

MANAGEMENT REPORT

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This document aims to enforce the transparency commitment of Fosnor - Fosfatados do Norte-Nordeste S.A., represented in this material by its Galvani brand.

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LETTER FROM THE CHAIRMAN OF THE BOARD

Rodolfo Galvani Jr.

*Chairman of the Board and
VP of Engineering and
Innovation*



Pioneering and innovation have been part of Galvani since it was founded in 1934, always believing that simplicity is better.

Our trajectory has been full of daring and overcoming, always seeking new horizons for our business and building a positive legacy for future generations.

Thus, in 1992, Galvani arrived in western Bahia and, together with several pioneers and local researchers, played an important role in building up the region's soil, improving its fertility, and strengthening and deepening its roots. Since then, we have launched several innovative products and, with new investments and based on the best sustainable practices, we are preparing to expand our leadership in phosphate fertilizers in Matopiba, following our purpose of **Transforming Land into Life**.

In this report, you can find out a little more about our results in 2023. Happy reading, everyone!

LETTER FROM THE PRESIDENT

Marcelo Silvestre

CEO



***"The fertilizer
delivery record of
617,000 tons in 2022
has been broken:
669,000 tons in
2023."***

***"Moving forward with ethics,
safety, pioneering spirit, and
innovation in operations is a
commitment that can be seen
in all of Galvani's sectors."***

The global fertilizer market demonstrated a remarkable ability to adapt to an environment full of uncertainties and challenges in 2023.

Geopolitical and macroeconomic challenges were also present, with the continuation of the war in Eastern Europe and the beginning of the conflict in the Middle East. Inflation remained high, with interest rates rising. There was a slowdown in global economic growth, which was one of the lowest in recent decades. Add to all this the impact of restrictive monetary policies.

In the international fertilizer market, despite the rise in consumption, prices fell due to the increase in production by the major global *players* and the reduction in export restrictions by China and Russia. To overcome this challenging scenario, Galvani used its management capacity provided by structured and strategic governance. Thus, in 2023, it was possible, for the second year running, to achieve a record for fertilizer deliveries - from 617,000 tons in 2022 to 669,000 tons in 2023. This milestone was possible because we achieved unprecedented figures in the mining and fertilizer production units.

Undoubtedly, one of Galvani's strengths is the search for innovation in a world that is continually changing. To this end, in line with the business strategy, investments are continuing to double production at the fertilizer production complex in Luís Eduardo Magalhães (BA) and to implement the new mining phase of the Irecê Project (BA), which recently obtained an installation license, as well as continuing with the Santa Quitéria Project (CE) and its licensing process.

We have advanced in production without neglecting our greatest asset: human capital. To this end, we invest in people qualification programs, career acceleration, *trainees*, as well as initiatives aimed at the employees' well-being and improving relations with our *stakeholders*. Our strategy is to grow sustainably, respecting our values, which are fundamental to achieving success in a broad and structured way.

We are aware of our responsibility in the communities in which we operate, going beyond simple compliance with legislation:

Examples include the work of **Parque Vida Cerrado** and the **Instituto Lina Galvani**.

The **Park** has made significant contributions to the conservation of the flora and fauna of Bahia's Cerrado and the search to encourage harmonious coexistence between human beings and nature.

Instituto Lina Galvani, for its part, promotes the development and expansion of people's potential to positively influence social change in the communities where we operate.

2023 has shown us that we are moving in the right direction to expand our presence in the Northeast and North regions and that we have the necessary repertoire to overcome the challenges ahead!

2023 HIGHLIGHTS

Fertilizer
delivery record 2023

669,000 t

Market share in the
markets where it operates ⁽¹⁾

23.2%

Net revenue

R\$ 1.2
billion

Gross margin

21.3%

EBITDA

R\$ 202.5
million

Net profit

R\$ 102.9
million

12-month accumulated
EVA

-R\$ 43.7
million

Return on equity

10.7%

Return on invested
capital

16%

Capex of

R\$ 218
million

Free cash flow

R\$ 45.1
million

Indebtedness to
assets

12.2%

Net indebtedness

-R\$ 255
million

Cash balance

R\$ 472
million

(1) Which represents 12.0% of the total Matopiba

GALVANI: TRANSFORMING LAND INTO LIFE

Galvani is a 100% Brazilian company with over 50 years of experience in the fertilizer industry and is the leading producer and distributor of phosphate fertilizers in Matopiba, an agricultural region comprising parts of the states of Maranhão, Tocantins, Piauí, and Bahia.

The strategy adopted by the company is based on constant reinvestment of the results obtained in expanding production, improving products and services, and incorporating new technologies. As a differentiator, Galvani seeks to be close to its customers through a highly qualified technical team to support and clarify doubts about soils, plant nutrition, and fertilizers.

Throughout its history, it has played a significant role in our agricultural production.

With the purpose of "Transforming Land into Life", Galvani's goal is to continue contributing to keeping Brazilian agriculture at the forefront of technology and increasing its relevance as a food supplier to the world.



OVERVIEW

2023

669,000 t of fertilizers sold

Net revenue of R\$ 1,230 million

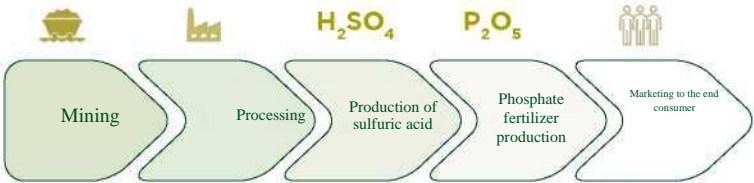
EBITDA of R\$ 202 million

ANNUAL INSTALLED CAPACITY

235,000 t of phosphate concentrate

250,000 t of sulfuric acid

635,000 t of phosphate fertilizers



Broad ESG performance

The Environmental, Social and Governance pillars formed the basis for all of Galvani's corporate goals. The focal points in 2023 were: water management, gender equity, and strengthening the company's social role.

Instituto Lina Galvani

The Institute celebrated 20 years of dedication to community development in the places where Galvani operates. Investments over the two decades have exceeded R\$18 million.

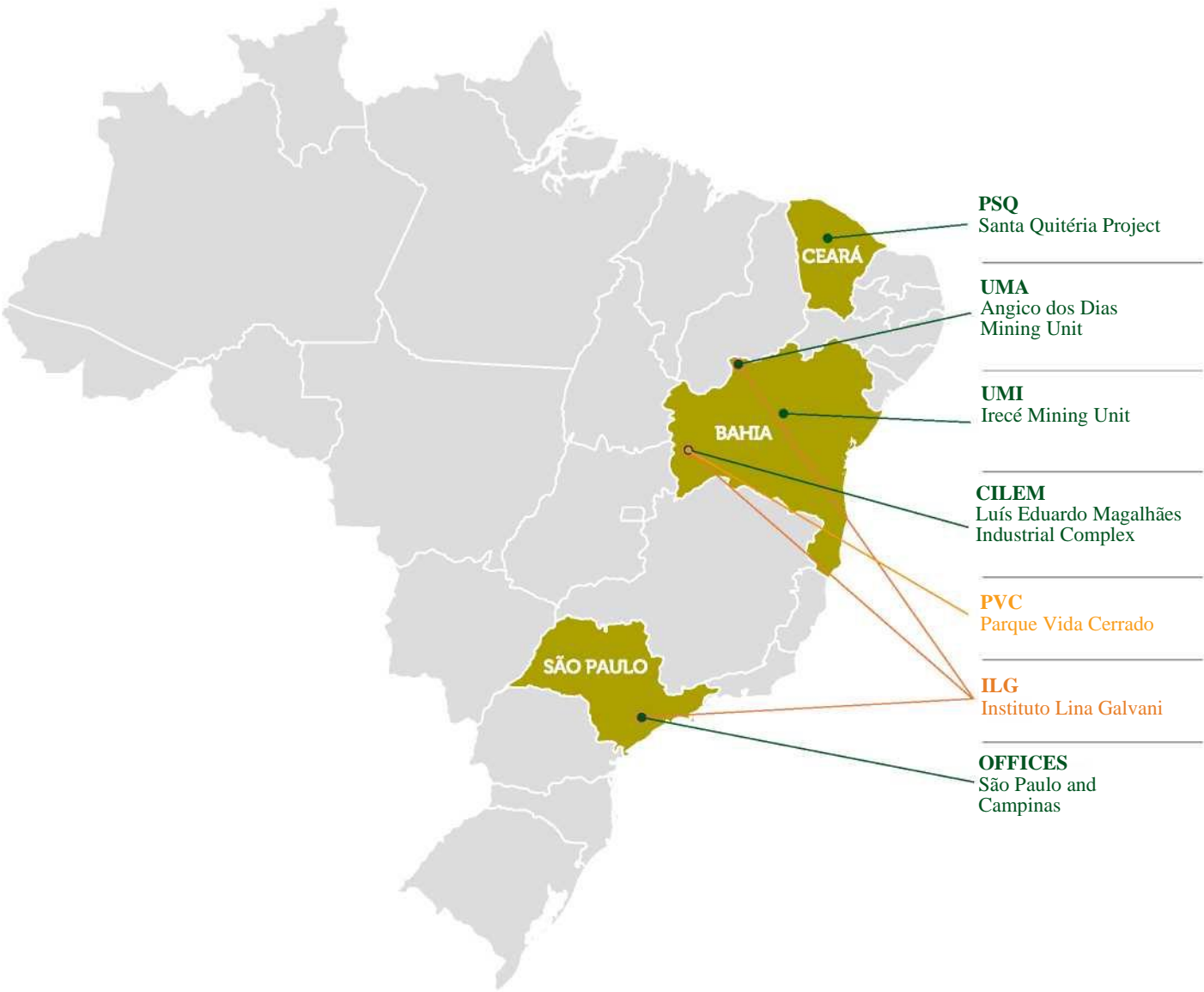
PARQUE VIDA CERRADO

Conceived and maintained by Galvani, the Park has set new goals by 2030 for the conservation of Cerrado biodiversity, research, and socio-environmental education. It is located between the municipalities of Luís Eduardo Magalhães and Barreiras, in Bahia.

OPERATING	IN DEVELOPMENT
1 phosphate mine	1 phosphate mine

1 industrial complex	1 mining-industrial complex
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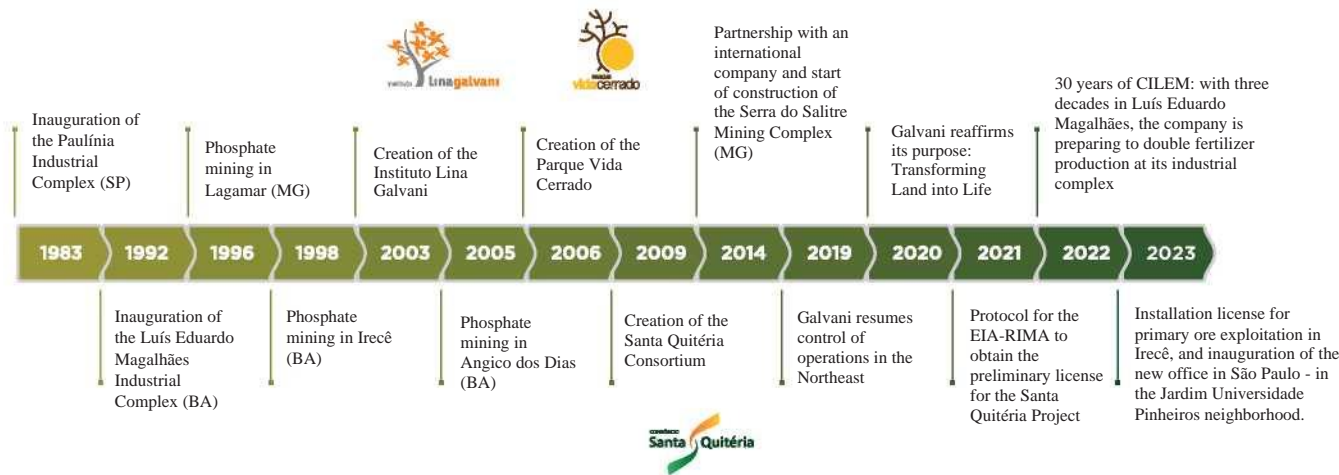
YOU CAN FIND US IN



PURPOSE, TIMELINE AND VALUES

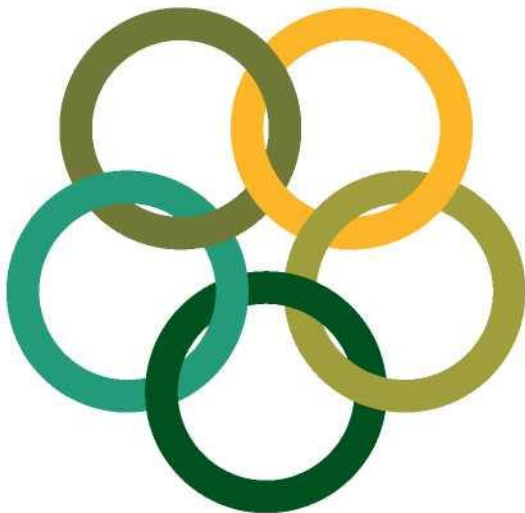
Pioneering spirit, dynamism and courage have always been present in Galvani's history. There is also a commitment to society and the environment, as well as careful risk assessment. Thus,

the opportunities materialized and generated business value. In all situations, Galvani's guiding compass has been its values and its purpose: **Transforming Land into Life!**



Values

- › Customer focus
Full attention to the client and their needs
- › Owner's thinking
Thinking like the owner of what you do
- › Transparency
Make the purposes and results clear
- › Innovation
Always looking for new and efficient solutions
- › Simplicity
We believe that simplicity is better



OPERATING MARKETS

INTERNATIONAL CONTEXT

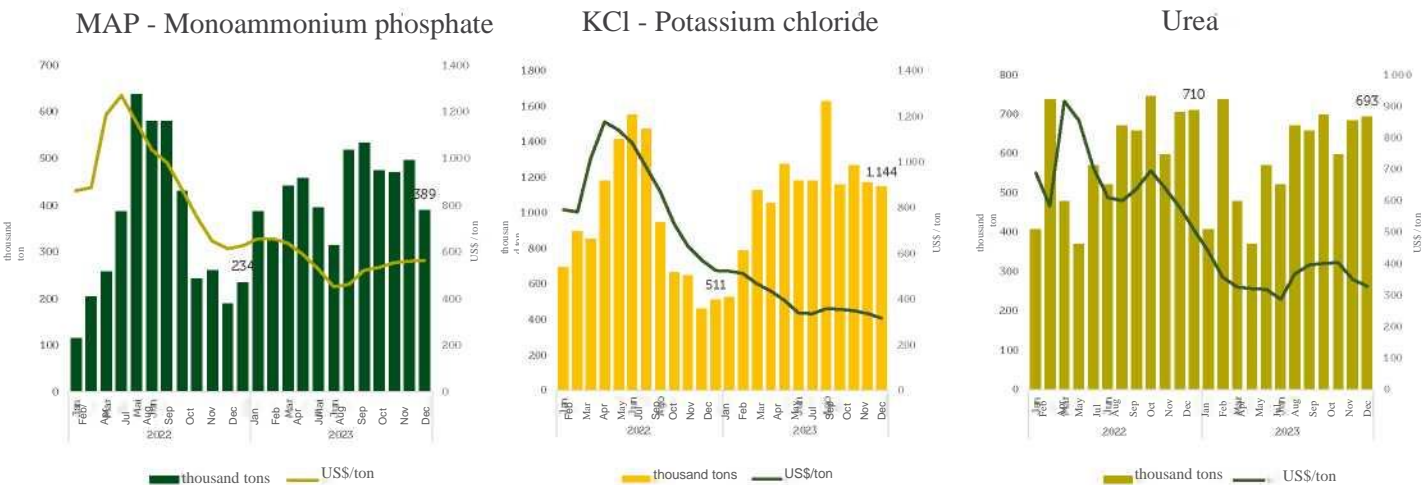
Tight monetary policies around the world, coupled with the risks associated with geopolitical conflicts and volatility in the energy markets, have required enormous resilience in the global economy.

In the fertilizer sector, price levels have returned to "normal" levels, after the peaks recorded in 2022 - influenced by the supply shock that resulted from the confrontation between Russia and Ukraine. However, the supply of Middle Eastern countries, that produce potash and nitrogen, has become uncertain in the face of a new dispute involving Israel and Palestine. The impact on prices, however, was smaller.

In this context, the market has witnessed an increase in the international availability of fertilizers, with an increase in production in Morocco, China, Saudi Arabia, Russia, and Canada, which are major producers, as well as the end of export restrictions imposed by China and Russia in 2022. All this impacted the increased availability of fertilizers and led to a drop in prices throughout the year and a consequent improvement in the exchange ratio for farmers, which boosted consumption and deliveries.

By 2024, restrictive monetary policies are expected to be eased, which should benefit the international scenario, although geopolitical risks remain.

Volume of imports (thousand tons) and import prices (US\$ / ton CFR Brazil)



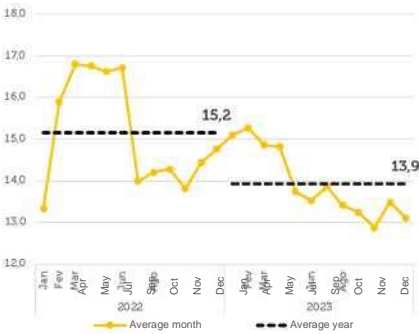
Source: CRU Fertilizer Week, Argus Brasil Grãos e Fertilizantes, Comex Stat - MDIC

On the global markets, agricultural *commodity* prices followed the downward trend that began in mid-2022 and were boosted by the excellent 22/23 harvests in the US and Brazil. However, in recent months, with the delay of the rainfall caused by *El*

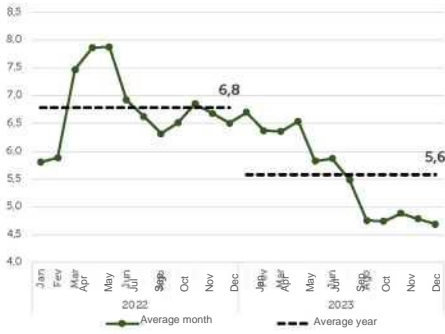
Niño and the consequent increase in the risk of planting the 23/24 crop in South America, *commodity* prices were slightly boosted.

AGRICULTURAL COMMODITY PRICES

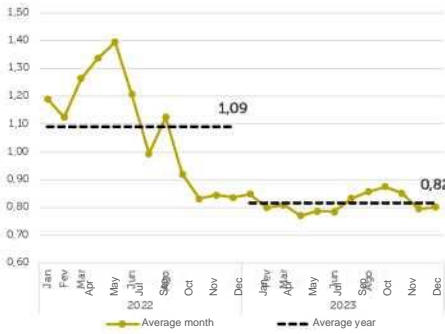
Soy
(US\$ / bushel - CBOT)



Corn
(US\$ / bushel - CBOT)



Cotton (US\$ / lb
NYBOT)



Source: Chicago Board of Trade (CBOT) CME Group, New York Board of Trade (NYBOT)

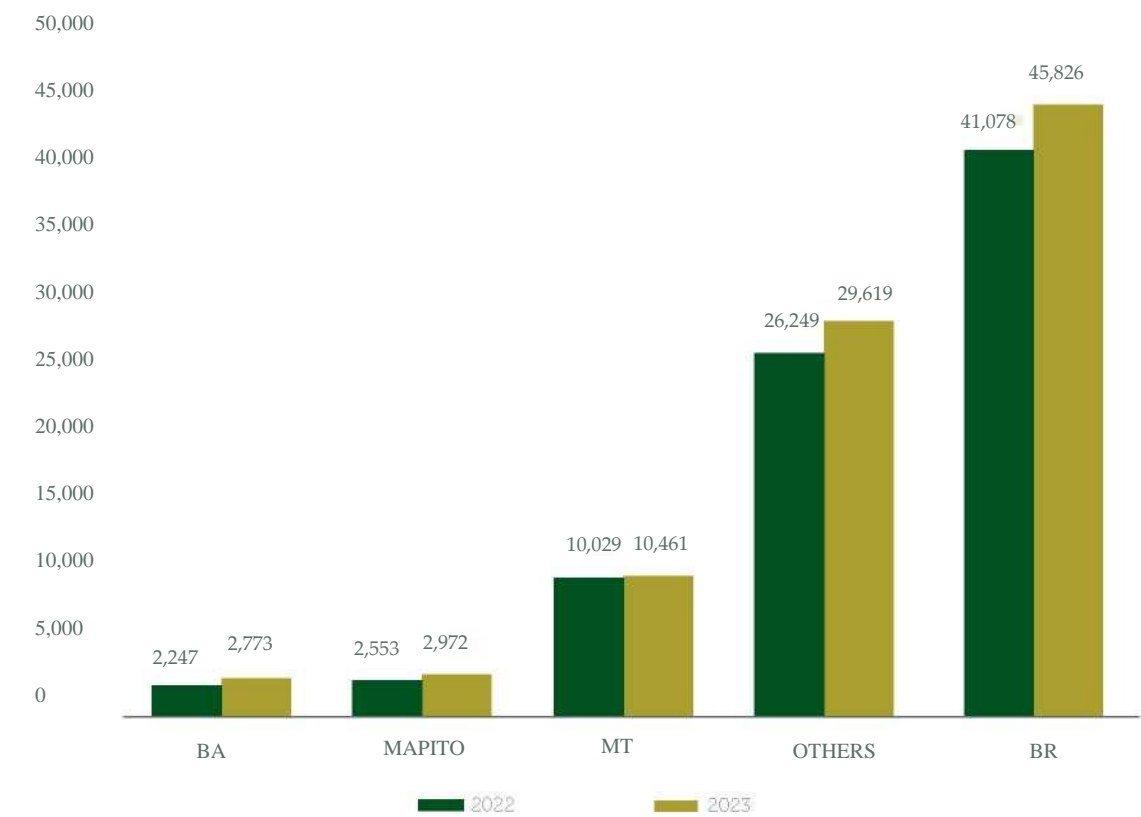


NATIONAL CONTEXT

Fertilizer delivery data from the National Association for the Diffusion of Fertilizers (ANDA) indicates a strong recovery in the market, driven by the more favorable exchange ratio. Deliveries reached 45.8 million tons, a significant increase of 11.6% compared to 2022, and very close to the record of 2021 when 45.9 million tons were delivered. This resumption of growth is a promising sign for the market in 2024.

Despite favorable growth prospects, 2023 presented considerable challenges in important agricultural regions of Brazil, mainly due to the delay in rainfall in the Midwest and especially in Western Bahia, a region where Galvani is the leading producer and distributor. Despite climatic complications that even limited the growth of second crop areas, the market managed to overcome the challenges and deliveries were close to an all-time high.

Fertilizer deliveries - Brazil (thousand tons)



Source: ANDA - Associação Nacional para Difusão de Adubos

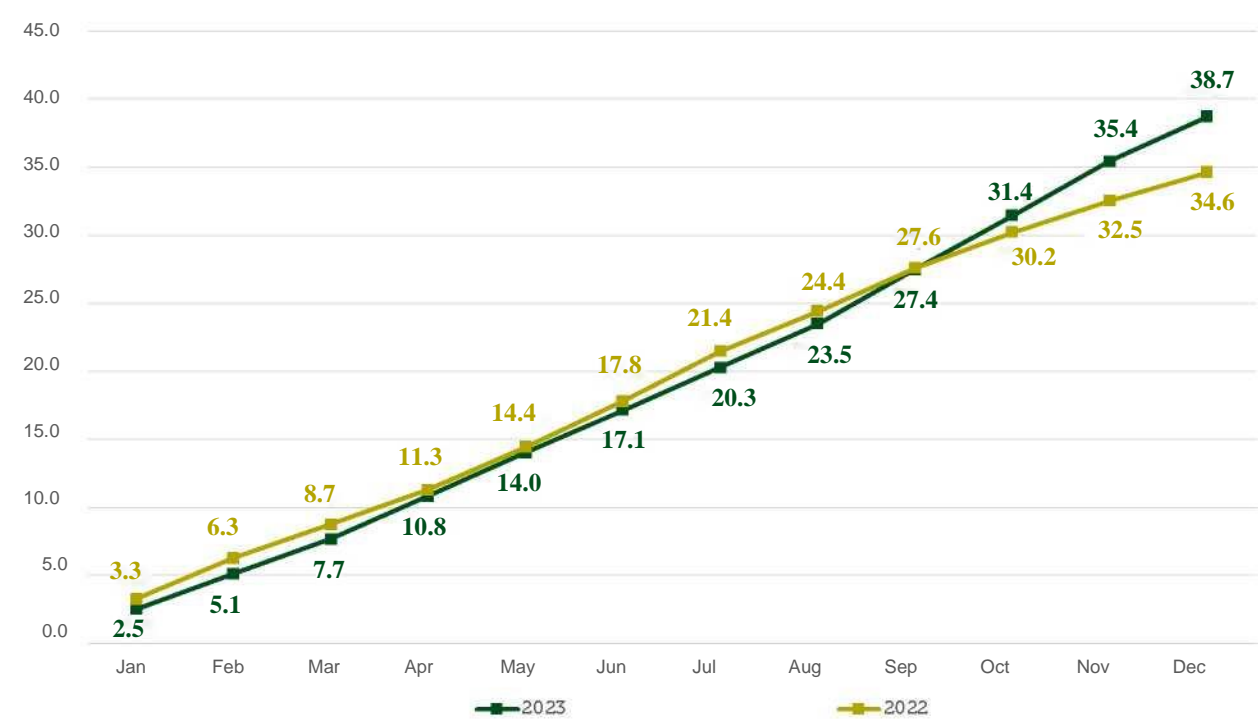
Fertilizer imports showed a notable recovery and totaled 38.7 million tons, a volume close to the 2021 record when they reached 39.3 million tons.

The performance reflected growth of 11.8% compared to the 34.6 million tons imported in 2022. This result was driven by imports in the fourth quarter, which registered a 60% increase

compared to the same period in 2022.

The main reason for the growth in recent months has been the maintenance of the pace of imports throughout 2023, which differs from last year when importers withdrew from the international market due to uncertainties about the direction of fertilizer prices in subsequent months.

Accumulated fertilizer imports in Brazil in 2022 and 2023 (million tons)



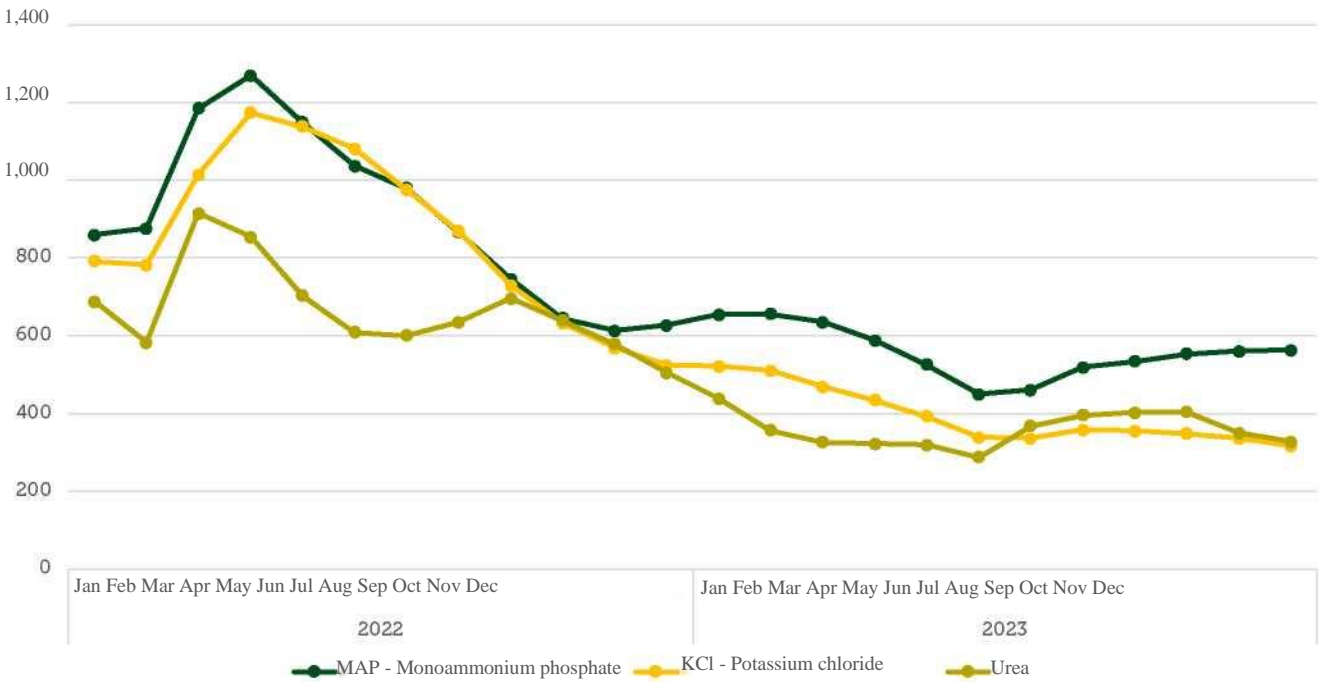
Source: Siacesp, Comex Stat - MDIC

The balance of supply and demand in Brazil was impacted by the reduction in domestic production due to the shutdown of nitrogen units in the Northeast and the decrease in the production of Super Simple Phosphate powder in several companies. The estimate indicates a drop of 8.5% in production, bringing the total to 6.8 million tons, down from the 7.5 million tons recorded in 2022. To balance the books, the market increased imports, which were responsible for meeting the increase in deliveries. This movement also increased carryover stocks, estimated at 10.5 million tons, a volume 25% above the registered in the previous year.

It can be seen that the increase in stocks is predominantly concentrated in urea (+1.0 million tons / +77%), potassium chloride (+0.8 million tons / +37%), and ammonium sulfate (+0.8 million t / +98%). On the other hand, phosphate stocks fell: SSP (-0.4 million tons / -27%) and MAP (-0.2 million tons / -28%).

PRICES

Fertilizer import prices in Brazil (US\$ / ton CFR Brazil)



Source: CRU Fertilizer Week, Argus Brasil Grãos e Fertilizantes

Fertilizer prices on the international market began to come under pressure in 2023 due to the increased availability of products, which occurred after the reorganization of international flows following the start of the conflict between Russia and Ukraine, which raised prices in 2022. In addition to the improvement in supply, price uncertainties led importers to adopt a more cautious strategy and reduce purchases, which resulted in a significant drop by June.

It was only with the return of purchases and the increase in imports for the 23/24 harvest in the second half of the year that prices began to rise again.

The average price of TSP (triple superphosphate) from January to December was 433 US\$/ton, while that of

MAP (monoammonium phosphate) was 559 US\$/ton CFR.

In the transition to 2024, prices are showing stability and resilience, despite the uncertainty surrounding the performance of the corn second crop and the falls seen in other products, such as potassium chloride and urea.

In the sulfur market, some Middle Eastern countries have expressed concern about oversupply and China's resistance to making new purchases due to the fall in prices for the beginning of 2024. However, prices are expected to recover in the coming months due to increased Chinese demand.

OPERATIONS

Galvani's production is verticalized through its units in Angico dos Dias and Luís Eduardo Magalhães, where it mines, processes, produces, and delivers customized fertilizers to farmers in the Matopiba region.



Volume (in thousand tons)	2022	2023	% VAR. 2022 x 2023
Phosphate Concentrate - UMA	225	232	3.1%
P ₂ O ₅ content - UMA	28.9%	28.1%	-2.8%
Sulfuric Acid - CILEM	177	231	30.7%
Acidulation - CILEM	445	472	6.0%
Granulation - CILEM	396	393	-0.6%
Ground - CILEM	175	214	22.1%
Blend / Bagging - CILEM	229	220	-4.0%

Angico dos Dias Mining Unit

Location	Angico dos Dias
Activity	Mining
Capacity	235,000 ton/year of phosphate concentrate



Operational problems in the cooler and furnace impacted the pace of production. To ensure the volume planned for the year, a strategy was implemented to compensate for the lost volume, which reduced the P₂O₅ content in the final concentrate and consequently increased production. Based on new surveys, the mining plan was redirected and produced good results. In the year as a whole, production of the unit grew by 3%

compared to 2022 - a record volume. Improvements in automation and the acquisition of new generators significantly increased operational availability, which was essential to the result. With the installation of these systems, downtime due to power outages has been reduced by 70%.



Luís Eduardo Magalhães Industrial Complex

Location
Activity
Capacity

Luís Eduardo Magalhães
Manufacture
635,000 tons/year of fertilizers



The volume of production at CILEM in 2023 exceeded that recorded the previous year. The sulfuric acid, acidulation, and ground lines increased significantly and achieved record production and sales.

Sulfuric acid: an increase of 31% compared to the previous year. This growth was driven by the continued operation of plant 2, which had only started its *ramp-up* process in November 2022.

Acidulations: production exceeded last year's volume by 27,000 tons, an increase of 6%. This growth is due to the *revamp* of the Super 1 plant, which allowed production capacity to be increased from July.

Granulation: 3,000 tons less than the previous year, a reduction of 0.6%.

Grounds and Blends: in the ground line, production significantly exceeded the previous year's levels, driven by the greater availability of powdered Super and the increase in demand. This allowed the operating units to run close to their maximum capacities, which resulted, at the end of the year, in a production volume 22% higher than in 2022. In contrast, there was a 4% reduction in production on the blending line.



HEALTH, SAFETY AND ENVIRONMENT



Galvani cares for the health of its employees and works continuously to identify and minimize environmental risks. This commitment extends to all aspects of the company, from decision-making to monitoring operations in the territories.

In this context, in order to increase the efficiency of processes, boost the performance of professionals, and meet the new demands of the company's growth, the Health, Occupational Safety, and Environment areas have been restructured. A department dedicated to the Environment, Licensing, Mining and Land Rights was created, and with this change, the company now has an area entirely focused on workers' health and safety - OHS.

In 2023, R\$8.6 million was allocated to comply with legal requirements, such as regulatory standards, in addition to reinforcing preventive safety measures and implementing awareness campaigns focused on safe behavior, fundamental rules, risk recognition, and accident prevention. In total, 11,461 hours of training were given on topics such as risk perception, safe behavior, legal regulations, emergency brigades, and other training.

Compared to the previous year, the company reduced the frequency rate of accidents with and without leave of absence by 0.7%, focused on achieving zero injuries. This figure is the result of work that seeks continuous improvement in its processes.

COMMERCIAL

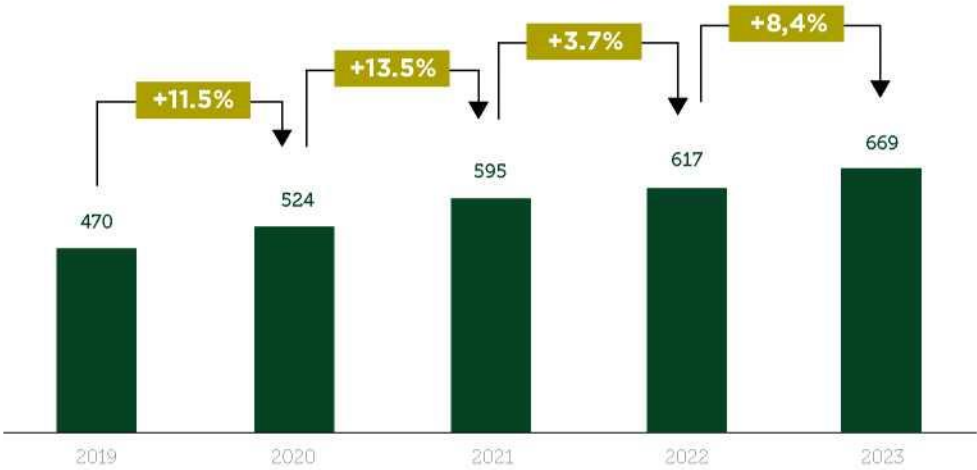
In 2023, the total delivery of fertilizers was 669,000 tons, distributed in four families divided into two groups:

SPECIAL		CONVENTIONAL	
Phosgrão	Phosmix	Granules (GR)	Blends of granules (MG)
			
Mineral fertilizers with up to 10 nutrients guaranteed in the same granule, which provides more complete and balanced nutrition, with uniform distribution.	Fertilizers developed from mixtures of macro and micronutrients, granulated or grounded.	Fertilizers with macronutrients, phosphorus, sulfur, and calcium, in the same granule. Great option for correcting phosphorus in the soil.	Mineral fertilizers based on mixtures of nitrogen, phosphorus, potassium, sulfur, and calcium.

Fertilizer deliveries on the domestic market grew by 11.6% compared to 2022, reflecting a more favorable exchange ratio scenario throughout the year, despite the slight reduction in agricultural commodity prices. In the region where Galvani operates, there was an even more significant consumption growth. In Bahia, which accounted for 80% of the company's sales, the market grew by 23.4%, while in Maranhão, Piauí and Tocantins, the increase was 16.4%.

GALVANI DELIVERIES

Fertilizer deliveries (thousand tons) - 2019 - 2023

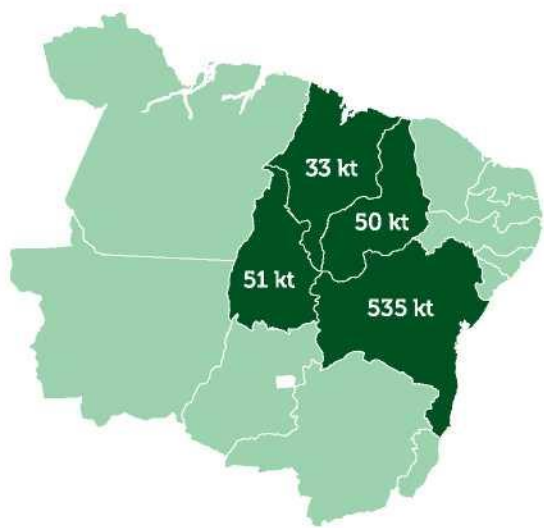


Galvani ended the year with total deliveries of 734,000 tons, an increase of 15.3% compared to 2022. Out of this total, 669,000 tons were fertilizers and 65,000 tons were chemicals. Fertilizer deliveries grew by 8.4%. The differentiated Phosgrão and Phosmix lines account for 600,000 tons, with a 26% increase in Phosmix sales.

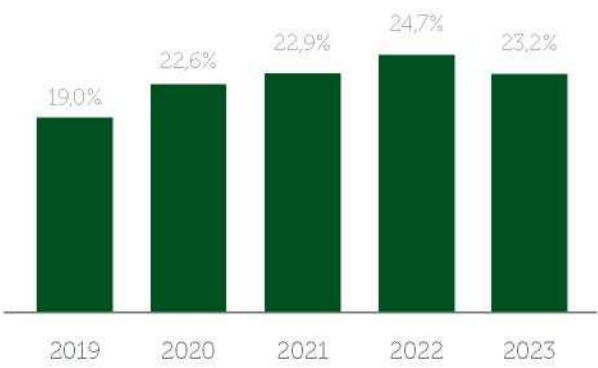
The customer base has also grown, in line with the expansion of the company's area of operation. This

resulted in an increase in deliveries in Maranhão and Piauí. With the expansion, Galvani's total *market share* was 23.2%, a slight reduction compared to 24.7% last year, when the area of operation was smaller. Per state, the increase in deliveries raised the *market share* to 18% in Maranhão and 13% in Piauí. However, the accelerated market growth led to a reduction in the company's share in Bahia and Tocantins, with a *share* of 31.6% and 8%, respectively.

Galvani Deliveries 2023

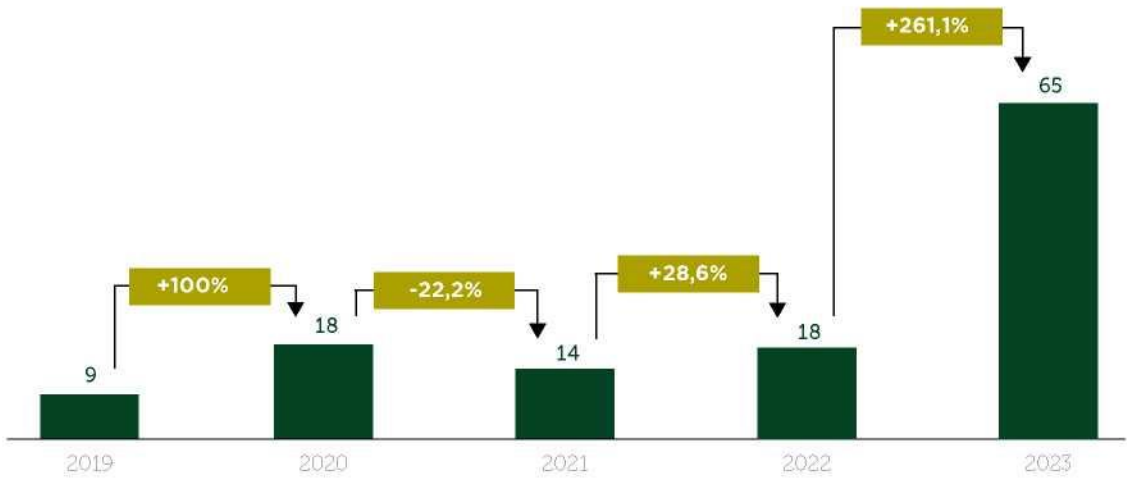


Market share



Deliveries of sulfuric acid (chemicals) also grew. With the start-up of the new plant and operational matters that increased product availability, the volume almost quadrupled compared to the previous year - from 18,000 to 65,000 tons. Extensive work has been done to develop new customers and incorporate different forms of marketing based on contracts. The work has had an effect with the expansion of our customer base and record sales.

Sulfuric acid deliveries



in thousands of tons

Customer focus

Throughout the year, Galvani was present at the region's main agricultural events and fairs, emphasizing the company's participation in yet another edition of the **Bahia Farm Show**, the largest agricultural technology and business fair in the North and Northeast of Brazil. During the fair, Galvani had the opportunity to establish strategic connections with customers, suppliers, consultants, and partners, promoting knowledge on topics such as soil fertility, plant nutrition, and the fertilizer market. Focused on Mag Line products, a program of lectures and technical sessions during the week, and a space dedicated to the Parque Vida Cerrado, Galvani's stand at Bahia Farm was once again one of the event's main protagonists.

INNOVATION | ADVANCES IN PLANT NUTRITION

In its relentless pursuit of product excellence, Galvani invests in research, development, and innovation, forging closer ties with farmers and closely monitoring crop needs.

In 2023, the company made progress in the production and marketing of granulated fertilizers enriched with magnesium (Mg), an element that is often neglected, but which is essential for the nutritional balance of plants together with calcium (Ca). After rigorous industrial tests, magnesium was incorporated into fertilizers without compromising their physical or chemical quality, while maintaining the effectiveness of phosphorus.

In addition, after three years of study, Galvani has started, in an unprecedented way, the production of fertilizers with balanced concentrations of nickel (Ni) and molybdenum (Mo), micronutrients that have shown promising results in experiments carried out on cotton, corn, and soybean crops in Western Bahia

In addition, a pioneering survey was also carried out in Western Bahia to estimate the export of nutrients from soy, which will be published in 2024. The results of this study will help optimize the fertilization of the approximately 2 million hectares of soy currently planted in the region, providing valuable data for the agribusiness community.

Another novelty:

The company is developing a new line of phosphates: **Galvani Hyperphosphate**, in line with the technological vanguard of agriculture in Matopiba.

10 BENEFITS OF MAGNESIUM FERTILIZER

1

Adequate magnesium content available to plants

2

More balance with Ca fertilizer

3

Improves soil base balance (Ca²⁺: Mg²⁺: K⁺)

4

Decreases the chance of inhibition of Mg²⁺ absorption

5

Contributes to root growth and development

6

Enhances the process of biological N₂ fixation

7

Boosts root absorption of phosphorus by the crop

8

Promotes the construction of the soil profile

9

Reduces photooxidative damage

10

Helps with grain filling and food quality

INNOVATION | GALVANI FERTILIZER TECHNOLOGY CENTER

Galvani began verticalizing and integrating its production innovatively. Over the years, it has acquired extensive experience in mining and processing phosphates; producing sulfuric and fluosilicic acids; and manufacturing, storing, and handling fertilizers.

To expand this knowledge, the company created and maintained the Galvani Fertilizer Technology Center, located in Uberaba (MG), with engineers and technicians who study, optimize, and experiment with technological routes on bench and pilot scales.

Technologies under development at the Galvani Fertilizer Technology Center:

- Dry processing, saving water consumption and eliminating the need for a tailings dam.
- Separation and hydration of calcium and magnesium oxides.
- Ore flotation.
- Phosphoric acid, via dihydrate and hemihydrate.
- Purification process of phosphoric acid by precipitation.
- Phosphate production tests.
- Formulation, acidulation, and granulation of complex fertilizers.
- Solvent extraction.
- Ion exchange extraction.



FINANCIAL

In thousands of R\$	2019	2020	2021	2022	2023	Var% (2022 x 2023)
Sulfuric Acid Volume	9	18	14	18	65	261%
Fertilizers Volume	470	524	595	617	669	8%
Total Volume	479	542	609	635	734	16%
Net revenue	453,458	557,066	826,409	1,589,425	1,230,029	-22.6%
CPV	(397,997)	(441,667)	(584,926)	(1,081,407)	(968,369)	-10.5%
Gross Profit	55,461	115,399	241,483	508,018	261,660	-48.5%
Gross Margin %	12.2%	20.7%	29.2%	32.0%	21.3%	-10.7%
SG&A	(21.324)	(29.251)	(31.532)	(34.636)	(44.174)	275%
EBITDA	73,475	130,557	197,239	454,623	202,470	-55.5%
EBITDA Margin %	16.2%	23.4%	23.9%	28.6%	16.5%	-12.1%
Financial Results	25,790	(7,557)	9,406	13,817	8,518	-38.3%
Net Income	37,896	54,273	122,353	335,550	102,917	-69.3%
Net Profit %	8.4%	9.7%	14.8%	21.1%	8.4%	-12.7%

Deliveries of fertilizers and chemicals totaled

734
thousand
tons

Income: impacted by price drop on the international market

With a new annual record for fertilizer deliveries, the volume reached 669,000 tons in 2023, which represents an increase of 8% compared to the previous year. In line with the company's special products strategy, the differentiated products in the Phosmix F, Phosgrão, and Phosmix G lines were more widely represented. In the chemical segment, deliveries totaled 65,000 tons, a significant increase of 261% from the previous year.

However, the average price of phosphate fertilizers on the international market has fallen considerably since the beginning of 2023. This factor impacted significantly on net revenue, which totaled R\$1.2 billion, down 22.6% on the previous year.

Gross margin
21.3%

Costs: setback in gross margin

The drop in the prices of production inputs, especially sulfur, which followed the trend in fertilizers, led to a reduction in variable costs. However, the lower concentration of P₂O₅ produced at the Angico dos Dias mining unit resulted in the need to purchase more products from third parties.

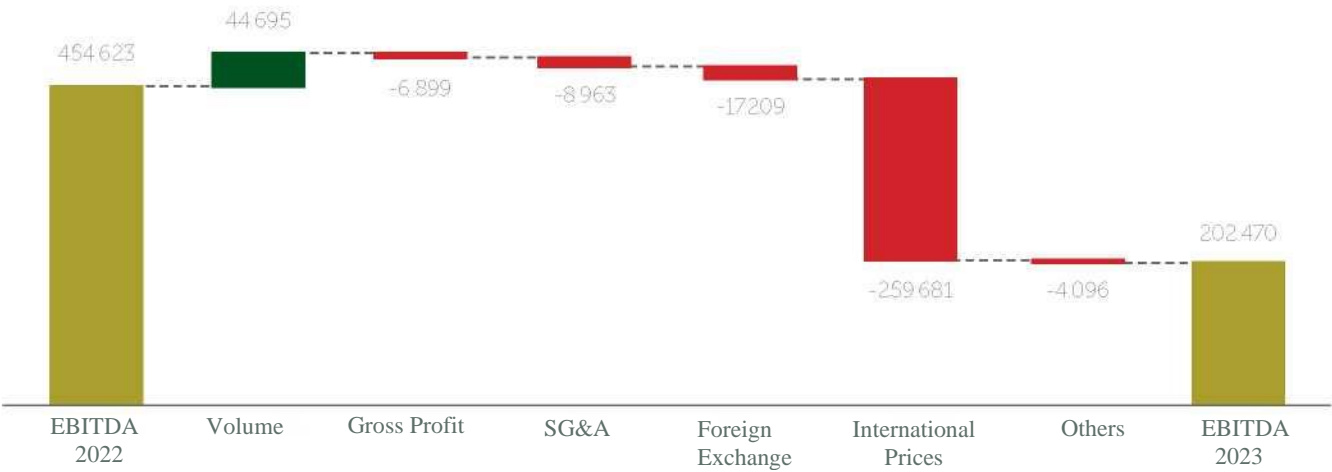
The company's total cost of goods sold decreased by 10.5% compared to 2022. This scenario is also influenced by the company's vertical structure, which results in operating costs that are not directly affected by international market prices.

There was a 22% reduction in the cost per ton sold compared to the previous year. On the other hand, the net unit sales price was 33% lower, which negatively affected the gross margin, which ended the year at 21.3% - down 10.7 percentage points from the previous period.

Expenses: increase to sustain growth

Commercial and administrative expenses (SGA) increased by 27.5% compared to 2022. The increase is directly related to the influence of inflation and essential investments in key areas that support the company's continued growth. The main focus of this spending was in the areas of Sales, Information Technology and Security, Human Resources, Risks, and Internal Controls, which are vital to the business strategy. They improve operational efficiency and prepare the company for its growth strategy and business expansion.

Main changes in EBTIDA (2022 vs. 2023) in R\$ thousand



The year 2023 saw significant challenges in the financial scenario, reflected in the 55% reduction in EBITDA compared to 2022, totaling R\$202 million. The EBITDA margin was 16.5%, down 12.1 percentage points. A detailed analysis reveals that most of this decrease can be attributed to the fall in international fertilizer prices and the devaluation of the Real against the Dollar.

However, it is crucial to point out that if we disregard exchange rate effects and variations in international prices, EBITDA would have grown by 5% compared to the previous year.

This increase reflects the success of operational strategies, in particular, the increase in

volume of deliveries, which demonstrates the effectiveness of the growth and operational efficiency initiatives.

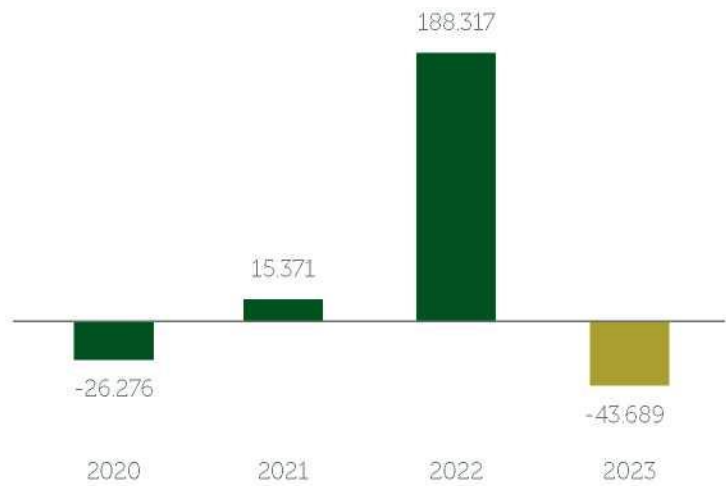
The currency devaluation affected the financial result, which ended the year with revenue of R\$8.5 million; in 2022 the amount was R\$13.9 million.

The sum of these factors led to a net profit of R\$103 million, down 69% from the previous year. As for the net margin, it closed at 8.4%, which is 12.7 percentage points lower.

The following financial indicators highlight the challenges and impacts faced by the company.

EBITDA
R\$ 202
million

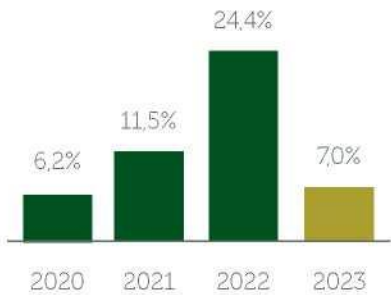
EVA (Economic Value Added) in R\$ thousand



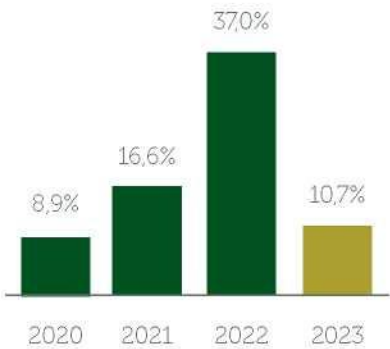
The EVA yield reflected the operational impact and culminated in a total devaluation of R\$43.7 million. The figure contrasts with 2022 when the yield was a positive R\$188.3 million.

During the year, the company worked to reduce its WACC (Weighted Average Cost of Capital) by seeking credit lines with lower costs than equity and return on investments. The strategy was successful. The index dropped by 1.1 percentage points compared to last year. This made it possible to minimize part of the impact of the lower operating result on EVA.

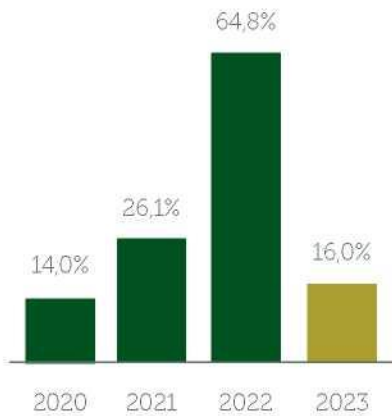
Return on Assets



Return on Equity



Return on Invested Capital



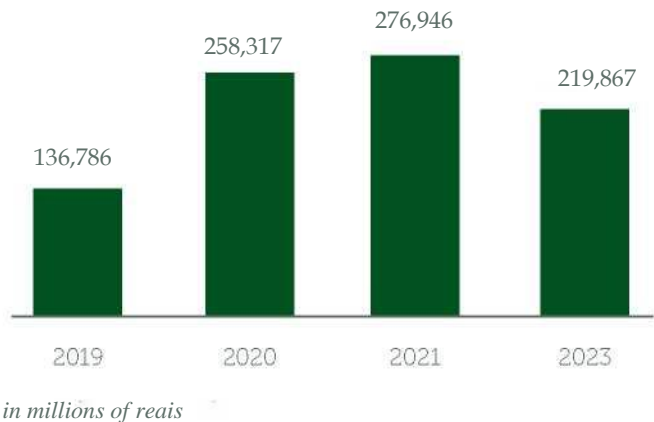
The lower profitability resulted in lower rates of return than in the previous year. ROA (Return on Assets) and ROE (Return on Equity) dropped by 174 and 26.3 percentage points respectively. Similarly, ROIC (Return on Invested Capital) dropped by 48.8 percentage points.

Cash flow

						Variation (2022 x 2023)	
In thousands of R\$	2019	2020	2021	2022	2023	Δ	%
EBITDA	73,475	130,557	197,239	454,623	202,470	(252,153)	-55.5%
(-) IRPJ + CSSL (Legal Entity Income Tax + Social Contribution on Profits)	(9,835)	(9,135)	(23,728)	(68,050)	(23,711)	44,339	-65.2%
(+/-) Variation in Working Capital	64,328	(1,801)	(53,157)	(64,641)	(32,435)	32,206	-49.8%
(-) Operating Capex	(34,532)	(33,432)	(45,676)	(51,146)	(101,214)	(50,068)	97.9%
Free cash flow - Operating	93,436	86,189	74,678	270,787	45,111	(225,676)	-83.3%
(-) Capex Greenfield / Brownfield	(390)	(16,154)	(52,733)	(107,597)	(116,431)	(8,834)	8.2%
Free cash flow - After green and brown	93,046	70,035	21,946	163,190	(71,320)	(234,509)	-143.7%
Financial Income / Expenses	25,421	(24,321)	14,068	14,417	8,518	(5,898)	-40.9%
Fundraising (Finame - Finep)			57,000	71,000	215,000	144,000	202.8%
Dividend Distribution	-	(5,030)	(7,662)	(19,565)	(167,890)	(148,324)	758.1%
Increase / decrease in cash	118,467	40,684	85,352	229,041	(15,691)	(244,732)	-106.9%
Cash and Cash Equivalents (accumulated)	119,123	159,807	258,285	487,326	471,636	(15,691)	-3.2%

Efficient working capital management has resulted in a reduction in the average annual number of working days to 85; in 2022, it was 89. This is due to more effective management of accounts receivable (credit management) and accounts payable (extending deadlines with suppliers), as well as optimizing stocks of raw materials and finished products.

Carryover stocks - 2019 to 2023



Nova Indústria Brasil: with funding from Finep, Galvani is advancing in sustainable mining through the program, aimed at boosting the economy and reducing the country's dependence on phosphate fertilizers.

Even with improved working capital management, the substantial reduction in EBITDA, added to the increase in operating investments, resulted in a reduction in operating free cash flow totaling R\$45.1 million, which represents an 83% reduction compared to 2022. Capex on *greenfield* and *brownfield* projects increased, as did the distribution of dividends.

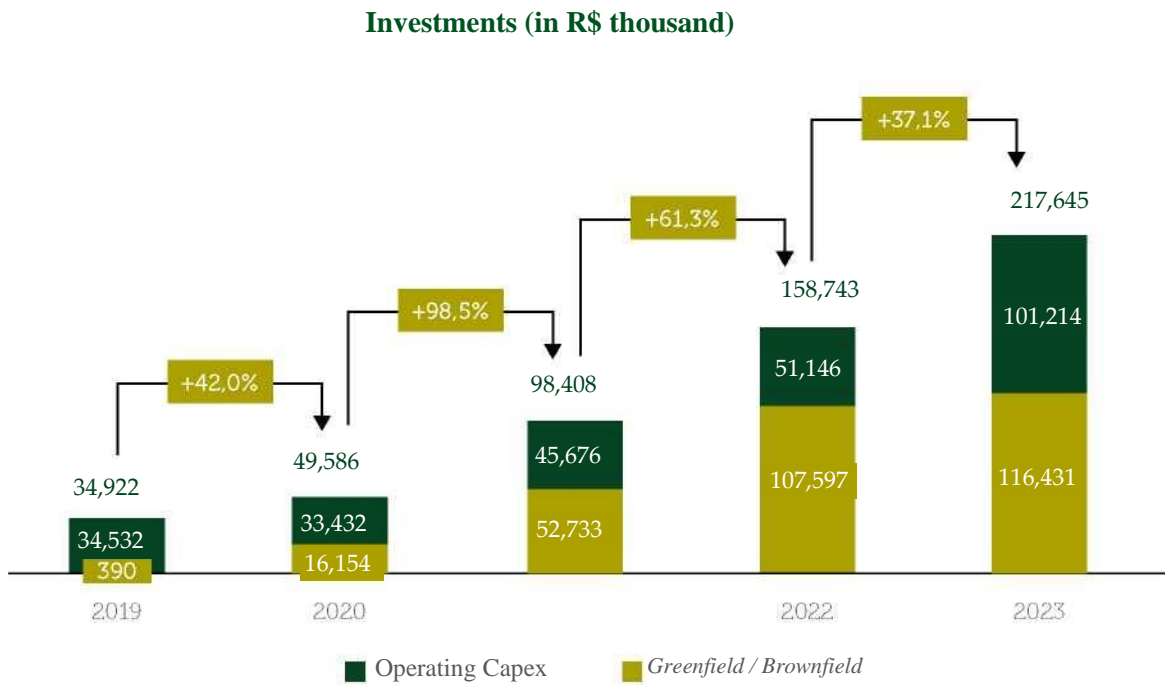
However, the impact on cash flow was partially mitigated by opportunities to raise funds related to the Financing of Machinery and Equipment operations from the National Bank for Economic and Social Development (Finame/BNDES), R\$150 million, and from the Financing of Studies and Projects (Finep), R\$50 million, related to the implementation of the new phase of activities at the Irecê mining unit, which will feature an innovative technological route, developed from the Galvani Fertilizer Technology Center (CTFG) in Uberaba (MG), with full use of mineral resources, eliminating the generation of tailings and the need for dams. Added to this is the sum of R\$15 million related to the company's first green financing for a water resource management project at the fertilizer production industrial complex in Luís Eduardo Magalhães.

All of this funding has reduced the company's weighted average cost of capital.

The free cash balance, including financial investments and cash, closed the year at R\$ 471.7 million. This represents a drop of 6.1% compared to 2022. Despite this, the result shows a robust financial position, essential for financing expansion projects, especially the new phase of the mining unit in Irecê and the completion of the expansion of production capacity in Luís Eduardo Magalhães.



INVESTMENTS AND FUTURE PROJECTS



Galvani made investments of around R\$218 million in 2023. Out of this total, R\$117 million was intended for the annual maintenance, improvement, and expansion of production units, and the rest for internal processes.

Irecê Mining Unit: continuation of actions for the new phase of phosphate mining in Irecê, with progress in the development of the process route and environmental licensing.

The phosphate concentrate produced in Irecê will supply the Luís Eduardo Magalhães industrial complex as of 2026. With dry concentration technology, designed by the company itself and without a tailings dam,

via calcination of the ore, the recovery of the ore reaches more than 80%. The expected annual production is 350 thousand tons of phosphate concentrate, with 32% P₂O₅, and 600 thousand tons of agricultural improver with calcium, magnesium, and phosphorus.

Luís Eduardo Industrial Complex

Magalhães: continuing with the plan to double its production, storage, and handling capacity, while improving safety and environmental controls.

Highlights / increased capacities:

- Sulfuric Acid: from 165 to 250 thousand tons/year.
- Superphosphate powder: from 450 to 600 thousand tons/year.

- Granulation: from 500 to 900 thousand tons/year.
- Stocks of sulfuric acid: from 5 to 10 thousand tons.
- Own electricity generation: from 30 to 50 MWh.
- Stock of finished products: from 230 to 420 thousand tons.
- Fertilizer deliveries: from 700 to 1,400 thousand tons/year.
- Installation of the new water reservoir: capacity to store 70,000 m³ of rainwater, which will be treated and reused in the production process.

Over the next few years, Galvani will continue to focus its investments on initiatives to continuously improve people's safety and care for the environment at all its units, modernize the production process at CILEM, increase the operational stability of UMA, and begin the new phase of operations at UMI.

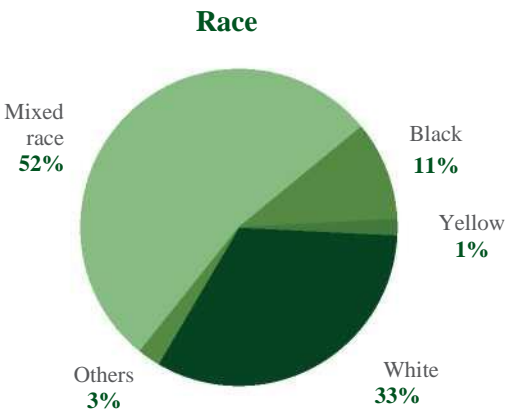
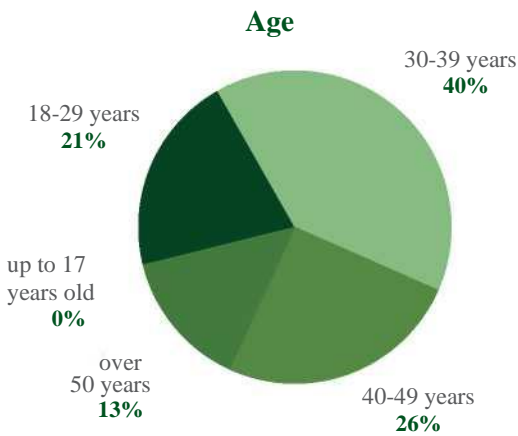
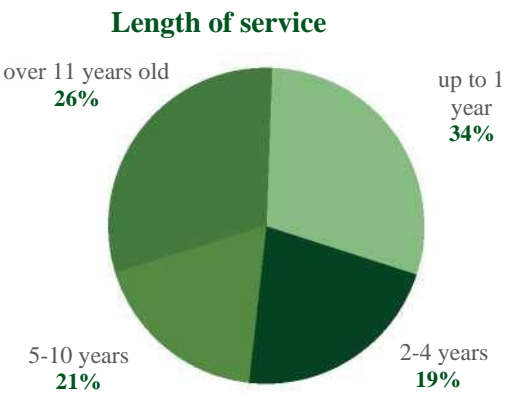
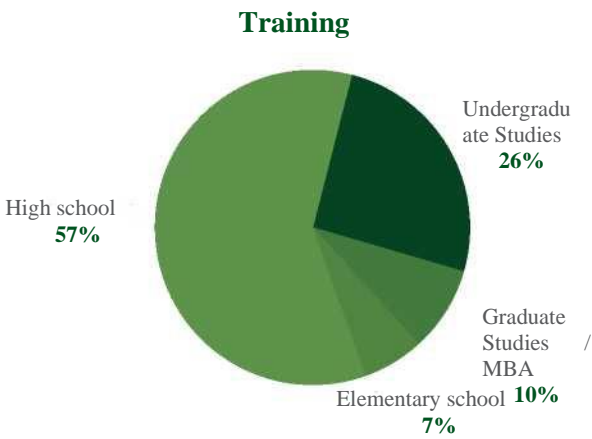
In addition, the company reinforced its activities to obtain the licenses and continue developing the Santa Quitéria Project.



PEOPLE, CULTURE AND MANAGEMENT

Staff

Unit	Male	Female	Total
Luís Eduardo Magalhães	325	49	374
Irecê	9		9
Angico dos Dias	172	10	182
Campinas	36	26	62
São Paulo	37	20	57
Santa Quitéria	3	1	4
Itatira	1	2	3
Total	583	108	691



The company has 691 employees, 63% of whom are self-declared black or mixed race.

"Challenging" is a word that can help define 2023. Global economic policy has had an impact on the Brazilian scenario. Despite this, Galvani was able to continue with the preparation and implementation of expansion projects for the coming years. However, this situation highlights the importance of leaders developing new skills and being prepared to face any obstacles that may arise.

To this end, development programs have been put in place to retain, recognize, and prepare leaders, and potential talents, and attract new employees.

Management Development Program - Aimed to improve managers' knowledge of People Management, Finance, Processes, and Strategy. It is held in partnership with Fundação Dom Cabral.

Development Academy Program - Covers topics related to the growth of leaders so that they can act strategically. It lasts two years and is run in partnership with the Fundação Getúlio Vargas.

Career Acceleration Program - Aimed to accelerate the growth and performance of potential leaders to strengthen positions and strategies. It lasts six months. It is carried out in partnership with the Across consultancy.

Collective Mentoring Program - The purposes are to prepare and raise the performance of middle management in people management skills and vision for the future. It takes place over six months with Bridge Consultoria.

Trainee Program - Aimed to supply Galvani's pipeline, support restructuring of areas, face the challenges of accelerated growth, ensure knowledge management, and bring innovation through the eyes of potential talent.

Competency Assessment - The Behavioral Competency Assessment process continued in 2023, in which leaders and subordinates analyze points such as resilience, teamwork, initiative, creativity, leadership, and strategic business vision, which are essential for the organization's growth. This is an important basis for drawing up the Individual Development Plan, which guides employees in their quest for professional growth.

New registered offices in São Paulo - Intending to promote employee well-being and create an even more integrated, accessible, and comfortable environment, Galvani moved the registered offices of its São Paulo corporate office in 2023. The new registered offices, located in the Jardim Universidade Pinheiros neighborhood, were designed to offer more flexible spaces that can be adapted to everyone's needs.



Diversity, Equity, & Inclusion

In 2023, Galvani established actions aimed at integrating, attracting, and retaining people and talent.

To create a more inclusive environment and bring innovation and engagement to the group of employees, Diversity, Equity, and Inclusion actions were implemented.

The actions were focused on three main pillars.

1. Female empowerment

Initiatives in favor of gender equality cover various areas of activity. The first aims to develop the skills of women in leadership positions. At the same time, the company is committed to attracting and hiring more women in the operations area. In addition, Galvani recognizes the importance of raising awareness among women who do not hold leadership positions about their essential role, both in their personal and professional lives.

As part of these actions, we held two webinars focused on female protagonism, with around 50 women participating in each session. In addition, we developed a specific track for female leaders, which was attended by 9 female leaders. These initiatives proved fruitful and resulted in a 50% increase in female representation in leadership positions, from 8 to 12 female leaders.

2. People with Disabilities (PcD)

In the context of diversity and inclusion, Galvani has undertaken significant initiatives in Luís Eduardo Magalhães to improve the inclusion of people with disabilities. A notable milestone was the development of a training project aimed at this group, to prepare them properly for the demands of the job market. This initiative resulted in a 25% increase in the hiring of people with disabilities in the company during the year. This progress is not

only indicative of our commitment to inclusion but also establishes an upward trajectory with which we aim to continue in the coming years.

3. Race

As part of Galvani's commitment to diversity and inclusion, an incentive policy has been established for self-declared black and mixed race leaders, aimed at their active participation in leadership development programs. This initiative has resulted in significant representation: of the participants in the leadership development programs, 27 are black and mixed race - that's 40% of the total number of participants.

This year, we saw a remarkable advance - a 38% increase in the proportion of black and mixed-race people in leadership positions. These figures not only reflect the success of the policies implemented but also reaffirm the company's commitment to promoting a more diverse and inclusive working environment.

Well-being Program

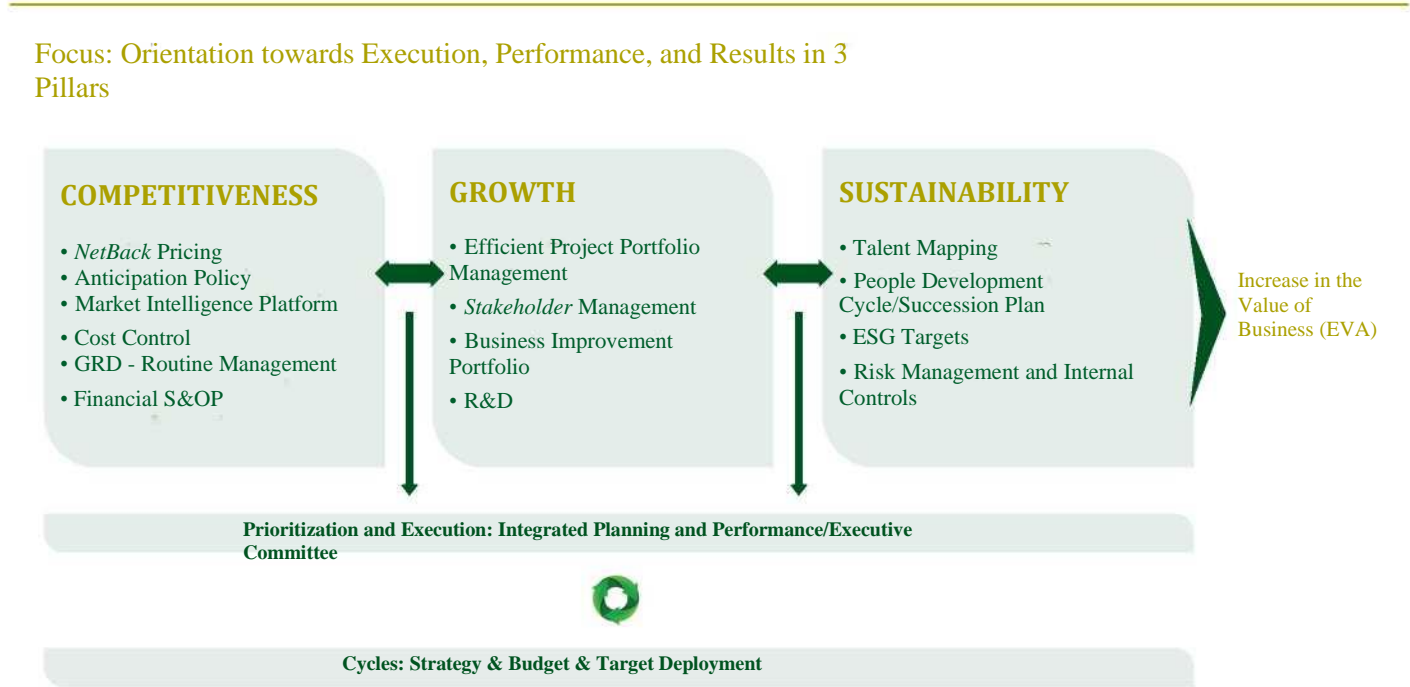
The Program has completed one year. Ongoing activities include lectures on physical, mental, and financial health, always on the last Friday of the month without meetings; a *day off* on birthdays; a light menu; *Gympass* and the introduction of labor gymnastics.

Culture and Values

"Journey that inspires, values that guide us" was the theme of the Purpose and Values campaign in 2023. It was based on the values of Customer Focus, Ownership, Transparency, Innovation, and Simplicity. It was carried out in all the units

além de ser o mote das festas de fim do ano, que incluíram os familiares.

Management Model



Governance



Statutory Board





Management Systems

The company uses an Integrated Management System that consolidates all procedures, policies and programs. It makes it possible to monitor and promote the continuous improvement of processes, products, and services in a standardized and structured way.

To strengthen management, Dynamic Risk Management (GRD) was introduced. Through it, the risks to which the company is exposed will be identified, analyzed, and mitigated in a successive and adaptable way to changes in the external and internal environments. In this way, it will be possible to maintain a balance between the risks and opportunities sought by the company so that it can operate safely and efficiently.

PRIVACY AND COMPLIANCE

Privacy

Galvani works continuously to establish and improve privacy and data protection practices. The activities carried out throughout the year were as follows.

Privacy Champions: consolidation of the figure of *Privacy Champions*, who are focal points of the business areas, appointed by their manager, to act as "ambassadors" for privacy and data protection issues at Galvani. The *Privacy Champion* works together with the Data Controller to support privacy issues.

Policies: reviewing existing policies and drawing up new guidelines. All the rules and guidelines have been published in the Management Information System (MIS) and are available for consultation.

Data Inventory: updated using OneTrust *software*. It consists of categorizing data based on information about sensitivity, volume, legal basis, retention, the business area that processes the data, the purpose of collection, data subjects, and other criteria. It will be fed back and monitored frequently to correct any gaps and inaccuracies.

Risk Identification in ROPA (Record of Processing Activities): evaluation of risk scenarios in each process that handles personal data within the company. To this end, situations were identified that could cause any kind of threat to the privacy of the

information, as well as to the classification of its levels and criticality.

LIA (Legitimate Interest Test) and DPIA (Data Protection Impact Assessment) questionnaires: It is through the LIA that the reasons for a company processing private data are clarified, while the DPIA is the document that identifies, analyzes, and addresses the risks associated with data processing. For this purpose, forms have been made available in the OneTrust tool to be filled in if necessary.

Knowledge Pills: these are newsletters distributed monthly to all employees to keep them informed and improve the data protection culture.

Information Security: there was interaction between the Data Privacy and Information Technology teams, with the aim of identifying the risk factors related to data privacy in Galvani's technology environment.

Supervision of Third Parties: partners working on processes involving the processing of personal data were mapped, and the systems used were identified and classified according to their criticality. The activity included the Information Technology team.

Data Anonymization: is a process that removes or modifies information that can identify a person.

The performance is based on the Inventory and is combined with the retention period determined by the Temporality Matrix. This will make it possible to increase data lifecycle management.

Maturity Level Review: the privacy maturity level assigned to Galvani was updated, considering the activities carried out during the project. It was possible to identify an increase in the maturity

level, which has placed the company in a controlled risk zone since the maturity level assessment.

Preparation of Indicators: dashboards with indicators referring to the activities carried out during the establishment of the Privacy Program were elaborated with the help of the OneTrust *software*. In this way, you can monitor the progress of the practice and correct any inaccuracies.

Compliance

To update controls and mitigate risks in line with best market practices, a schedule focused on improving the Integrity Program was established in March. The scope of this work included the following activities:

- updating the Compliance Risk Matrix;
- reviewing - and drawing up - internal guidelines linked to Compliance, such as:
 - Code of Conduct,
 - Anti-corruption Policy,
 - *Due Diligence* procedure,
 - Internal Regulations of the Ethics Committee and the process for investigating complaints;
- structuring the Annual Training and Communication Plans;
- proposal of indicators to be monitored.

The action was divided into nine phases, six of which have been completed and sent to senior management for approval, and the rest are due to be completed in the first quarter of 2024.

This is work that Galvani has been dedicated to for years and which, in November 2023, led the company to win the Mais Integridade Seal, a certification granted by the Ministry of Agriculture and Livestock (MAPA) that recognizes good compliance practices in agribusiness.

It was the first time Galvani had undergone the assessment. The award is due to take place at the beginning of 2024.

INFORMATION TECHNOLOGY

To significantly strengthen the area, R\$5.8 million was invested. In addition, a restructuring was initiated to meet the company's robust expansion plan, strengthen defenses, and mitigate the risks of cyber-attacks. To this end, digital technologies and security tools have been increased.

Highlights

Information Technology Master Plan (PDTI): prepared in partnership with PWC (PricewaterhouseCoopers). It acts as a strategic guide to direct the use and management of information technology in line with organizational goals. It offers a detailed overview of the needs, resources, investments, and actions required to ensure the effective use of IT. It also facilitates integration between the various sectors of the company and the sustainability of systems and processes. In this way, the organization's technological demands are planned in the short, medium, and long term, resulting in comprehensive and strategic management of the sector.

Cybersecurity: the installation of SOC (Security Operations Center) and Siem (Security Incident and Event Management) strengthened the management of the AWS environment - the cloud platform used by the company. Vulnerability tests have been carried out. In addition, a *phishing* campaign assessed the maturity of employees. Information security awareness

trainings were conducted along with the installation of a new IT Change Management process - GMUD.

Improvement of advanced reports (*Business Intelligence*): standardization was done according to the main indicators. This allowed systemic, *online* access, making disseminating crucial information easier for senior management.

Implementation of the commercial collaboration *software* platform to manage expenses: the Ariba system is an e-commerce cloud solution that connects with an extensive global network of suppliers and buyers. This system aims to facilitate procurement processes by enabling companies to manage relationships with suppliers, acquire goods and services, carry out reverse auctions, negotiate contracts, and manage purchases efficiently and in compliance with *compliance* regulations.



CORPORATE COMMUNICATION

In 2023, Galvani strengthened its internal and institutional communication approach, highlighting it as an essential component for strengthening the company's organizational culture and boosting its market position.

Strategically designed internal campaigns were a key factor in cultivating a sense of collective identity among employees so that they aligned themselves with corporate values and purposes. The company has made efforts to consolidate and disseminate its **Purpose and Values**. Through strategic initiatives, it has promoted a deeper understanding of the principles that guide its operations, which have strengthened its identity and aligned its employees with its long-term purposes.

In this context, the positive impact of campaigns in promoting health and safety in the workplace is noteworthy. Concerning compliance and information security, Galvani has instituted campaigns aimed at raising awareness and strict compliance with the sector's regulatory norms and ethical standards. These initiatives not only ensured that the company complied with the relevant regulations, but also highlighted the importance of safeguarding the integrity and confidentiality of information.

By raising awareness of information security, the organization not only protected its critical assets but also solidified the trust of clients and partners, consolidating its reputation in the market as an entity committed to ethics and operational excellence.

In terms of external communication, Galvani increased the brand's positive exposure in the press in 2023. **There were 530 insertions during this period, which represents an increase of 225% compared to the same period in 2022.** Among the main highlights are the company's Expansion Plan, which emphasizes the strategic importance of expanding national fertilizer production to contribute to the country's food security and reduce import dependency, and the investments and development of socio-economic projects in Irecê, Luís Eduardo Magalhães and Angico dos Dias, in the state of Bahia.

As well as in the press, Galvani's social media pages on **Facebook, Instagram, and LinkedIn showed growth. A highlight was the more than 8 million people reached through social media posts, an increase of 199%.** The publications reinforced Galvani's purpose and activities and key messages important to the business, as well as providing information on the social and environmental actions and projects of Parque Vida Cerrado and the Lina Galvani Institute.

INSTITUTIONAL RELATIONS

In the area of Institutional Relations, Galvani stood out for a series of strategic initiatives aimed at strengthening ties with important organizations and contributing to progress and development in the industry.

Among the various actions carried out were productive meetings with the new president of the Companhia Baiana de Pesquisa Mineral (CBPM). These meetings have been essential in aligning interests and opportunities for mutual collaboration, especially regarding the development of mineral resources in Bahia, including the company's new phase of operations in the municipality of Irecê. These dialogues have paved the way for strategic partnerships and reinforced Galvani's commitment to innovation and sustainability in the mining industry.

There was also a significant **consolidation of the relationship with the State Government of Bahia**, through meetings with secretaries from various portfolios. These meetings have been essential for aligning the company's purposes with government

guidelines, in the search for synergies and promoting the region's socioeconomic development.

A notable milestone this year was **Galvani's participation in the Seminar "Fertilizers, a strategic issue for Brazil"**, promoted by the Parliamentary Agricultural Front of the Chamber of Deputies, in Brasília. At this event, company representatives had the opportunity to share *insights*, discuss industry challenges, and contribute to the debate on public policies related to fertilizer production in Brazil. Participation in this seminar not only reinforced the company's relevant position in the market but also broadened the contact network and strengthened relations with key *stakeholders* in the agricultural sector.

These **Institutional Relations** initiatives demonstrate the company's ongoing dedication to building and maintaining solid relationships with government entities, industry organizations, and other strategic partners.



SUSTAINABILITY: SOCIAL PROJECTS AND ESG

The company's more than five decades of operations have been accompanied by a process of maturity in the industry and Galvani's businesses: structuring actions for social development, environmental conservation, process innovation, and governance have evolved greatly and continue to be improved.

Once again, in 2023, the company's top management defined its corporate goals under the Environment, Social, and Governance pillars - the ESG corporate agenda. The goals were focused on water management, gender equity, and strengthening Galvani's work in the communities where the company has operations. The activities were developed through social projects, institutional relations, community relations, and operational improvements focused on reducing water use, treating water resources, energy self-sufficiency, planting eucalyptus trees for biomass, and fighting corruption.

In 2023, around R\$2 million was earmarked for its own social projects, donations, and sponsorships. The initiatives carried out throughout the year focused on strengthening social, corporate, and institutional aspects and valuing our culture. Here are the highlights:

Corporate Social Responsibility: working with incentivized social projects, own projects, as well as direct donations and sponsorships, with investments in the states of Bahia, Piauí, Ceará, and São Paulo. In 2023, over 20,000 people benefited in the territories where it operates, as well as a wide range of institutions that received thousands of native vegetation seedlings for reforestation.

Incentivized social projects: in 2023, projects were sponsored using tax waiver resources for laws to encourage culture, and sports, the Municipal Fund for the Rights of Children and Adolescents (Fumcad), the Municipal Fund for the Elderly and the National Program to Support Oncological Care (Pronon). In order to promote our culture, musical projects have been sponsored via the Rounet Law. In all, Galvani invested in 14 multi-thematic social projects in 2023.

Projects carried out in 2023:

Bahia

Irecê and Lapão

In Irecê, 12-month incentivized projects were carried out on the following themes: the arts, active listening spaces for the community, and the safe supply of water and food for people facing water scarcity.

In all, investments in social projects have had a direct and positive impact on more than **3,200 people**.

A highlight was the **Art in Schools** project, which reinforced the cultural and social activities of the Colégio Municipal Odete Nunes Dourado, with a direct and indirect impact on more than **1,200 people**, including students, teachers, and family members, with approximately **1,100 hours** of free lessons in violin, piano, guitar, music theory, illustration, and theater. The **Ajuda Vira Água** project has enabled food production and access to drinking water for more than 1,000 adults and 600 children in the municipalities of Lapão and Irecê.

Luís Eduardo Magalhães

Actions were carried out through the **Superamigos** project, which served around 4,000 public school students with storytelling presentations on socio-environmental themes. 1,500 books were also distributed to students from 18 public schools in the municipality.

São Paulo (capital)

In the Jaguaré neighborhood, more than 450 children and teenagers took part in projects focused on sports, art, and culture. Highlights included activities such as capoeira, dance, drawing, *taekwondo*, volleyball, futsal, arts, among others.

Interior

In Barretos, incentives were given for projects to care for hospital patients, with support for oncological and comprehensive treatments for the people who benefit, technical support for elderly people in social vulnerability, hematological assistance, radiotherapy, and maintenance of the space dedicated to those cared for by the Unified Health System (SUS). The funds also helped to maintain a support home for patients and their families who need to travel to the city for treatment.

Also noteworthy was the **Assad Festival**, in its 11th edition, with more than 30 hours of performances by groups made up mostly of musicians, for the appreciation of the work of great classical artists and composers, impacting around 2,000 people in São João da Boa Vista (SP), including workshops and various presentations.

Ceará

Fortaleza

Sponsorship of the musical show "**De Sol a Sol**", led by Toninho Ferragutti, acclaimed as one of the most inventive and talented accordionists today and three times *Grammy nominee*. The *concert*, held at the iconic José de Alencar Theater, featured the Quinteto de Cordas group.



Santa Quitéria and Itatira

Projects and actions were encouraged, focusing on strengthening formal education and social empowerment for public school students, as well as classes in history, geography, audiovisual production, and scriptwriting. In the project **Era Uma Vez... Brasil**, which took place over 12 months, the highlight was the exchange of a group of 18 students and two teachers to Portugal. In all, there were over 350 hours of activities, impacting around 750 students and teachers.

Canindé and Madalena

Activities developed with 60 young people in the **Partiu Trabalho!** project in public schools in Canindé and Madalena, focusing on communication and body expression, improvisation practices, integration, and teamwork, set design, and stage organization.



National Broadcast

"**Sinceramente, Sérgio** " is a documentary co-produced by BigBonsai and Canal Brasil, with a script by Hugo Moura and André Barcinski. It tells the story of the singer and songwriter from Espírito Santo, Sérgio Sampaio. Ever since he enchanted the country at the 1973 carnival with his catchphrase "Eu quero é botar meu bloco na rua", his music has never been forgotten. The documentary reveals the artist's life through sung poetry.

Social projects with own funding - Human

Rights: support for the Na Mão na Certa project. Galvani continues to sponsor the Childhood Brasil initiative, an organization recognized for its actions to combat the sexual exploitation of children and adolescents on Brazilian roads. Throughout the year, the partner drivers who serve the company take part in multiple moments of reflection on the role of each of them in this journey.

Donations and sponsorships

The donations and sponsorships went to the locations where Galvani operates. The disbursements of financial and material resources included territorial actions for different audiences, such as the donation of **11,000 seedlings** of native plants and fruit trees, especially to public schools in

Irecê and other municipalities in the region. Over 500 basic food baskets were also donated in the state of Bahia. Cultural events for thousands of people throughout the areas of influence, such as the **Flavors and Knowledge Fair** in Angico dos Dias, were supported by Galvani, among other actions to support local communities. At the end of the year, almost a thousand toys were distributed in Christmas activities.

Social and Reputational Diagnostics, Stakeholder Mapping and Relationships

Reputational Perception Survey: survey applied to residents of Bahia, in Luís Eduardo Magalhães, Angico dos Dias (Campo Alegre de Lourdes), and Irecê, to assess the impacts generated by the organizations and subsequently create mitigating actions in line with the reality of the surrounding areas.

Stakeholder Relationship Plan: study containing mappings of strategic *stakeholders*, communities, municipal, state, and federal government to build the relationship plan for action.

ESG Agenda: highlights

Galvani's first green financing, with an initial value of R\$15 million, for a water resource management project in Luís Eduardo Magalhães, providing for a 50% reduction in the abstraction and consumption of water from artesian wells, with the installation and development of infrastructure to capture, store and recycle wastewater and rainwater. The project was nominated for the sustainable financing line and approved after analysis by Nint, considered the largest consultancy in ESG practices in Latin America, based on national and international parameters, such as the *Green Bond Principles*, as well as the United Nations (UN) Sustainable Development Goals (SDGs).

Production of institutional publications on ESG results, including the company's participation in the Sustainability Report of the Companhia Baiana de Pesquisa Mineral (CPBM) and the start of production of the Galvani 2023 Sustainability Report. Galvani's 2023 Sustainability Report, under the indicators of the *Global Reporting Initiative*, known as GRI - an international organization of independent standards that supports companies, governments, and other organizations in the analysis of impacts on environmental, social, and governance

issues.

Introduction of the Instituto Lina Galvani and Parque Vida Cerrado to the GRI reporting standards. This year, both institutions had their Sustainability Reports prepared using the *Global Reporting Initiative* indicators, as a way of organizing the information and activities carried out throughout the year and increasing the reliability of the data reported. The reports will be published in the first quarter of 2024.

Implementation of the Sustainability data management system, which includes the performance indicators and standards defined by Galvani for the GRI format and which will support the company in systematizing the data and information for surveying, reporting, and analyzing its corporate figures in the Environment, Social, and Governance pillars. The system will also make it possible to create *dashboards* for data from Galvani, the Instituto Lina Galvani, and Parque Vida Cerrado, thus organizing the compilation, systematization, and presentation of institutional information.



Instituto Lina Galvani



Created in 2003, the Instituto Lina Galvani is a Civil Society Organization of Public Interest (OSCIP) dedicated to identifying and supporting initiatives for community development in the places where Galvani operates.

This year, his work covered the village of Angico dos Dias, in Campo Alegre de Lourdes (BA), the municipality of Luís Eduardo Magalhães (BA), as well as the Jaguaré neighborhood, in São Paulo (SP). Throughout its activities, it has invested R\$18.5 million in projects that have involved over 30,000 people in creating a stronger society.

In 2023

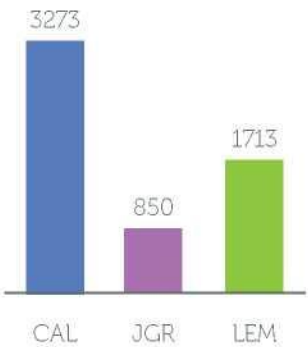
over
1,080
meetings

over
1,500
hours of activities

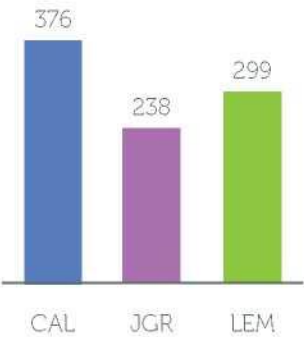
approximately
6,000
participants

13
projects

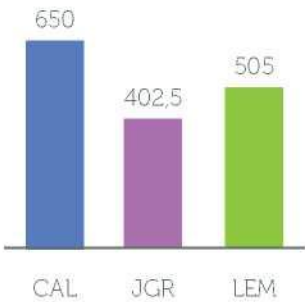
Total participants per territory



Total number of meetings per territory



Total hours of activities per territory



Highlights

At the beginning of the year, ILG organized a traveling exhibition with the theme "As Profissões que nos Inspiram", with more than 200 drawings produced by children of Galvani employees and the communities served. The result of this action was the creation and distribution of 2,000 calendars among the workers and locations where the company operates.

In **Angico dos Dias**, the 7th Feira Sabores e Saberes, organized by the **Social Network Association** and held in July, brought together around a thousand participants, including residents of Caracol (PI) and nearby districts and villages. The event included presentations of projects from the 2022 Instituto Lina Galvani's Call for Proposals, the setting up of exhibition stands, the sale of products, and the traditional "Arraiá de Angico".

Another important action was conceived by the **Cleaner Community** project - a joint clean-up effort at the Angico dos Dias soccer field was organized to reinforce the need for garbage collection and the importance of disposing of waste properly. This initiative promoted an impactful interaction between the community, ILG and the Town Hall. The activity was attended by more than 200 people.

In **Luís Eduardo Magalhães**, project applicants organized lectures, workshops, and classes focused on generating income for the participants. Highlights include the participation of the **Capoeira Cultura em Ação** group in the workshop on Making Musical Instruments and Abadás, offered by Master Apache, in Goiânia (GO), and the execution of more than 70 hours of:

- cooking classes;
- operation of heavy machinery for women, offered by the Bahia Association of Cotton Producers (ABAPA);
- professional qualification.

These and other activities were undertaken by the **Women Protagonists** project.

In **Jaguaré**, the group **Da Favela para o Mundo da Dança** has won important awards throughout the year at prominent events such as the Joinville Festival and the IDN Festival in São Paulo. He also gave several performances at Sesc in São Paulo, including the event "50 Years of Hip-Hop"

ILG 20 Years

The year was marked by the celebrations of the 20th anniversary of the Instituto Lina Galvani. The actions took place in Luís Eduardo Magalhães, Angico dos Dias and São Paulo. In addition to the celebration with the applicants and members of the projects, two soccer tournaments were held: one for women, with players from the Jovem Feliz project in Angico dos Dias, and the other with residents of the district, Galvani employees, and local government. The event brought together hundreds of people.

Solidary Christmas: the Institute and Galvani donated 950 toys in the areas where they operate. In Angico dos Dias and the surrounding region, ILG also took part in the distribution of 400 toys. In São Paulo, he donated backpacks and balls to 115 participants and attendees of the Library in Action project in the Jaguaré community.

Parque Vida Cerrado



Conceived and maintained by Galvani since 2006, Parque Vida Cerrado is the first and only biodiversity conservation, research, and socio-environmental education center in Western Bahia.

In 2023, it carried out several projects simultaneously. Some stood out, either for their innovation or for their successful partnerships.

Highlights

Fauna

One of these projects is **Investigating the Cerrado**, carried out in partnership with Archer Daniels Midland - ADM, which monitored the fauna on five farms and recorded 35 species of mammals. The activities resulted in a booklet, which documents the actions in the schools, and a fauna guide, which will be given to local landowners.

The **Maned Wolf Rehabilitation and Release Project** has reached significant milestones: Caliandra completed a year in the wild, and in June there was the unprecedented birth of pups.

With the success of the initiative, another female will be rehabilitated in 2024.

The park also sent a marsh deer cub, born in 2019, to the Salvador Zoo. In addition, the nursery team has provided emergency assistance to the Bahia Environment and Water Resources Institute (INEMA) in the rescue of endangered species.

Restoration and community development

For projects to restore degraded areas, the Park, with the support of partners, has invested in the qualification of the Seed Collectors Network of **the Rio de Ondas rural settlement**, with technical assistance, workshops, and courses. The Seed House, the association's headquarters, has been refurbished and equipped with an office, cold room, and meeting space. Last year, more than R\$100,000 worth of seeds (4,000 kilos) were purchased from the association for Park projects and other partners.

In 2023, Parque Vida Cerrado signed partnerships and began the diagnostic process to restore more than 700 hectares of degraded areas in Western Bahia. Among the projects, the *Soft Commodities Forum's* Producers in Focus, held together with

the World Business Council for Sustainable Development (WBCSD), which aims to restore 300 hectares of Cerrado, monitor the biome's fauna, and carry out environmental education activities at a school in rural Barreiras (BA).

During the year, more than 15,000 seedlings were sold, which generated income for the institution and promoted indirect restoration on 200 hectares.

Environmental Research and Education

The park, through its environmental education team, has developed and made available on the internet a free booklet with games and activities linked to the conservation of the Cerrado. At the same time, professionals from the institution have produced and published articles on animal health and restoration in congresses and scientific publications. The institution was invited to the Chico Mendes Institute for Biodiversity Conservation's (ICMBio) first Workshop on Disease Risk Analysis in Wild Canids and the third sector's Organizational Maturity pilot with KPMG.

Recognition

Parque Vida Cerrado received a Motion of Applause from the Luís Eduardo Magalhães City Council, which was unanimously approved, in celebration and recognition of the institution's 17 years of efforts in environmental education and the conservation of fauna and flora in the Cerrado biome, in recognition of the Park's contribution to urban reforestation and afforestation projects.

ACKNOWLEDGMENTS

***"In life you have to
be a root, not an
anchor. The root
nourishes. The
anchor
immobilizes."***

Mario Sergio Cortella

As we head towards 2023, we have a lot to thank our business partners who have been our roots, who have nurtured us and pushed us forward. We note the reference provided by shareholders, the entrepreneurship of board members, the commitment of employees, the loyalty of customers, and the support of communities and suppliers.

They all helped to keep us focused on our goals and determined to overcome obstacles. This has enabled us to move forward confidently toward our purpose, as well as improve the quality of our interactions, products, and services.

To everyone, our gratitude, admiration and respect!

São Paulo, March 2024.

The Management

