



ICGN

International Corporate Governance Network

João Nogueira Batista
Diretor Executivo
Comitê de Aquisições e Fusões
Brasil

17 April 2014

Dear Mr Batista

Re: Brazilian Takeover Panel (“Comitê de Aquisições e Fusões – CAF”)

The International Corporate Governance Network (ICGN) is an investor-led organisation of governance professionals with members including institutional investors responsible for assets under management in excess of US\$18 trillion. Our mission is to inspire and promote effective standards of corporate governance to advance efficient markets and economies worldwide. As such, we are pleased to extend our public support to the self-regulatory initiative undertaken by the private sector to establish the Brazilian Takeover Panel (www.cafbrasil.org.br).

The development of the Brazilian Takeover Panel represents an important corporate governance development within the Brazilian capital markets. It will help to ensure the fair treatment to shareholders and represents one of the most significant positive corporate governance steps in Brazil since the inception of the Novo Mercado.¹

The ‘Self-Regulatory Code on Mergers and Acquisitions’ developed by the Brazilian Takeover Panel will apply to tender offers and corporate restructuring transactions to help ensure alignment with the principles of good corporate governance. It’s a principles-based concept of ruling which seeks to assure the equal treatment to all shareholders of the same class and the equal treatment of shareholders of other share types of classes. It also requires that the ultimate decision is always taken by the affected shareholders as well as enhancing transparency, among other principles.

We applaud the ultimate objective of the Brazilian Takeover Panel to reduce, over time, the number of corporate conflicts that result from the execution of mergers, acquisitions and corporate restructurings involving listed companies. For that purpose, it will provide all market participants with expeditious analyses and decisions based on the shortest possible deadline. For that purpose we note that a Cooperation Agreement with the Brazilian Securities Commission (“Comissão de Valores Mobiliários”) has been executed and establishes that corporate restructuring transactions with a related party’s component which the Panel deems to be compliant with the self-regulatory code will enjoy presumption of regularity.

¹ Novo Mercado is a special segment of the BM&FBOVESPA available to companies that commit to adopting high standards of corporate governance. It was created in December 2000.

The Brazilian Takeover Panel will operate on the basis of a voluntary self-regulation model. Listed companies willing to adhere will be expected to formally and publicly submit themselves to the Panel and its Self-Regulatory Code. ICGN therefore strongly recommends that investors request and companies adhere to the Brazilian Takeover Panel.

We take the opportunity to congratulate the Brazilian Stock Exchange (BM&FBOVESPA), the Brazilian Financial and Capital Markets Association (ANBIMA), the Association of Capital Markets Investors (AMEC) and the Brazilian Institute of Corporate Governance (IBGC) for supporting and implementing this initiative.

Kind regards,

Michelle Edkins
ICGN Board Chair

Bram Hendriks, Co-chair
ICGN Shareholder Rights Committee

Alexander Juschus, Co-chair
ICGN Shareholder Rights Committee