Conference Call Transcript

ACQUISITION OF MINORITY STAKE IN VALE

OCTOBER 07, 2022

[SLIDE 1]

Good night, everyone, and thank you for attending this conference call.

I am here today with Luis Henrique Guimarães, CEO of Cosa, Marcelo Martins, Cosan's, Chief Strategy Officer, and Leonardo Pontes, CEO of Cosan Investimentos.

Our goal is to talk about the announcement that we made today, the acquisition of a significant minority stake in Vale.

Before starting my presentation, I would like to stress that over the past 15 years, Cosan has become one of the largest Brazilian groups operating in the natural resources value chain, in sectors such as renewable energy, natural gas and fuel distribution, agriculture and carbon credits.

The operation we have just announced is another step in the Company's portfolio diversification journey of operating sectors where Brazil has clear competitive and comparative advantages.

Let us go now to **Slide 3**.

[SLIDE 3]

Cosan has acquired a minority stake in common shares issued by Vale through a combination of direct share purchase and a derivative structure.

Investing in the Company aligns with our capital allocation strategy and portfolio diversification.

Vale is a unique and irreplicable asset, positioned in a sector in which Brazil has a great competitive and comparative advantage, with exposure to strong currencies.

For this operation, we designed a financial structure that limits financial risks and allows optionality, protecting our shareholders.

In addition to what I have already mentioned, Vale is also an asset that is aligned with our EESG values, and in this regard, we can highlight the energy transition and decarbonization process.

Now moving to **Slide 4.**

[SLIDE 4]

With this minority stake in Vale, Cosan intends to become a relevant shareholder in the Company and contribute to value creation with the current shareholders and management.

Vale is a unique and irreplicable global asset, which has competitive and comparative advantages in a sector that is fundamental for Brazil and for the world, with exposure to strong currencies, in addition to being strategic for the energy transition and decarbonization of the steel chain.

This acquisition will bring great value through increasing diversification of our portfolio.

Moving to **Slide 5**, to explain in greater detail the transaction structure.

[SLIDE 5]

One of the most important points to highlight in this transaction is that it has been structure to reduce financial risks and create optionality for Cosan, a key-point in our decision making process to enter in this transaction.

This structure was setup as follows:

- [4.9%] stake with voting rights, in which 1.5% approve direct purchase of common shares and 3.5% through a derivative structure, which hedges our position in Vale's shares (collar);
- [1,6%] additional stake with economic rights only through a second derivative structure that also hedges our position in value, which we call forward + collar;
- An option to convert to the second derivative structure with economics right into a voting derivatives structure after CADE's approval;
- In the event of the conversion, the Company will have a 6.5% stake in Vale's common share, 5% of which will be hedged against the downside of Vale's shares;

The transaction was financed by a combination of long term non-recourse lines of credit, which are

- Collar financing (derivatives);
- A bridge lower, which will be refinanced with an equity structure with preferred shares of holding companies that hold shares in Compass and Raízen.

Moving to **Slide 6.**

[SLIDE 6]

As I said previously, Vale is a unique and reputable asset, with a strong presence in the natural resources chain and with a relevant global presence. It is the second largest global producer of iron ore, in addition to being a relevant producer of base metals.

[SLIDE 7]

Continuing on **Slide 7**, our entry into Vale comes at a favorable moment for value creation within Cosan's portfolio. It is an asset whose main products are essential to the economy and relevant to the energy transition. The quality of the iron ore and base metals reserves is essential to make steelmaking and electrification viable, leading to higher premiums for its products.

[SLIDE 8]

Speaking again of the financial structure of the transaction, on **Slide 8**, we have created a structure with derivatives that allows us to achieve an economic exposure of 6.5% of Vale, while limiting financial risks and providing us with optionality.

Detailing a little more about the transaction structure, we acquired 1.5% of common shares, plus 3.4% through derivative financial instruments, with downside protection regarding Vale's share price. In addition, we structured a second derivative transaction that gives us an additional economic exposure of 1.6% in Vale, also with downside share price protection.

The second derivative transaction may be converted into a voting structure after the approval of the transaction by CADE.

In summary, we will initially have 4.9% of economic rights and voting capital, plus 1.6% of economic rights only. And, after CADE's approval, we have the option to reach to 6.5% of common shares, with voting and economic rights.

[SLIDE 9]

Going to **Slide 9**, the transaction was structured to guarantee optionality for Cosan and reaffirm our investment thesis on the asset, protecting the interest of our shareholders and limiting losses.

In addition to that, the derivatives structure allows the dismantling of the operation through the sale of shares to the financing banks, without credit risk for Cosan. We can now also refinance the structure, extending its terms, or even pay the collar financing and doing the derivatives operation and becoming exposed to Vale's share price.

We emphasize that it will not be necessary to issue Cosan's shares to finance the payment of the collar financing.

[SLIDE 10]

Moving on to **Slide 10**, I will give more details on the operation financing. It is important to note here that the long term credit lines and the non-recourse financing structure maintain Cosan's leverage at an adequate level.

The operation will be financed through four long term credit lines:

- A bridge loan of R$8 billion, refinanced by an equity operation, preferred shares of holding companies that own Raízen and Compass shares, according to the structure shown on the right side of the slide.
- The remainder of the operation, approximately R$13 billion, is financed through a derivative structure of up to five years.

[SLIDE 11]

Moving to **Slide 11**, regarding our commitment to maintain leverage at adequate levels, I emphasize that leverage will keep under control as:

i) In a first moment, an increase in gross debt of R$8 billion will be offset by the inclusion of shares such as bonds and securities

ii) And, in a second moment, the asset will be classified as an equity investment, with an increase in the net debt offset by an increase in EBIDTA via the equity method;

The bridge loan will be refinanced by an equity transaction, with Raízen and Compass preferred shares, with no effect on the Company's indebtedness.

Cosan already had in the past this kind of structure in which the preferred shareholder is remunerated by the dividends distributed by the Company.

The collar financing is a non-recourse transaction with several alternatives for its payment, such as dividends from the companies in Cosan's current portfolio and from Vale, liability management via the domestic and foreign debt markets, and extension of derivative structures and sale of assets and minority interests of controlled companies in the coming years.

We emphasize that it will not be necessary to issue Cosan's shares to finance the payment of the collar financing, and this operation does not impact our controlled companies' investment plan at all.

[SLIDE 12]

Going to **Slide 12**, I conclude my presentation. We, once again, highlight the main points of this very important transaction in the journey of diversifying Cosan's portfolio and our capital allocation strategy.

- This transaction is consistent with our strategy of investing in unique and irreplicable assets, in which Brazil is strategically positioned with competitive and comparative advantage and exposure to strong currencies;
- The structure designed for the transaction limits risks, providing optionality and flexibility for Cosan;
- This is an investment opportunity that increases the diversity of our portfolio;
- We remain committed to our usual capital discipline, while maintaining level at adequate levels; and
- It is aligned with our EESG Vales.

In summary, I reaffirm the optional nature of this investment, which will give us the necessary time to confirm our strategic assumptions.

We are confident that the Company is ready for this operation. Each of our businesses is properly capitalized and well-positioned to build value. We have a mature portfolio that is delivering consistent results, which give us tranquility to carry out this transaction. Thank you.

Q&A Session

Marcelo Martins:

Good evening, ladies and gentlemen. Lewin, thank you very much for your presentation. I would like to make a couple of comments before we move into the Q&A session, which I believe is the main part of this conversation.

This presentation gives an overview of our strategic vision of investing in Vale and the way we do this. Unfortunately, we had to move forward our Material Fact announcement. We wanted to do this with tranquility throughout the weekend, but we noticed that there was a possibility of leaking information about this transaction, so we had to move forward this Material Fact announcement.

I would like to give you a backdrop to our discussion in the Q&A session. To us, Vale is a unique asset, a unique company with exceptional assets, extremely well-positioned in its markets. It has huge consistency in cash generation and a huge opportunity to generate future businesses.

We believe that once we have defined Vale as an asset, as a company that makes sense for us, we look for a way to create a structure that has some conditions that are quite important to Cosan. The first one is that this investment would not have an impact on the Company's financial health. And this was a condition that had to be met.

So we had to find a structure that allowed us to have exposure to the market through the shares, combined with a tool that gives us this optionality so that we reached a share that would make a difference for Cosan.

So we are talking about 4.9% at first. That can reach 6.5%, 1.6% is still subject to approval from the Administrative Council of Economic Defense, or CADE, and the way this operation was structured, it will allow us with time; using the assumptions we had for this investment, we will validate the value generation that will be brought to Cosan and we will convert this optionality into an effective shareholder participation at Vale.

So this optionality in our goal is very important so that we feel no impact whatsoever in the investment of our controlled companies, which we are talking about, so that we can execute on our growth plan with the expected levels of return.

We do not want to increase our indebtedness level at Cosan, and I am talking about the immediate moment,

This R$8 billion that are being used at first. They will be a non-recourse fund with Cosan, and we are going to give you more details about this in the Q&A session. So at the end of the day, we do not want there to be any dilution for Cosan’s shareholders. What do we mean by this? We will not issue Cosan’s shares to fund this participation in Vale.

We had to decide throughout this process and throughout the time we used to make our decision, we had to define what was the percentage that made sense in terms of direct exposure and shares, and what was the percentage that made sense for optionality? When we found a balance, we started executing on the transaction, and we finished this today. So we are doing this Material Fact at the very moment we finished this transaction as planned.

I would like to make it clear, and I know that there are some questions about this, this transaction does not compromise on Cosan's financial health. It will not compromise, because if this should be at stake, the transaction will not take place, converting optionality into shares from the Company.

So if you ask me, if through time we come to the conclusion that this participation, whether this is 1.5% that we have today, reaching 6.5%, if it should go back for whatever reason, yes, it can go back. We can go back. It may be that at some point we have a stake between 1.5% and 6.5%, and we might have a stake of zero. So up to 1.5%, we can sell in time if we believe this makes no sense due to the considerations I have just presented.

However, we believe that the entry point to Vale is now. We do not believe we should wait for a disinvestment of Cosan's assets in order to invest in Vale, because today, the market allows a company with exceptional assets and that is not priced accordingly when compared to other competitors. This opportunity is happening right now.

At some point, we will rotate our portfolio. Maybe we should sell some assets at Cosan to maybe fund the conversion of the optionality into shares, or to do a cash reserve to invest in other business that might not be this one.

So in this call right here, I am going to repeat something that I have been saying to Cosan's team. This is an optionality for Cosan. What is important is to build alternatives that can bring to our shareholders value generation aligned or greater to the one we have reached so far.

We have a reputation of being a disciplined player, an investor that adds value because we make sensitive and sensible decisions about our portfolio, and that does not change. Quite the opposite, this just reinforces this background we have. I would like you to understand that, unfortunately, we cannot have 100% of the factors that cause an impact in this decision right now, and that is the case.

There is a benefit, which I believe is important to our decision, which is the discipline of rotating our portfolio and our assets, and we are doing this for our Group when we make this decision. The idea is that Cosan is responsible in the face of shareholders for reviewing its portfolio in a recurring manner as to generate other investment options. Otherwise, we would be limited through time with just keeping the portfolio we have built in the last 14 years.

The first investment we made outside the sugar and ethanol business took place in December 2008, Esso Brasileira de Petróleo, and from that point on, a lot was questioned about our capacity to manage business we did not know in depth.

We brought people and experts, and we believe in assets that have the potential to generate value through time. Vale reinforces this thesis. It is probably one of the biggest companies we have for our strategy right now.

We believe in this potential. We believe in the capacity to align with other Vale’s shareholders. We believe that we do have something to add to our partners and the Company's governance so that we can reinforce and highlight our support to decisions that will build Vale’s future. That is why we were making this decision.

And with this presentation, I want to make clear that this is a rational decision, which was made throughout the last months and executed throughout the last few weeks. So based on this assumption, I now would like to begin the Q&A session about this decision and about the execution of this possible investment with Vale.

I have here with me Luis Henrique, Leonardo and Ricardo Lewin, and we are available for your questions. So, Lewin, you have the floor, and I am available to answer any questions.

Regis Cardoso:

Thank you for your availability and congratulations on this transaction. I am sure this is an important step for the Company.

I am asking the first question, and I would like to explore two topics. One is, where do you believe is the marginal Vale generation looking at the Vale? How can Cosan contribute as a relevant shareholder, but still a minority stake, differently from other assets in your portfolio in which you actually have more stake?

The second topic, which I believe is really important, is the funding of this transaction, the 6.5%. The funding seems to rely on the portfolio rotation system and generating liquidity through time to fund the transaction without leading into a dilution of Cosan's shareholders and postponing this leveraging. So I would like to understand how you define a mature asset. Is not Vale a mature asset?

And what is the way to disinvest? Is it through assets? Are you going to carveout part of the op calls, or are you going to actually sell share in your controlled companies? Thank you very much.

Luis Henrique Guimarães:

Regis, thank you for your question. I will address the first part of your question and Marcelo will address the second topic you mentioned. Regis, I believe it is important to give a couple of steps back in history.

Marcelo talked about the Exxon acquisitions, and I would like to talk about the Comgás acquisition. As Lewin said, we want to look at places where Brazil has a competitive edge, and also look at companies that have unique assets.

When we can go into these companies, or assets, as you know, we have built our portfolio of shares as partners in the last few years. And it should not be different with Vale. We would like to be there to contribute with management, with the Board, and we would like to help implement the plans and the leverages we see at the Company. Management sees these too.

So our first criteria was to understand whether the asset indeed meets the criteria that Lewin mentioned in his presentation. So what is the difference of these assets when we look at Brazil and its competitors? It is a unique asset and it is appropriately priced, as Marcelo mentioned. And we also looked at the leverage.

So I can give you some examples. There is the performance, the production levers.

The Company has invested a lot, so very little new investment to be made. I think this is a concern that some people mentioned. People ask, “do you want to grow Vale a lot? Do you want to expand?” Vale does not need huge investments to keep on generating a lot of value and results. There is a debate about the base metal business future and the iron ore industry.

So we want to be humble about our role, and I am not going to mention all levers. Just today I called all Board members and the Chair of the Board. I wanted to introduce myself and we were very much welcomed. They understand that we have a different profile as an investor and to help in operations, and we want to add to this transaction.

We want to make sure that the company’s executives and the Board have the necessary resources in alignment to make sure that we can make the right decisions as to use all the opportunities brought by this portfolio and the quality of Vale’s assets.

So it is a journey of building together, and that is why we created the structure of funding. It allows us to move forward in time as we prove our thesis. We can bring know-how and safety and operational management, and the know-how of bringing together a group of people around a larger goal in this execution, consistent in time. Just like we did in Exxon and Comgás and Raízen.

When we joined these companies, you also had these questions, “where do the levers come from?” These were regulated business, so how is this going to generate value? And also looking at pricing revisions. So we proved that working together with partners and with managers, we unlocked many levers that were not looked at in these companies. And we want to replicate the same story of success in this operation, together with other shareholders and Vale’s managers.

And now I give I give the floor to Marcelo, who is going to cover the portfolio and the financing rotation.

Marcelo Martins:

Regis, just to get into a little bit of the resources so we can actually convert that optionality into a stake. So we had a lot of exercises here amongst our partners, which are the heads of the Group's businesses, and we talked about the type of assets that we considered to be mature enough for it to be a divestment option in the coming years, in order for us to have enough cash so we can cater to that necessity, which is to buy those shares.

So we have a laundry list of assets, and I am talking specifically about assets and not stakes in companies. And these assets are considered, and at the right time, in the right timing, in the right moment, they could be divested to generate this cash.

Apart from that, at some point we would consider a potential sale of our stake. However, in any way we will compromise our control in the business. So this is a secondary option. Again, this is not the first alternative.

And for Cosan, this is not an option. Selling our business stake is not a desirable option. Our desirable option is to divest in assets. And we have, like I said, a laundry list that is quite feasible as far as those assets. And as time goes on, I think we will have a better picture. And it is important to discuss this now, obviously.

The fact is, when we got into this business, we had a very complete analysis as far as what we could generate in liquidity, so these optionality could be converted into actual stakes. This is predefined, and we have a commitment to make this happen.

With regard to the initial investment, we have R$8 billion barrel that had to be raised for us to make this investment, and this funding happens through a structure that has no resources against Cosan, which is to say that we have a small portion of the dividend flow from Raizen and from Compass, in a way that those dividends would be compensating those preferred stocks that would be redeemed in time for us to repay those R$8 billion.

There is no specific deadline because this is a long operation and we have dividends from those preferred stocks. And as those companies start to repay those dividends, the dividends are going to repay the debt, which is a variable schedule. We cannot say this is going to take X time or a Y amount of time. It depends on the dividends that come in.

So you might ask, “how come the banks trust that this structure is going to work and those dividends are going to be paid?” Because the banks know that Cosan is a holding that is entitled to receive dividends from its controlled companies. As those dividends are paid – and again, this does not compromise Cosan’s liquidity nor our cash situation –, those resources will be used to repay this loan through time.

So we are very comfortable with this structure that was created and the way that this resource is going to flow into the Company to make sure that we pay our debts.

And obviously, if we feel it makes sense to reduce our stake in time or convert part of the options into shares, we will do that when we feel comfortable that this flow will not impact the Company's leverage.

I know the market is concerned about it. We heard a lot of matters that are related to that, but Cosan’s management, again, is very comfortable about it. We did a number of analysis, we ran numerous simulations with different scenarios, considering the projected cash flow of the Company to see how this would impact our leverage level. So we are very comfortable with that.

And by the way, Vale's shares will also be paying dividends. So that also has to do with Cosan's interest. We continue receiving dividends from Vale. This is in line with the shareholders. We want to receive those dividends.

And with regard to the future, as far as the other investments that Vale can make for the Company to grow and for it to be appreciated, that will be a discussion that we will have in the proper forums with our partners, and we will discuss with the company's management in the proper forums as well for us to run that analysis.

The fact is that Cosan does want to receive dividend payments from Vale, Cosan wants to receive dividend payments from its controlled companies, and we count on those dividends to repay our debts.

If I failed to answer your question, please let me know.

Regis Cardoso:

Sure. Good. Just a follow up to your last comment, Marcelo. Would you be able to tell us a little bit about the stake and Cosan's share in Raízen? And maybe a little bit of the accrual cost for that debt, the total cost of the operation, if you may.

Marcelo Martins

Lewin, I do not know what we can disclose about this.

Ricardo Lewin:

Getting into it, Regis, our steak is really indifferent. What matters is that, since this operation is a preferred share operation, in reality, the bank has 100% of the preferred stocks and 0% of the common stocks. So in other words, they have no rights of vote, and they have a small portion of Raízen's dividends and from Compass' dividends. And this amount, it will vary through time.

Regarding the debt, as you know, preferred stock debts are cheaper than the market debts. And also, when you consider the cost – actually, let me rephrase that. This is not really a debt. This is an underlying cost. It is an underlying cost on the preferred stocks. Plus, you have the cost of the derivative operation. So it is below the CDI rate + 1%. So it is cheap debt when you compare it to the market overall. And it is important to say that these are long term debts as well, so in any moment we suffer any pressure from short term debt.

Regis Cardoso:

Understood. Thank you, Lewin, Marcelo, Luis. Congratulations on the operation.

Matheus Enfeldt, UBS:

Good evening. Thank you for getting my question. Actually, it is just one question that maybe has a few parts to it. I just want to understand a little bit about this announcement and how it fits with the previous MOU announcement, are those excluding investment or complimentary investments? Does one impact the other, especially considering the CAPEX in the midterm, and considering the potential increase in the Vale stake? Can you please comment on that?

Marcelo Martins:

I just want to remind some aspects that maybe are not clear to the market. Our getting into this mining operation is after the 100% acquisition of Porto São Luis. The Porto São Luis acquisition was concluded early this year; it started late last year. We acquired one and then another partner from Porto São Luis.

Our terms and our contract remains exactly the same. So in other words, our option is to have a contribution with Porto São Luis to the Company, in a way that this contribution could be converted into an effective stake in the project.

The terms remain the same again. Again, the contract is intact. We are still 100% owners of the port, and we are making some progress as far as the terms with regard to the potential of the mining potential of the project, and at the right time, we are going to make a decision regarding the port's contribution to this project. So that is to say that this project is separate from the Vale operation and it runs its original course.

And just a reminder, our contribution assets on that project or this project is the São Luis Port. We own the port, 100%.

Luis Henrique Guimarães:

And again, just to add on to that, Marcelo, you talked about the additionality play that was put together, and that includes a lot of preceding conditions and a lot of CAPEX commitments that have to be established between both parties.

So just like Marcelo said very well, these are detached and they are running in parallel until we actually develop this field. Is it clear?

Matheus Enfeldt:

Yes, it is clear. Thank you.

Thiago Duarte, BTG Pactual:

Good evening, everyone. Thank you for the opportunity. I want to ask a question, and I just want to make something clear: my question, and that is to Luis' point, I think he did a nice recap on how the Cosan's operations took place as far as Rumo and Comgás, but is there a common denominator regarding Cosan's previous operations and acquisitions in different sectors? Because in my understanding, Cosan has always sought some of level of control in the shareholders agreement, the Company's movements have always been in the direction of making it an active participant, a strategic decision maker.

So I want to connect this rationale with today's announcement and the stake that you are taking on Vale, and I want to understand, first, this rationale, how applicable is this mindset to the announcement that you are making today? And I would like to know if that share, if that stake of up to 6.5% like you announced, is it still in line with that, and of course, nothing is factual, but can we consider an increase of that in the future? That is my first question.

And just to shed some light on something that is not clear, when you talk about the cost, when you talk about the preferred stocks against Cosan, which is going to take place because of the dividend flow at Raízen, my question is this: what happens if the dividend flow that comes from those subsidiary companies, if it is not up to the task, if it does not reach that amount, which is CDI + 1%, which is the associated cost to the preferred stocks? I just want to think about that extreme to get an understanding on how cost works for Cosan.

Ricardo Lewin:

Thiago, this is an underlying cost of the overall operation, and that includes collar finance and preferred stocks. Again, this is an underlying cost of the overall operation. Preferred stocks, the way they work – and by the way, I emphasize what I said on the call, which is that this structure is different from the previous operation we had with preferred stocks. The operation that we had in the past with preferred shares is that the banks had put against us, and that is why it was a debt. With this structure now, we have a call option against the banks and the call has a certain amount. And as you distribute dividends, the amount of that call option drops until the moment you want to exercise this option. So at no moment can the bank exercise the put option against Cosan.

If the companies that are underneath this distribute more dividends than what we foresaw in our forecasts, then this debt will be shortened. If we distribute less dividends than foreseeing, the debt will be elongated, prolonged. And with that, the implicit cost of the operation will increase or decrease. So this implicit cost I mentioned is based on our forecast of dividend distribution for future years.

Marcelo Martins:

Just clarifying something: there is no flow of interest rate payment as a debt instrument. So you have an amount, and that will accrue the delta that Lewin just mentioned, and you have a dividend flow on the other side.

As the dividends are paid, you amortize or you pay the amount, and it can be fully paid in X, Y or Z years, depending on the flow generated within the structure so that you can then pay the amount.

Since the banks have preferred shares and there is defined interest in these shares, this interest is being accrued, and as the flow is created, you pay this out. So the major advantage of this structure, besides being non-recourse, is that the dividend generation flow will define the average maturity to pay the amount, and this time can vary.

The banks believe, of course, that since these are very profitable companies, they pay dividends and this is of Cosan's interest. The repayment within the flow will take place in a specific time frame. We are talking about different companies with different dividend profiles and different horizons.

Luis Henrique Guimarães:

Marcelo, there is also this track record of what we have done in the past, and it has worked quite well with partner banks.

Marcelo Martins:

Exactly. Although this is a different structure, when it comes to compensation of the investment made, it is similar.

Luis Henrique Guimarães:

Exactly.

As to your first question, let me try to cover a couple of points, and I think that Marcelo and Leonardo can help me out. First, in these investments you mentioned, we see two characteristics. One, yes, we were controlling shareholders and our experience with Raízen brought us a lot of expertise throughout the last years. Then, we went for an IPO, and what we see in recent years, what we have learned is that when you create a high quality planned, aligned with other partners, with high quality management that is encouraged to deliver on results, things happen.

The sheer size of Vale and of the enterprise that Vale is, this is very different from other initiatives when we think of scale. As Marcelo mentioned in his initial presentation, we wanted to ensure that in the beginning, with the 4.9%, we have an influenced based in our competence and based on friendliness. We want to be friendly because we are looking at the Company's best interest, and we want this agenda to evolve in time.

We know, of course, it takes building trust and leading to results. Together with the other shareholders, we hope to take the Company to performances that are even above what it has already had.

So again, the financial structure, the risk structure and the full structure takes all of that into account. If in time our capacity of joint construction reaches the point we believe is possible, or if it does not happen, as Marcelo said in the beginning, we can then go back and we can return to zero.

Of course, this is not our intention. Our intention is to build and to be successful. We rely on that this is possible and that it will happen, but we take into account the optionality. Should this not happen, we can have another good alternative for our initiative. I hope I have answered your question.

Marcelo Martins:

Just one final comment on that. We decided the size of the investment looking at the collar structure. We want it to be relevant for us. This has to be a relevant investment for us. We trust that this investment will generate value through time, and other shareholders should also see this as an investment with an aligned profile.

So we want to be fully aligned with Vale's shareholders. We respect what they do. Some of those are our partners in other businesses as well, and we are beginning this new relationship now with these shareholders in this new investment. We are talking to Vale's management, and this is a transaction we are presenting to the market right now. So our work starts today.

So we have to introduce ourselves, we have to show our qualities and skills, we want to contribute. And we hope that our contributions that will be sent to the appropriate forum, that they be deemed constructive and they can lead to a positive impact for the Company, for the management. And we want to support the Company's management. We do not want to lead to any kind of rupture. And we also want to be well seen by our shareholders as well, so that we can contribute to this shared structure.

So we believe we can generate value because of our track record, because of the profile of the companies we have invested in the past, and we do believe that Vale is very much aligned to these companies when it comes to the quality of the assets.

They all have unique positioning on their specific industries and huge potential to generate value, which is not still reflected in the price of the shares. And based on that, we will propose our contribution in the appropriate instances, and we hope to be successful, to be welcome and acknowledged by the partners, shareholders and by the Company's management.

Thiago Duarte:

Thank you very much. It is very clear.

Guilherme Palhares, Bank of America:

Good evening, everyone. Thank you for taking my questions, and thank you for this call. I have two questions in terms of the structure of the transaction. We see that we have SPV2 and SPV3 with Raízen and Compass, and I wanted to understand if the amounts are equal between the two companies, and also the rationale behind it in these two companies, instead of doing this with Cosan, with Cosan's preferred shares. If you can please clarify whether this is going to be preferred shares that Cosan has right now, or is it a different structure with preferred shares as well?

Ricardo Lewin:

The answer is yes, but I can give you more detail. We are funded by two banks, Itaú and Bradesco. Each one of them will be based on one of the SPVs, and each one has R$4 billion, as we showed you in the deck of slides. But from a legal perspective, we could not base the SPV on Cosan's structure. We have the shareholders, but we cannot have this structure with Cosan.

And I wanted to mention something that Marcelo said. In many studies we have conducted, we always foresee dividend distribution through CSAN3. So at no point CSAN3 will stop distributing dividends. So we still have a very conservative hedge additional to the dividends we distribute through CSAN3. Did I answer your question?

Guilherme Palhares:

Yes, you did. Thank you very much.

Luis Henrique Guimarães:

Guilherme, if I may add, for us, it is important to have the non-recourse structure. This is super important for us. The best way to have this structure is transfer to the banks the unforeseeability of the flow that will serve this debt, or the amount should be served in that manner. Since this is assumed by the banks and not by Cosan, this is the structure that makes sense and works better.

Also, something relevant I would like to mention is that as these businesses will generate more or less dividends, we will be able to prolong the amount that will be repaid. So for us, it is extremely important that the maturity of payment can fluctuate. Otherwise, we lose sight of the fact that this is a transaction that has no impact on CSAN3 sources.

We know this structure. Of course, it is different from what we have done in the past, but we are very much comfortable with the way this structure is conducted and how this flow works through time. And that is why we went for this alternative.

Guilherme Palhares:

Perfect. It is clear. Thank you very much.

Vicente Falanga, Bradesco BBI:

Hello. I have two questions. What are the main triggers from an ore perspective? Are we looking at China? If you would dismantle the derivatives structure. Is there any threshold for ore prices or China's economic activity? What are you looking at? Are you willing to face a low cycle, maybe? So whatever you can mention about it.

And also, can you tell us a little bit more about this transaction from an ESG perspective? You have made it clear that Vale has good quality ore from an ESG perspective. However, there is still this legacy of the environmental disaster. So what is the main message you would give to shareholders that have ESG as a priority so that they keep engaged? Thank you.

Luis Henrique Guimarães:

Thank you, Vicente. I will start answering and the team will then complete the answer. So the trigger is not the price. The price is not the trigger, actually, that will determine what we will do. It is the advancement of this agenda that we believe is important for the Company.

We believe there are opportunities to unlock value. We are sure that we will engage with the board and with the management. We will do this in the appropriate instances. We want us to move forward. We want there to be alignment.

So these are the triggers that will make us feel comfortable that the Company is unlocking the opportunities which will allow us to have this alignment with other shareholders and to make sure that the Company is going in this direction of prosperity and success we believe in.

So it is more looking at a roadmap of relative improvements in different areas of the Company, as I said. This will make us feel sure that our stake, which is different from a controlling stake, we will make sure that this is working and that it makes sense then to move forward and evolve into a direct stake.

Leonardo de Pontes:

Luis, my apologies, I just wanted to add to your reply. Again, the structure we have designed for this initial moment, it will give us the time and the protection we need from any type of downside. And also because of that, we want to understand all the strategic assumptions that we have included and discussed already.

I would like to mention again, Vicente, that destruction has a protection. So that is how we start with the protection of the structure, and in the long term, as we said, we will understand if the value leverages we see in Vale, and I can mention high quality ore, with a huge demand and a price premium, so moving away from commodity prices, and again, decarbonization of the steel works industry, the accelerated progress. So these are the main leverages.

And I believe Luis was going to talk about the operational side, but I just wanted to remind you that this is an additional reason why we decided to go with this protected structure.

Luis Henrique Guimarães:

Exactly, Leonardo. And speaking of ESG, now, we do believe that major initiatives we are taking in our whole portfolio are connected to doing more with less, being more efficient, looking at our energy mix.

So in Vale's evolution, we see a lot of opportunities. They are already looking at these opportunities as well, but we believe we can add with our knowledge of biomass, other sources of energy, gas. We can add to the discussions that the Company already has.

So in our perspective, Vale is key for the planet's energy transition, whether that is decarbonizing the real estate and infrastructure value chain with high quality iron ore, and also in this transition into different energy mixes mostly in countries such as China, looking at copper. So that is the direction we are looking at. That is what we want to encourage and discuss with shareholders and management so that we can have a company with the lowest carbon footprint in the global market.

And we believe Vale can be this company. We saw this from afar and we see a very interesting push from the management and the board. So now we will join these efforts, adding to the debate, our knowledge, our expertise coming from other industries, and I believe we can contribute to accelerating this process.

Marcelo Martins:

Yes, Luis, this is a point we have not mentioned yet, but this is extremely relevant, something that makes a lot of difference for us. Vale brings us this, which is exposure to other currencies, other than the BRL.

We have been looking at alternatives recently, looking at assets that give us this exposure, and Vale is exceptional in that sense. We do understand commodities and volatility. As Leonardo said, this protection takes place because in our collar structure, we have a floor when it comes to the floating of the shares. We have a cap, and this is the goal of the collar, of course, to provide this range, and we have a floor as well. This floor is also an important protection.

When we started this debate, we reached this transaction, or this structure, because the downside protection is extremely relevant for Cosan. Of course, if we want to have an equation that makes sense, we would have to commit on part of the upside, and we are fine with this.

Again, this is a risk management situation with this optionality, and we preserve Cosan's financial health. That is why this structure is very much appropriate, and we decided to follow this path.

Vicente Falanga:

Just a follow up question. Are you going to change the floor and the cap at some point, or is this confidential?

Leonardo de Pontes:

This is a strategic information and we are not going to make this public, the floor and the cap.

Vicente Falanga:

Thank you very much.

Operator:

This is how we finalize our Q&A session. I would now like to give the floor to Mr. Luis Henrique for his final remarks. Mr. Luis Henrique, you have the floor.

Luis Henrique Guimarães:

Thanks, everyone. Good evening to all of you. I know it was a lot of information. And I just wanted to say that our team, everyone here in the call in our investor relations team is available for whatever information you might need, for any further questions, and we will be available throughout the next few days.

I just wanted to mention some key points. First is there is no compromise on the Company's plans. We will deliver on the defined plans. There is no impact on Raízen, on Rumo, on Compass, on Moove, and all the investments we have made in Cosan Investimentos such as Radar.

So what is agreed with you and with the market in terms of projects, going up into Lucas do Rio Verde, increasing our distribution platform by replicating Comgás model in the distributors, we have acquired the international expansion of Moove, this is already decided, and we will continue to make this happen. So the plan takes that into account. We will not dilute Cosan's shareholders. This is another commitment that we have with you and with the market.

My third point is that we will only increase our stake from 1.5% to 4.9%, waiting for the authorities' approval, and then maybe reaching 6.5%, as we mentioned, with the optionality, we will only do this if we reach our strategic goals. If we see that the Company, the alignment with the Board of Management and the shareholders, if we are going in the right direction and if we really do the portfolio rotation with the assets Marcelo mentioned, and maybe minority stake as well, always looking at the health of our balance sheet, acquiring new batches through time with the collar structure. So this is also very important to us, and we will keep laser focus on this decision.

Finally, I wanted to highlight our belief in the quality of this opportunity for our portfolio. There is a recurring question people always ask us: “what about focus?” I want to make sure that, throughout this journey, we thought of structure and our resources focused on managing this position with Vale and this interface with Vale, without any impact to our ability to keep on playing with the other leverages and the other industries we are part of.

So it is really important to make it clear that before making this decision, we thought a lot about our focus about resources, time allocation, and now we have this design and the structure with the right people, balancing these efforts so that we do not lose focus on excellent execution at Raízen, Cosan Investimentos. This is a commitment from all our partners; Leonardo, Rita, Beto, Ricardo, Felipe. And we will take care of the new asset with the same focus, drive and skill that we have had so far. So this is just the last comment I wanted to make.

So once again, we are opening a very important avenue, as Marcelo mentioned, regarding exposure to foreign currency. This is an asset that has huge scale, and with our contribution, together with the management and other as shareholders, we believe we can have huge impact in value generation, just like we have showed throughout the years when we acquired Exxon and other strategic moves we did in recent years, always delivering.

So we are determined. We are confident. So now it is about getting to work. Now the game begins. This is our first presentation to shareholders and we are in contact with the management, so we are very excited. We know there is a lot of work ahead of us, but please count on our capacity to execute and our determination to make this a success.

Thank you very much for your trust. My apologies for going late at night, I know this is a Friday night, and we are available for any further questions you might have in the next few days. Thank you very much, and have a nice weekend.

Operator:

Thank you all very much for your participation. If you have any additional questions, we are available at ri.cosan.com. Thank you very much, and have a great evening.