

Alignment of the concept set for transactions against the Sustainability-Linked Bond Principles, as administered by ICMA

ISS ESG reviewed the Sustainability-Linked Financing Framework of Movida, as well as the concept and processes for issuance against the Sustainability-Linked Bond Principles administered by the ICMA. Those principles are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond market by clarifying the approach for issuance.

ISS ESG reviewed the alignment of the concept of the Movida's issuance with mandatory and necessary requirements as per the Appendix II - SLB Disclosure Data Checklist of those principles, and with encouraged practices as suggested by the core content of the Principles.

Analysis of the KPI selection and associated SPT

In line with the voluntary guidance provided by the Sustainability-Linked Bond Principles, ISS ESG conducted an in-depth analysis of the sustainability credibility of the KPI selected and associated SPT. ISS ESG analyzed if the KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy thanks to its long-standing expertise in evaluating corporate sustainability performance and strategy. ISS ESG also reviewed if the KPI is appropriately measurable by referring to key GHG reporting protocols and against acknowledged benchmarks.

ISS ESG analyzed the ambition of the SPT against Movida's own past performance (according to Movida's reported data), against Transport and Logistics peers involved in road transportation (as per ISS ESG Peer Universe and data) and the UN SDGs (according the ISS ESG proprietary methodology). Finally, ISS ESG evaluated the measurability & comparability of the SPT, and the supporting strategy and action plan of Movida.

ANNEX 3: Quality management processes

SCOPE

Movida commissioned ISS ESG to compile a Sustainability-Linked Financing SPO. The Second Party Opinion process includes verifying whether the Sustainability-Linked Financing Framework aligns with the ICMA Sustainability-Linked Bond Principles and to assess the sustainability credentials of its Sustainability-Linked Securities, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- Sustainability-Linked Bond Principles, administered by the ICMA

ISSUER'S RESPONSIBILITY

Movida's responsibility was to provide information and documentation on:

- Framework
- Rationale and supporting calculations and methodologies for KPI selection and SPT setting
- Documentation of ESG strategy, policies and measures implemented by Movida

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Sustainability-Linked Securities to be issued by Movida based on ISS ESG methodology and in line with the Sustainability-Linked Bond Principles administered by the ICMA.

The engagement with Movida took place in December 2020 and January 2021.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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