

## CEOs: The Floor is Yours I

Dynamo began its activities in 1993 and has been investing in public companies ever since, seeking to understand the fundamentals of the business as best as possible through careful analysis, frequent interaction with management, and a long-term horizon. As privileged observers, we have seen over the years how good companies are able to adapt and keep moving forward, even in the most adverse climates. We have also maintained a tradition of communicating with our investors through our quarterly Reports.

On the eve of our 30th anniversary, we decided, instead of speaking ourselves, to give voice to those whose job it is to lead a journey as challenging as the ones companies have to accomplish in this country: the CEOs. We drew up seven blocks of questions and asked some of the leading figures in this prominent group, from among the companies we invest in, to answer them freely. We have transcribed the material, which due to its length has been divided into two Reports, this one and the next. We are deeply grateful to everyone who so generously interrupted their demanding routines to take the time to respond to our request.<sup>1,2</sup>

In this first part, we started asking about the role of the CEO and the legacy through which they would like their companies to be recognized. Next, we demanded the executives to point out some attributes that they believe are essential for the company to prosper and stand out. In the third block, we inquired them about the most difficult moments of their tenure and the lessons they learned.

Regarding the role of the CEO, the importance given to training people, building culture, providing discipline in

capital allocation, and, of course, executing the strategy outlined for the company was evident. Without exception, there is an understanding that CEOs are at the head of a collective construction, captured in the frequency in which the word 'team' was used, or in definitions such as an 'instrument', 'enabler,' or 'communicator.' In the responses on legacy, there is a concern among executives to extend the reach of their achievements beyond the borders of their companies, improving people's lives, fostering social development, and addressing environmental issues.

As for the main attributes that deserved to be highlighted, 'culture' appeared most frequently. It's a broad concept, but our CEOs didn't shy away from the challenge of qualifying it. Thus, some emphasized culture in terms of execution and excellence; others as a fundamental element in training, attracting, and retaining top talents; and some even saw culture as the origin for the development of diverse qualities, including ownership mentality, innovation, good capital allocation, customer primacy, and the search for results.

When it came to the moment of greatest difficulty, the memory of the pandemic prevailed. An unprecedented crisis, generating an environment of insecurity and uncertainty that tested to the limit the robustness of this portfolio of above-mentioned qualities. As a result, crisis management initiatives became permanent fixtures, and important lessons were learned, such as greater confidence in the strength of collective execution.

Any attempt to summarize seems like an impoverished shadow of the spectrum of shades that expresses the work of managing established companies in competitive markets. That's why it's best to let our readers enjoy the answers – and perhaps also conclude, like us, that we're faced with a mosaic of competencies that is a work in progress. Given the countless challenges that surround the universe of companies, threatening their immunity and survival, the performance of CEOs and their 'teams' emerges as a primordial antigen. This is what reading these lines suggests.

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1 In order to avoid any kind of intentional classification, we have arranged the answers in the exact order in which they were received. We would also like to clarify that the criteria used to consult the CEOs include factors such as proximity, sector diversification, availability, participation, and length of time in the portfolio.

2 As the CEOs answered our questions in Portuguese, the following content is a free translation of the original texts, except for Nubank, where Mr. Velez opted to respond in English.

CEO	COMPANY
Paulo Moll (PM)	REDE D'OR
Lino Cançado (LC)	ENEVA
Luis Henrique Guimarães (LHG)	COSAN
David Vélez (DV)	NUBANK
Marcílio Pousada (MP)	RD
Walter Schalka (WS)	SUZANO
Gustavo Werneck (GW)	GERDAU
Fábio Barbosa / João Paulo Ferreira (FB/JPF)	NATURA
Bruno Lasansky (BL)	LOCALIZA
Ernesto Pousada (EP)	VIBRA
Harry Schmelzer (HS)	WEG

1. In your view, what is the role of the CEO, and what is the legacy through which you would like the COMPANY to be recognized by its various stakeholders?

**PM – REDE D'OR:** The CEO's role is to ensure that the company's culture is preserved and rooted in every business unit, every director, every manager, and every employee. We strive for excellence in three dimensions of the company's results: technical/care, customer experience, and financial. Ensuring that all staff are working in this direction daily is a great and motivating challenge. I also consider strategy setting (jointly with the Board) and execution to be fundamental, as is the allocation of capital – this part is never delegated, even if, of course, we have the team's involvement. As for legacy, I'd say it's seeing our mission realized every year, every decade: expanding access to quality medicine to more and more Brazilians.

**LC – ENEVA:** In a capital-intensive company that is recognized as an excellent allocator of capital, it is of the utmost importance to focus on delivering the

estimated value generation when deciding to invest in major projects. To this end, it is essential to maintain a team of highly qualified executives, motivated and capable of proposing and implementing solutions to the various challenges that these mega-projects pose for the organization. No less important are the optimization of cash generation, discipline in controlling the expenses necessary for the continuity of current operations at levels of excellence, and access to capital at competitive costs, which is necessary to meet investments. This balance is dynamic and needs to be constantly monitored and adjusted whenever there are changes in assumptions about revenue or in the macroeconomic environment.

It's people that make companies and therefore Eneva's success would not be possible without a team of skilled and motivated professionals who work together as a real team. To ensure a future of even greater achievements, the CEO's role must be to attract and retain professionals with the right profile, maintain a workforce plan that adjusts to the company's strategic objectives, and a put in place a robust succession plan that guarantees the company's continuity for decades to come.

The main legacy to be left by Eneva, and for which the company should be recognized, is the construction of an organization of excellence that controls a portfolio of high-quality operating assets that is resilient to various economic scenarios and that can be constantly optimized by a commercial and market intelligence team, so that the sum of the whole is always greater than the individual contribution of each asset if they were operated independently.

**LHG – COSAN:** The CEO's main role is to look at the main variables we have in the business, capital, and people, as well as look after the culture, obviously, which is behind it all. The challenge is to put together a team so that the CEO has time to devote to the business. When the urgent and the important clash, the urgent always wins, especially in Brazil where urgent things change overnight. The CEO must have a vision and set the direction of the business, aligned with the board and the company owner or partner group. And from there, the CEO must unfold the implications of capital, people, and culture, creating a management model that cascades by setting goals and rewards. This is the biggest challenge, putting together a team that will ensure that all this is working and delivering within the agreed model. A team that has accountability, rewards, and feels ownership of the company.

Another fundamental role of the CEO is that of communicator. The CEO is a great communicator within the company. The CEO guides expectations. They must be frank and must be perceived as someone genuinely interested, fair, trustworthy, and truthful. Communication has to be aligned with what the CEO is doing, guided by their example and posture. It also has to be in line with the moment of the company's trajectory. There are circumstances in which the conversation must be tough – it has to address the problems. Otherwise it becomes theater, make-believe, a PowerPoint printing press.

In terms of legacy, there are a few aspects I'm proud of. Firstly, the partnership culture, which, among other things, greatly increases the partners' capacity for internal mobility. Secondly, the fact that we have put together our entire energy transition, decarbonization, and ESG agenda. We're still a long way from where we need to be, but I do see

the whole company talking, thinking, and positioning itself on these issues. We've been recognized: We've been asked to talk and discuss with clients, suppliers, and the market. Thirdly, an apparently minor but very important aspect is information security. After the episode we faced, we dedicated ourselves; we learned; and today people come to visit us. We have become a benchmark. We changed the technology game by decentralizing operations and advancing the company's digital transformation. To sum up the three aspects of our proud legacy: people, ESG, and digital transformation.

**DV – NUBANK:** The most important jobs of the CEO are: i) the design and scaling of culture, which includes maintaining the company's core purpose and core values (ie. "the philosophical reason for the company to exist"), ii) defining a consistent and compatible long term strategy for the company (ie. "the rational reason for the company to exist and win"), and iii) making sure the "right butts are on the right seats" within his executive team.

I would like Nubank to be recognized as a company that had the fortitude to challenge conventional wisdom by competing in an industry that seemed completely "out of reach" to entrepreneurs. As we enabled competition through a simple strategy of wanting customers to "love us fanatically", we were able to empower hundreds of millions of customers through better financial products, influence all other competitors to improve products and services, and ultimately inspire thousands of other entrepreneurs across many Latin American countries to create new disruptors in many other sectors, accelerating a virtuous cycle.

**MP – RD:** The main role of a CEO is to allocate capital; 99% of my time I think about this. The strange thing is that people think this is just an investment decision, for example: working capital, technology, physical expansion, etc.

Allocating capital is much more than this. The decisions we make here in the company involve training, human development, specific market attacks, service improvements, etc., and are often much more important than traditional capital calculations.

Being sure of making the right investments should be the main legacy we leave here at RD, because with

a good return on invested capital, we can continue to grow, develop talents, and generate value for all stakeholders.

**WS – SUZANO:** The role of the CEO is to be the instrument, the enabler of what the company sees as how to build value and serve all stakeholders. A company's biggest challenge is knowing how to balance serving the various stakeholders. Because everyone genuinely wants more and deserves more – customers, suppliers, employees, shareholders, creditors, communities – you have to know how to look for instruments to create value and how to distribute it in a balanced way. I often say that it's our responsibility to make everyone a little unhappy: It's impossible to make everyone super happy because that would mean mega-value creation, which is sometimes very difficult to achieve in the long term. But we can't make anyone too unhappy, otherwise, it becomes a sandcastle and the system collapses.

That's our job. And stakeholders need to be heard regularly so that we can understand what their expectations are at that moment because this is a dynamic process. But the whole point is to have a positive impact on society. Sustainability only exists if we manage to have a recurring impact on society as a whole.

**GW – GERDAU:** The role of the CEO has been changing rapidly over the last few years although its relevance to organizations has never diminished. On the contrary. I believe that a modern CEO who is prepared to deal with today's challenges needs to promote an intense re-signification of their attributions. From the outdated Chief Executive Officer to the new emphasis on attributes beginning with the letter E, especially Enabling, Energy, and Education. These new meanings for the role of CEO allow for a profound humanization of organizations, and a seeking of a new equation for creating value with all stakeholders. Concerning legacy, I believe that the main thing is to be recognized as a company that actually participates in the solutions to the great problems and dilemmas of our society, whether it's through our products and services, our social actions, or even our entrepreneurial capacity to cooperate and positively influence society.

**FB/JPF – NATURA:** The CEO has the role of proposing plans to the Board of Directors and debating them; then, after the Board's decision, executing them. The CEO also has the role of being the company's benchmark for corporate values.

The CEO must lead the setting of the strategy, align all stakeholders around the ambition, mobilize the organization for its execution, ensure the quality of resource allocation, and continuously build capabilities that increase the likelihood of future success through investments in organizational development.

Natura is a reference to a company that "does things right by doing the right things in the right way," in other words, which incorporates an environmental and social vision, using these points as levers for business growth.

Our legacy is to make Natura one of the best-known examples of reconciling financial results with social and environmental prosperity. To be recognized for consistently generating financial value above peers and the market, and even greater economic value for society. To be a benchmark for 21st-century capitalism, i.e., stakeholder capitalism.

**BL – LOCALIZA:** To succeed in a world of great volatility and rapid change, the role of any leader, in my view, demands curiosity, resilience, and the ability to adapt.

At the end of 2020, when I received the news from Eugênio Mattar, co-founder and current chairman of Localiza&Co, that I would have the privilege of succeeding him as CEO, I tried to answer exactly that question: What is the CEO's mission and how can I succeed on the journey? I spoke to some CEOs and entrepreneurs I admire, sought inspiration from books, articles and podcasts and, after reflection, came up with five core objectives:

- i. Attracting, inspiring, and developing a high-performance team with a solid culture
- ii. Ensuring the company's high performance and reputation (*"run the business"*)
- iii. Building the future (*"change the business"* – disciplined resource allocation for EVA growth)
- iv. Cultivating long-term, trusting relationships with key stakeholders, both inside and outside the company
- v. Caring for physical, mental, spiritual, and family well-being

For each objective, we developed clear metrics to evaluate performance. In addition, it was necessary to dedicate the right amount of time on each front, through well-structured rituals. After all, how we allocate our time clearly defines our priorities (or lack thereof).

With regard to **legacy**, over the next few years, Localiza&Co will be more than a car rental company and will consolidate itself as one of the most complete mobility solutions platforms in Latin America. We will delight our customers even more, with a high-performance team, while continuing to be recognized for generating superior value for shareholders and society as a whole.

As part of this ambition, we will stop being a product-centric company and become a customer-centric company, offering our customers' all our mobility solutions in one place, whether they are individuals or companies. For example, individuals will be able to hire, use and manage occasional car rentals and subscription cars, buy used cars, and look after their own cars, all from the Localiza App. Companies, on the other hand, will have a customized solution offering management of light fleets and special vehicles, truck rental, telemetry, and corporate travel management, among others. Customers using more than one Localiza&Co product, with high rates of delight, will stay with us longer and thus have greater customer lifetime value.

Our market has a lot of potential for growth. We have capital, talent, and determination that we believe will allow us to continue innovating for our clients and to be a major player in a developing the sector. We have a clear strategy to execute this vision with excellence and continue to win in the market. Given Localiza&Co's broad leadership and scale, we also understand our role in contributing to sustainable mobility by reducing and neutralizing emissions, using energy from renewable sources, and caring for the environment. We are also aware of our responsibility to promote the country's social development, and, through the Localiza Institute, we carry out education programs and encourage entrepreneurship in vulnerable communities, while always maintaining the highest standards of governance in the actions of the Company's Board and management and using world-class integrity practices.

**EP – VIBRA:** First of all, I believe that the CEO should always act as if the company were their own, leading the company with the mentality of an owner, always working towards long-term sustainable results.

The role of the CEO is to set the strategy, together with the Board, and from there lead the major strategic transformations that will positively impact the results, Vibra's people, society and the country.

I would like us to be recognized as the company that has our customers' absolute preference in energy solutions. A company where people are happy and prosperous and able to implement dreams with diversity, equity, and inclusion. We deliver consistent results above the comparable market, with high returns for our shareholders. A leader in decarbonizing our customers through a multi-energy platform; and beyond our gates, as a social cause, we will help thousands of families by reducing the sexual exploitation of children and adolescents.

**HS – WEG:** The CEO has to focus on the company's development opportunities, on risk assessment, and on monitoring the resolutions of the company's main problems.

As a leader, the CEO must inspire and engage the team towards the company's objectives and leadership's involvement.

### *Dynamo Cougar x Ibovespa Performance in R\$ up to November 2023*

Period	Dynamo Cougar	Ibovespa*
<b>120 months</b>	225.9%	142.6%
<b>60 months</b>	66.5%	42.3%
<b>36 months</b>	-11.2%	16.9%
<b>24 months</b>	4.6%	24.9%
<b>12 months</b>	14.9%	13.2%
<b>Year (2023)</b>	18.4%	16.0%
<b>Month (November)</b>	13.8%	12.5%

(\* Ibovespa closing. Indices are presented as economic reference only, and not as a benchmark.



With regard to legacy, I would like WEG to be recognized as a resilient company that delivers continued growth and results to all its stakeholders.

2. If you were to describe the COMPANY through the various attributes that make a company thrive and stand out – culture, people, operations, capital allocation, competitiveness, strategy, among others – which ones would you highlight?

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**PM – REDE D'OR:** Culture of execution and excellence in the three dimensions I mentioned: technical/care, customer experience, and financial. I think we are agile when it comes to making strategic decisions, and we are good capital allocators. But what gives us the greatest competitive advantage, apart from our enormous scale, is the teams' ability to execute. And the most striking feature of our culture is that everyone gets their hands dirty to make things happen. Whether they're doctors and nurses at the top or group executives.

**LC – ENEVA:** First of all, our culture of resilience and propensity to take on and overcome challenges while taking risks responsibly. Without risk, there is no creation of exceptional value; but it is necessary for risks to be known and assessed, and for feasible contingency plans to be in place and activated when necessary. This is a culture that Eneva has developed and has been improving over the years; it comes from the experience gained in overcoming obstacles that many believe to be insurmountable.

Our culture, combined with the pioneering nature of Eneva's projects, has made it one of the best capital allocators in the market by developing and implementing innovative energy projects and solutions for Brazil in frontier regions that more conservative competitors would shy away from.

Next is the set of skills developed at Eneva, which is unique in the Brazilian market. We are the only company capable of evaluating, developing, implementing, and operating complex energy and natural gas projects in a verticalized way, from exploration to the delivery of electrons on the wire or the delivery of natural gas in various forms to large customers. All of this is optimized by an energy and gas trading

unit focused on increasing the value of the company's asset portfolio.

Finally, the links between such a varied set of skills have to be strong and direct so that complex decisions, often based on incomplete information, can be made precisely and nimbly. The combination of Eneva's organizational structure and our culture allows the company's different departments, whether operational, engineering, People & Management, or support areas, to work collaboratively, sharing information, speeding up decision-making, anticipating difficulties to correct course, and producing results while minimizing waste.

**LHG – COSAN:** Our main strengths are culture, people, and execution. We allocate capital well and are competitive. We choose assets well; we choose people well; and we execute. We have a lot of persistence and the ability to execute. We are a group that manages to look at business from the perspective of execution and people. We are very focused on operations and have the persistence, discipline, and non-conformity that comes from Rubens (Ometto, the Group's founder and chairman). There is a typical profile of executives in the market which explains what happened. Ours try to change what is going to happen. Over the years, either we replace people, or we manage to change people so that they actually try to change things. We put a lot of faith in people. In the past, many were repressed, poorly informed, and with little space; they were operating far below their capabilities in hierarchical systems that were sometimes obscure. When you empower "this is yours," people bloom and deliver.

Another aspect is capital allocation. It's about looking for assets that are unique and difficult to replicate, with a reasonable degree of complexity and a low degree of competition, and always with a long-term view, a horizon where the owner's eye operates to great advantage.

**DV – NUBANK:** We agree with Peter Drucker that "culture eats strategy for breakfast". We even venture to go beyond: we think "culture eats tactics, people, competitiveness, etc... for breakfast". Culture is the concrete and steel that sustain the company, and the weight and height of the skyscraper (or of a company) will be directly determined by the strength

of the bases. Why do we say this? Because culture attracts people, people build products, and products bring customers. So ultimately customers are buying culture, not products. And in the long term, the ability for the company to execute its strategy is directly linked to the way it executes its cultural values.

In Nubank's case, our culture is defined by five values: i) we want customers to love us fanatically, ii) we are hungry and challenge the status quo, iii) we build strong and diverse teams, iv) we are owners, not renters, and v) we seek continuous smart efficiency. These cultural values then explain every other piece of our company: our strategy is to win by creating products and services that make customers love us fanatically. The people that come to Nubank are attracted by the impact we create in society as a company, but also exhibit certain character traits that are aligned to these values, such as nonconformism, critical thinking, hard work, adaptability, industriousness, creativity, high level of agency, and strong ability to collaborate. We actively screen candidates and Nubankers for the adherence to these values. And when they do, they create products and serve customers aligned again to our culture.

As any good engineer knows, it's much harder and costlier to change the bases of the skyscraper once the skyscraper has been built. Similarly, the culture of a company is designed in the first six months by the first ten to fifteen employees. Knowing this, we were very careful in crafting our culture during the early days, and the time and energy spent in this endeavor were the best investments we have ever made as they pay dividends every day. However, culture also requires active strengthening and improvement through constant care.

**MP – RD:** At RD, we have three super-important values in our culture, which we call "superpowers", and everyone within the company is able to experience these very strongly. I think they are the main attributes of our success:

**We take care of people:** We genuinely take care of people as part of our business, not just our clients, but also the entire team that works with us. We are very concerned about internal talent, especially in operations. All the managers, regional managers, and directors of the pharmacy operation are developed

internally; we haven't hired a person from outside this system in over 20 years.

**We execute with focus:** Whenever we develop a strategy or create a new process, we do it in the best possible way. If we can't do it well, we'd rather not do it at all. We like stable, innovative processes that bring measurable results, not just financially, but also in terms of our clients' experience.

**We build the future,** and our entire strategy is always designed for the long term. We have a clear idea of the opportunity this sector has with the ageing of the population, and we have developed everything in the company to remain relevant in all possible scenarios. Even if to achieve this we need to invest a little more in the short term.

**WS – SUZANO:** Suzano calls itself a company of innovability – innovation with sustainability. I understand that this is a way of being able to impact, create, and share value with all stakeholders and develop the company for the future.

If you were to ask me where Suzano has been most successful throughout its history, I imagine it would be in the allocation of capital. We are a capital-intensive company and, therefore, I often say that we make mistakes in retail every day. But we can't make mistakes in wholesale, because in wholesale, if you make a mistake, it's sometimes difficult to reverse, or it's very expensive to reverse. So that's our role.

**GW – GERDAU:** Few companies in the world have such longevity as Gerdau. It's not easy for a company to complete 122 years of history and celebrate this date, not only at its best, but superbly prepared for the future. In line with Peter Drucker's thinking, we have always sought to have a culture that speaks louder than strategy and that always puts customers before our choices. This culture has enabled us to attract, retain, and engage, in a very different way, incredible people with a very high capacity for creation and execution, which has enabled us to overcome most of the challenges that have arisen in the last century.

**FB/JPF – NATURA:** Natura's culture is – without a doubt – the pillar of the company's success over its 50 years. It is at the heart of people, decisions, and business models.

Natura's business philosophy (beliefs, reason for being) has guided (and continues to guide) decisions that have shaped the business and generated differentiation.

The ability to translate this philosophy into competitive business depends on **culture and people**, who have collectively built strengths in brands, products, services, and business mindset. This is how we build customer and consultant loyalty and gain a "share of heart" from society that is even greater than our "share of pocket."

**BL – LOCALIZA:** Localiza&Co has tangible competitive advantages, such as lower net fleet depreciation and lower funding costs, which translate directly into greater value generation compared to its competitors. At the same time, the company has a distinctive way of making decisions and managing the business. So, in describing L&CO, I would highlight our people, culture, and DNA for generating value as our main attributes.

**People Who Inspire.** We believe that similar businesses, with different people, generate different results. In the age of knowledge, a differentiated talent can generate multiple times the results of an average contributor. At Localiza&Co, we invest energy in attracting the best people and maintaining an excellent organizational climate, even in an environment of high complexity and intensity. Building in this direction, in recent years the Company has been recognized as one of the 10 best companies to work for in Brazil by GPTW, even in a challenging market scenario and in the context of post-business combination integration. High-performance, engaged people stay with the company longer, delight customers more, innovate and operate with more agility, make better decisions, and generate superior long-term value. Frequent and transparent communication, front-line presence, and advanced people management practices are key, including reward, development and diversity and inclusion policies. Genuine care for our team to create long-term, trusting relationships is essential to us. Therefore, we are permanently increasing talent density, ensuring that we have the right people in the right positions, highly motivated, to achieve the company's current and future objectives.

**Culture.** As they grow, companies capture advantages of scale, but face the pains of growth itself, such as loss of agility, increased bureaucracy, distancing from the customer, and, in some cases, complacency and erosion of the essence of the founders, something which invariably leads companies to decline.

Aware of this challenge, at Localiza&Co we actively work to maintain an insurgent attitude to scale (combining scale with agility) and ensure that our almost 20,000 employees are an example of the practice of our 5 cultural values: 1) People who Inspire; 2) The Customer is Our Passion; 3) Extraordinary Results; 4) Owner Attitude; and 5) Ethics and Trust. One of our traits in the Owner Attitude value is to act with humility and agility, which encourages us to always be adapting and learning, aware that past success does not guarantee future success.

Most organizations talk about culture and have values boards on the walls of their offices. However, few companies have robust management, with processes, indicators, and rituals to guarantee behaviors that are truly aligned with their core values. At Localiza&Co, culture is a priority. The practice of values comes primarily through the example and consistency of leadership. Our beliefs guide the way we communicate, hire, encourage, recognize, and dismiss. In the latest organizational climate survey, around 90% of employees said that we practice our cultural values every day, and 95% firmly believe in the future of the company. This data leads us to believe that we are on the right track and motivates us to evolve even further in this area.

**Value creation DNA.** As a capital-intensive company, Localiza&Co was the first company in the sector in the world to adopt EVA (Economic Value Added) and to create metrics, processes, and incentives to ensure the generation of value with a long-term vision. Thus, the company's key capital allocation decisions – such as rental pricing, fleet acquisition, channel or store performance evaluation, or investments in new businesses – use ROIC-spread as the main compass. In the next question, I'll comment on how this value creation DNA has been fundamental to the company's success during the pandemic.

**EP – VIBRA:** I believe that in any company the dimensions of people and results are those that differentiate us



as a sustainable company in the long term. A high-performance team in which we manage to maximize individual and collective potential at the same time, with a management process that ensures the delivery of results, through people and teams, over the long term.

Other core and unique attributes at Vibra are our logistics infrastructure and our extensive customer base, assets that give us a significant competitive advantage.

**HS – WEG:** Culture, people development, and participative management as points to highlight.

### 3. What has been the most challenging moment you faced in your management? What elements have proven fundamental in enabling the COMPANY to overcome such difficulties? What lessons have been learned?

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**PM – REDE D'OR:** Without a doubt, the pandemic. Our operation as a whole was under stress. Especially the customer care areas, which were in the middle of a battle on the front line. We had 6,000 employees furloughed at the same time .... we set up a crisis office that managed all the demands of the hospitals – human resources, equipment, supplies – so that the operation wouldn't grind to a halt, and we'd be able to meet the huge demand from patients. We set up thousands of intensive care beds, and some cities didn't collapse in private healthcare only because of our ability to mobilize. I would also like to highlight the more than 1,000 beds that we supported the opening of to provide free and exclusive care to SUS patients; in addition, we built two field hospitals in 15 days, which we financed entirely with private capital and operated in Rio de Janeiro. We also renovated and supported the operation of a pavilion at Santa Casa in São Paulo, with 140 of the beds. Rede D'Or has donated more than BRL 300 million to these projects. We are very proud of what the company delivered during this difficult period for society. The ability to execute and teamwork were key. We had to make many difficult decisions quickly. And adjust routes very quickly when necessary.

**LC – ENEVA:** I'm going to consider here my entire period involved in the Eneva project (9 years), first as COO and now as CEO. The company has overcome a number of challenges, but three have stood out: (a) achieving gas production to operate the Parnaíba complex 100% in 2016, which at that time very few believed was possible; (b) financial recovery since the success of the Re-IPO and follow-on in 2017/18; and (c) the conclusion of the company's first major growth cycle, which began with the winning of two major projects in new-energy auctions, Parnaíba V and Azulão-Jaguatirica, and which ended with the startup of commercial operation of these projects. The difference here was, once again, the team's resilience and willingness to take on and overcome major challenges, which would become the main characteristic of Eneva's culture.

Today, our biggest challenge is undoubtedly to deliver on the promises of the company's second major growth cycle. Starting in 2022, our second major growth cycle has as its main challenges (a) the Azulão 950 project; (b), the construction of the Parnaíba gas liquefaction plant; (c) the initiatives to extract value from the Sergipe Hub; and (d) the completion and stabilization of Futura I. In order to achieve the same success as in previous periods, we will once again be relying on the company's entrepreneurial spirit and will to overcome challenges. This combined with a unique set of skills capable of designing and implementing the most varied solutions to overcome obstacles and extract maximum value from these projects. Compared to the company that took on the challenges of the first growth cycle in 2018, the Eneva of 2023 is a much better prepared company to face and deliver significant results in this new growth cycle. We've grown. We've learned a lot. We've expanded and improved our skills. We've increased our competitive advantages. And we're much better prepared to deliver the objectives we've set for ourselves in the new cycle that's beginning.

**LHG – COSAN:** The most challenging moment was the combination of COVID with the hacking attack at the time of my transition to CEO in March 2020. There, we were able to prove our joint working strength, the ability to come together as an organization that existed but was not being exploited. We worked together; we managed to generate synergies between

the Group's companies and then the partnership enveloped everything. It was a period of great difficulty and questioning because we operate entirely in the field. It was a time of very high operational pressure: We had to maintain supplies knowing that important activities in the lives of 20% of Brazilians depend on Cosan. Cosan cannot stop. And so we were one of the pioneering business groups to announce a commitment not to lay off any employees for a reasonable period of time – this at a time when everyone was only thinking about tomorrow. We set up crisis committees, and many of the partners' current routines began there, along with weekly calls and the agenda of issues that's being dealt with by the partnership.

**DV – NUBANK:** There have been multiple challenging times since the beginning of the company in 2013. The macroeconomic environment we have seen as a company is “the nightmare” of any entrepreneur in credit-led financial services: we have seen a less-than-stellar GDP growth rate of 0.15% per year over the past decade; we saw the worst recession in Brazil in 2014-2016, when GDP contracted 7%, then we saw a pandemic, and then a high inflation environment accompanied by fast increase in interest rates. We saw a presidential impeachment and the largest corruption scandal in the history of this country. As a young startup that was unable to raise debt or equity capital in the Brazilian market given the overwhelming skepticism of the local industry experts, all of these media headlines made several of our potential foreign investors change their minds about investing in Brazil or in Nubank several times, creating continuous difficult moments.

**MP – RD:** I think the main challenge of my management at the company has always been to preserve the main characteristics of the two brands that made up RD.

This challenge was evident as soon as I joined the company, and this concern is still present in my day-to-day work. We managed to maintain the excellence of execution and simplicity of decision that one brand has always brought, with an innovative and contemporary strategy that the other brand has always wanted.

Our first test to achieve this took place during the carnival holidays in 2014, when we finalized the

entire process of integrating the two operations. This generated the main pillar for building the company that has brought us this far.

**WS – SUZANO:** We all have fears and insecurities. The biggest insecurity was when Covid broke out: We didn't understand what impact it would have on society as a whole, what the outcome of the process would be, or how it would unfold. This obviously generated a need in all of us to be even more conservative in the way we acted, to perhaps hunker down for a very long winter. And it was an environment in which there was also a lot of insecurity on the individual level; there was a lot of fear about what was going to happen. That was one of the most challenging times I've ever experienced at Suzano.

**GW – GERDAU:** The most challenging moment I've faced in my tenure has been the Covid-19 pandemic, which hit our company hardest in March 2020 and is still having an impact on our business. We managed to get through the most difficult times with plenty of empathy and actively listening to the needs of our various stakeholders. People, regardless of how they relate to the company, from employees and their families to investors, feel very insecure about facing what they have never experienced. As such, it was essential to be very close to all of them so that, together, we could seek solutions to the most varied issues that arose.

**FB/JPF – NATURA:** Natura's turnaround in 2016/2017 – the importance of a good strategic plan and mobilizing people for clear execution and disciplined culture management;

COVID – when all references are lost, actions consistent with the company's values, caring for people, customers, employees, suppliers, and society in general pay off;

Redefinition of the Natura&Co Group in 2022 – the importance of good governance to promote the alignment of the interests of all stakeholders translated into a coherent corporate strategy, a healthy capital structure, and an efficient corporate structure;

The acquisitions of Avon and The Body Shop have certainly been the biggest challenges of recent years. The difficulties are being overcome without changing the company's culture and basic values.

Everyone's commitment was important, as was the knowledge that Natura is a source of Brazilian pride and has adopted a business model that should increasingly serve as a reference for many other companies. It cannot go wrong!

Lesson: too many steps at once; entering new geographies without having a structure to manage this new phase.

**BL – LOCALIZA:** One of the most challenging periods for all of us was the Covid-19 pandemic. Our sector faced a very particular dynamic, which put our **DNA of generating value with a long-term vision** to the test.

Between the third quarter of 2020 and mid-2022, there was a major shortage of semiconductors on the global market, which resulted in a significant drop in vehicle production. As a result, the supply of new cars decreased, car prices increased, and there was a substantial worsening of the conditions under which rental companies could buy cars, precisely because demand was much higher than supply. In addition, the basic interest rate (SELIC), one of the main expenses in our business, which is capital intensive, went from 3.75% in 03/2020 to 13.75% in 08/2022.

In this scenario, several of Localiza&Co's competitors adopted an extremely aggressive approach to growth by accelerating their car purchases. Thus, a very challenging dilemma arose: Should Localiza&Co intensify capital allocation (buy fleet cars) with expected returns below the Company's objectives and potentially destroy a lot of value; or decide to give up market share in the short term, aiming for consistent results in the long term?

After deep reflection (and a lot of calculations), we decided to follow our compass of generating value with a long-term vision. In order to allocate these resources in the conditions that existed at that time, we would have had to believe that the increase in the rental price and the future value of the semi-new car would be far above our most optimistic scenarios. In practice, the ROIC of replacing this additional capital, in our estimates, was far below our objectives.

So we made a difficult and counterintuitive decision: We were going to lose market share in the short term in order to win in the long term. The pressure to speed up fleet acquisition from a significant number

of market players was quite intense. We would have to wait at least a year to find out whether the decision was the best for the company or not.

We set out to build conviction, using data and leveraging our extensive experience in the sector. We approached the challenge with a growth mindset: It was also a good opportunity to gain experience in how to operate a fleet with higher mileage. We created technology and know-how for maintenance and processes for allocating cars by customer segment, which left us with very valuable learnings from this period. And we remained vigilant at all times, monitoring whether the variables that led us down this path changed (they did not).

In the end, our thesis of being more selective in the allocation of capital in the period proved to be correct and, as happens after most crises, created an opportunity for Localiza&Co to further consolidate its leadership in the sector, as well as differentiate itself in terms of value generation and financial strength. In good times, it is often easier to be loyal to an organization's stated culture. But it is in times of stress and adversity that the true beliefs and 'way of being' come to the fore.

**EP – VIBRA:** The most challenging moment at Vibra was during the first quarter of 2023 when I was a newcomer to the company. It was a quarter with poor results, and at that time I still didn't have a deeper understanding of Vibra's main value drivers. The most fundamental thing at that time was that I quickly got into all the details of the business to understand how to quickly reverse the result.

In times of crisis, the CEO needs to get closer to the teams and operations so that together we can find the solutions that will get us through this challenging time.

**HS – WEG:** Given our global presence, overcoming the pandemic at different times was our biggest challenge. In this context, it was essential to adopt an even more participatory management approach in assessing global scenarios, adapting to different realities in each market where we operate.

While we were dealing with the complexity of the situation as a company, we faced the challenge, along with several other organizations, of influencing

# DYNAMO COUGAR x IBOVESPA

(Performance in US\$\*)

Period	DYNAMO COUGAR		IBOVESPA**	
	Year	Since Sep 1. 1993	Year	Since Sep 1. 1993
1993	38.8%	38.8%	7.7%	7.7%
1994	245.6%	379.5%	62.6%	75.1%
1995	-3.6%	362.2%	-14.0%	50.5%
1996	53.6%	609.8%	53.2%	130.6%
1997	-6.2%	565.5%	34.7%	210.6%
1998	-19.1%	438.1%	-38.5%	91.0%
1999	104.6%	1,001.2%	70.2%	224.9%
2000	3.0%	1,034.5%	-18.3%	165.4%
2001	-6.4%	962.4%	-25.0%	99.0%
2002	-7.9%	878.9%	-45.5%	8.5%
2003	93.9%	1,798.5%	141.3%	161.8%
2004	64.4%	3,020.2%	28.2%	235.7%
2005	41.2%	4,305.5%	44.8%	386.1%
2006	49.8%	6,498.3%	45.5%	607.5%
2007	59.7%	10,436.6%	73.4%	1,126.8%
2008	-47.1%	5,470.1%	-55.4%	446.5%
2009	143.7%	13,472.6%	145.2%	1,239.9%
2010	28.1%	17,282.0%	5.6%	1,331.8%
2011	-4.4%	16,514.5%	-27.3%	929.1%
2012	14.0%	18,844.6%	-1.4%	914.5%
2013	-7.3%	17,456.8%	-26.3%	647.9%
2014	-6.0%	16,401.5%	-14.4%	540.4%
2015	-23.3%	12,560.8%	-41.0%	277.6%
2016	42.4%	17,926.4%	66.5%	528.6%
2017	25.8%	22,574.0%	25.0%	685.6%
2018	-8.9%	20,567.8%	-1.8%	671.5%
2019	53.2%	31,570.4%	26.5%	875.9%
2020	-2.2%	30,886.1%	-20.2%	679.0%
2021	-23.0%	23,762.3%	-18.0%	538.9%
2022	-7.8%	21,899.9%	12.0%	615.4%
2023***	25.2%	27,437.2%	22.7%	777.5%

(\*) Considering that this is a Fund that has existed since 1993, the figures were converted into dollars (US\$) as a way to eliminate the volatility of the Brazilian currency throughout the period and, in this way, minimize the risk of possible misinterpretations by the reader in the case of an investment decision/divestment. Dynamo Cougar is a fund that invests in NAV of an equity investment fund and is currently closed for new investments. (\*\*) Ibovespa closing price. The index is presented as a mere economic reference and does not constitute a target or benchmark for the Fund. (\*\*\*) Return up to November 2023.

and actively participating in the implementation of measures to mitigate the risks in the communities to preserve lives.

Rio de Janeiro, 19<sup>th</sup> December 2023.

## Additional information:

- **Inception:** 09/01/1993
- **Objective:** Deliver NAV appreciation above inflation in a medium/long term horizon by investing at least 95% (ninety-five percent) of the fund's net worth in the NAV of Dynamo Cougar Master Equity Investment Fund ("Master Fund")
- **Target investor:** Qualified investors
- **Status:** Closed for new investments
- **Redemption grace period:** 12 months grace period or liquidity fee of 3% for redemption within this time period\*
- **Redemption NAV:** D+12 (calendar days)\*
- **Redemption payment:** D+2 (working days) after NAV conversion\*
- **Applicable taxation:** Equity
- **Anbima's classification:** "Equity – Free Portfolio"
- **Management fee:** 1.90% per year for the Fund + 0.10% for the Master Fund
- **Performance fee:** on the top of IPCA + IMAB\*
- **Average monthly net worth last 12 months:** R\$ 5,691.1 Million.

(\*) Detailed description provided in the bylaws

To find more information about Dynamo and our funds, or if you wish to compare the performance of Dynamo Cougar to other indices in different time periods, please visit our website:

[www.dynamo.com.br](http://www.dynamo.com.br)

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**DYNAMO**

**DYNAMO ADMINISTRAÇÃO DE RECURSOS LTDA.**

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