

PANORAMIC **CORPORATE GOVERNANCE**

Brazil



LEXOLOGY

Corporate Governance

Gibson, Dunn & Crutcher LLP

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SOURCES OF CORPORATE GOVERNANCE RULES AND PRACTICES

Primary sources of law, regulation and practice

What are the primary sources of law, regulation and practice relating to corporate governance? Is it mandatory for listed companies to comply with listing rules or do they apply on a "comply or explain" basis?

The primary sources of law are the Civil Code (Law No. 10,406/2002), the Corporations Law (Law No. 6,404/1976), the Securities Law (Law No. 6,385/1976) and the Capital Markets Law (Law No. 4,728/1965).

The Civil Code regulates a wide range of topics, such as those related to property, family and obligations. It also sets forth the basic corporate governance legal framework applicable to limited liability companies. According to the Federal Government of Brazil's Companies Map bulletin for the second quarter of 2025, Brazil had 8,300,967 companies (excluding micro-entrepreneurs and individual entrepreneurs), of which approximately 96% were organised as limited liability companies. It should be noted that limited liability companies are not eligible to go public/become listed entities or to raise funds in the capital markets.

The Corporations Law governs both closely held and listed corporations. It regulates, in a comprehensive way, corporate governance matters that are important for such entities, including shareholder rights, board structures, duties and responsibilities of board members and officers, tag-along rights, public offerings, financial statements and shareholders agreements, among other things. The Corporations Law may also apply to limited liability companies on a subsidiary basis if the articles of association of the limited liability company so provide.

In addition, there are other regulations and best practices guidelines related to corporate governance that may be enforceable according to the specific characteristics of the corporation. For instance, the Brazilian Securities and Exchange Commission (CVM) is the securities market authority in Brazil and regulates the capital markets and its participants, with competence to issue rules, directions, opinions, decisions, and releases over the capital markets and its investors. Among other types of rules, the CVM issues "instructions" and "resolutions" mandatory for listed entities. The Securities Law serves as the landmark provision for the CVM and Brazilian capital markets regulators.

One of the main rules enacted by the CVM in connection with corporate governance is CVM Resolution No. 80/22. This resolution updates and consolidates previous provisions into a comprehensive general rule applicable to all listed corporations. It regulates a wide range of matters, including mandatory filings, disclosure of information, and financial statements issuance.

Due to the variety of matters covered by this resolution, it has been subject to several adjustments and reforms over the last few years, including those related to environmental, social and governance (ESG) practices.

The main Brazilian stock exchange is the Brazil Stock Exchange and Over-the-Counter Market (B3). As the top stock exchange in Brazil, housing over 400 outstanding equities and several other financial products, it is also responsible for issuing corporate governance guidelines applicable for entities trading under its banner. The B3 features various levels of listing

segments with varying degrees of corporate governance practices, including Novo Mercado (NM), Level 1 (N1), Level 2 (N2), Bovespa Mais (MA), and Bovespa Mais Level 2 (M2), which are known for their high level of transparency and corporate governance.

Additionally, companies whose shares are publicly traded and which are registered with the CVM under Category A are required to report on their adherence to the Brazilian Corporate Governance Code (published by the GT INTERAGENTES, a multi-stakeholder working group coordinated by the Brazilian Institute of Corporate Governance (IBGC) comprising 11 leading institutions representing different segments of the Brazilian capital markets) annually. Companies in Category A must disclose whether they comply with the recommendations set forth in the Code and, if not, provide a justification for any deviations under the “comply or explain” approach.

Since 1999, IBGC has published the Best Corporate Governance Practices Code, an important guideline on corporate governance in Brazil. Its sixth edition was issued in August 2023, consolidating the best corporate governance recommendations. This latest version adopts less prescriptive and more principle-based propositions, promoting a more comprehensive integration of ESG considerations into the decision-making process and emphasising the role of the stakeholders in the organisation. Although the governance practices outlined in the Code are non-binding, they are widely adopted by top market players and serve as a benchmark for corporate governance standards.

Law stated - 23 abril 2026

Responsible entities

What are the primary government agencies or other entities responsible for making such rules and enforcing them? Are there any well-known shareholder or business groups, or proxy advisory firms, whose views are often considered?

The Economy Ministry, through its National Corporate Registry and Integration Department (DREI), is the primary regulator of corporate registry acts for both limited liability companies and corporations. By way of “normative instructions”, DREI provides the general guidelines for state-level registries to perform the registration of corporate acts.

Likewise, as an entity under the Economy Ministry’s umbrella, the CVM oversees the capital markets by passing resolutions and judgements over capital markets actors.

Through its top decision-making collegiate, the National Monetary Council (CMN), the Brazilian Central Bank (BACEN) acts as the top oversight entity of the National Financial System of Brazil. The CMN is responsible for issuing the rules and guidelines for all financial institutions at a national level. BACEN is also tasked with regulation and enforcement of the rules governing foreign capital in Brazilian entities.

As one of the top entities providing modern governance advice to both minority and majority shareholders of corporations (listed and closely held), as well as for various sizes of limited liability companies, the IBGC stands as one of the top national voices for corporate governance. Its manuals and guidelines usually become the bedrock reference for corporate governance.

Law stated - 23 abril 2026

RIGHTS AND EQUITABLE TREATMENT OF SHAREHOLDERS AND EMPLOYEES

Shareholder powers

What powers do shareholders have to appoint or remove directors or require the board to pursue a particular course of action? What shareholder vote is required to elect or remove directors?

Shareholders of corporations can appoint and remove directors or officers by at least a majority vote, or a higher quorum, subject to the specific provisions set forth in the by-laws of the company.

In the case of limited liability companies, shareholders can appoint and remove non-shareholder directors or officers by at least a majority vote if the corporate capital is fully paid up, or by the approval of two-thirds of the corporate capital if the corporate capital is not fully paid up. Higher quorum can be defined by the company's articles of association.

A recent precedent from the Brazilian Superior Court of Justice held that, in limited liability companies, the equity interest held by a director/officer who is also a shareholder must be excluded from the quorum calculation in deliberations concerning matters in which that shareholder has a direct and immediate conflict of interest (ie, resolutions concerning their own appointment, tenure or removal from management). This exclusion is intended to prevent a structurally conflicted shareholder from influencing the decision, whether through voting or by artificially inflating the quorum threshold. As a result, this ruling materially strengthens corporate governance safeguards by ensuring that deliberative power in managerial removal proceedings rests solely with the disinterested equity holders.

If the corporation only has a board of executive officers (closely held companies are not required to have a board of directors), their members shall be elected and removed by the shareholders. However, if the corporation has both a board of directors and a board of executive officers (which is mandatory for public companies), directors shall be elected and removed by the shareholders, and the officers shall be elected and removed by the board of directors.

The purpose of appointing directors is to enable the separation between the ownership and management of the corporation. Listed corporations, mixed capital corporations and those corporations with authorised capital must have a board of directors to avoid conflicts of interest with the shareholders.

Law stated - 23 abril 2026

Shareholder decisions

What decisions must be reserved to the shareholders? What matters are required to be subject to a non-binding shareholder vote?

According to the Corporations Law (Law No. 6.404/76), the shareholders, whose votes are binding, shall make the main decisions regarding the entity, through a shareholders' meeting, including:

- amending the by-laws;

- electing and removing directors or officers (however, where a board of directors exists, such authority lies with the board of directors);
- annually approving the company's accounts and financial statements from the past year;
- issuing debentures;
- suspending shareholders' rights;
- approving the valuation of the shareholders' assets for the purpose of paying up the share capital;
- issuing participation certificates;
- approving the transformation, merger, spin-off, dissolution or liquidation of the company; the appointment and destitution of liquidators; and approving the company's accounts;
- approving the administrator's request for bankruptcy or financial reorganisation; and
- in public companies, voting on contracting with related third parties and selling or contributing assets to another company if the value of the operation is over 50% of the company's total assets (as demonstrated in the last approved balance sheet).

In corporations with an active board of directors, the election and removal of executive officers is primarily performed by said board of directors. The board of directors, when active, also assumes the following activities:

- establishing the general direction of the company's business;
- overseeing the management of the officers, examining the company books and documents at any time, and requesting information about any contract entered into or in process of being entered into;
- convening the shareholders' annual general meeting;
- commenting on the management report;
- providing opinions on acts or contracts, when required by the by-laws;
- deciding on the issuance of shares or subscription bonuses, when authorised by the by-laws;
- authorising of the disposal of non-current assets, creation of encumbrances, and other related provisions; and
- selecting and dismissing independent auditors.

On the other hand, per Civil Code provisions, shareholders of limited liability companies shall meet and vote on the following subjects:

- approving the company's annual statements;
- electing and removing executive officers;
- deciding on the remuneration of the company's officers;
- approving changes to the articles of association;
- approving company mergers, dissolution and the end of its liquidation period;
- electing and removing liquidation officers, as well of liquidation findings; and

- filing for bankruptcy.

In Brazil, non-binding shareholder votes do not apply.

For both limited liability companies and corporations (whether publicly held or closely held), approval of the financial statements for a given fiscal year constitutes a formal release from liability (quittance) in favour of the management for the period examined and approved by the shareholders.

Law stated - 23 abril 2026

Disproportionate voting rights

To what extent are disproportionate voting rights or limits on the exercise of voting rights allowed?

As a general rule, each common share corresponds to one vote in the resolutions of the shareholders' general meeting. The shareholder principle of "one share, one vote" has the purpose of promoting the alignment of interests among all shareholders by making the power represented by the right to vote proportional to the economic rights attributed to each share.

Nonetheless, closely held companies and listed corporations that have not negotiated their shares in the stock exchange can issue ordinary shares with up to 10 voting rights each (a plural vote), subject to compliance with a range of legal requirements. The issuance of shares bearing disproportionate voting rights requires, among others, a majority shareholder vote approval; said approval may also determine a defined term, conditions for losing the disproportionate voting rights, and the number of additional voting rights conferred to each share.

The Corporations Law also provides for a multiple vote system that aims to ensure the representation of minority shareholders by granting shareholders during meetings that electing board members a number of votes equal to the number of shares multiplied by the number of board members to be elected (a multiple vote). Multiple votes can be adopted by any publicly held or closely held corporation upon the request of shareholders representing at least 10% of the voting capital.

Under the Corporations Law, corporations are also allowed to issue preferred stocks, normally with no voting rights. Preferred stocks shall grant other benefits to their bearers, such as priority in distribution of dividends, fixed dividends, or minimum dividends.

Law stated - 23 abril 2026

Shareholders' meetings and voting

Are there any special requirements for shareholders to participate in general meetings of shareholders or to vote? Can shareholders act by written consent without a meeting? Are virtual meetings of shareholders permitted?

There are no special requirements for shareholders duly invested in their capacity to participate in general meetings of shareholders or to vote.

The Corporations Law states that there is a procedure for calling that must be followed at the shareholders' meeting. The call must be made by a published notice in at least three different places containing, in addition to the place, date, and time of the general meeting, the agenda and, in the case of an amendment to the by-laws, an indication of the subject matter and, for listed corporations, a copy of the by-laws highlighting the proposed amendments along with a report informing the purpose of the proposed amendment and its legal and economic effects.

Shareholders can nominate proxies such as another shareholder, a director of the company, or an attorney to represent them in the general meeting.

Closely held corporations usually act by written consent when shareholders representing 100% of the shares sign the relevant meeting minutes, even though acting by written consent without a meeting is not expressly authorised by the Corporations Law.

Virtual shareholders' general meetings are permitted for both closely held companies and listed corporations. Companies may choose between in-person meetings, virtual meetings, and a hybrid of these options.

Virtual meetings are those in which the shareholders may only attend and vote through electronic systems, whereas hybrid meetings are those in which the shareholders may attend and vote either in person or through electronic systems.

More recently, to encourage shareholders to actively participate in the shareholders' meetings, the Brazilian Securities and Exchange Commission (CVM) has broadened the use of remote voting ballots (BVD) through CVM Resolution No. 204/24. The new changes include the following:

- shareholders may now present BVDs within four days of the scheduled shareholder meeting;
- BVDs can now be submitted to a wider range of service renderers of the listed corporation, including depositories and the financial institution that maintains a share register; and
- corporations are now required to consolidate and make available the voting patterns presented by BVDs.

Law stated - 23 abril 2026

Shareholders and the board

Are shareholders able to require meetings of shareholders to be convened, resolutions and director nominations to be put to a shareholder vote against the wishes of the board, or the board to circulate statements by dissident shareholders?

Under general Brazilian corporate law principles, shareholders' resolutions are at the top corporate decision-making hierarchy. In basic terms, general corporate hierarchies are well-settled and structured in Brazilian corporate governance, with shareholders' decisions

issued by way of shareholders' meetings ruling over board of directors' resolutions, even if the former are materially against the latter.

Typically, resolutions of the board of directors are part of the decision-making process, authorising the officers to execute some activities of the company as per the requirements provided in the by-laws. However, part of the board of directors acts are directed to the shareholders, in this scenario, their resolutions are passed as recommendations to the shareholders. On their part, shareholders may choose to accept or reject the proposed recommendations of the board of directors.

The Corporations Law provides that summoning a shareholders' meeting is a task prescribed to the board of directors (primarily) and the executive officer corps (secondarily). Legally and statutorily required shareholders' meetings must be convened by either the board of directors or executive officers. Failure to do so in a timely manner enables shareholders to request a shareholders' meeting, regardless of their equity share.

Likewise, shareholders with at least 5% of the total corporate capital may convene a shareholders' meeting if the board or executive officers (as applicable) fail to timely convene a requested and substantiated shareholders' meeting. The same principle applies when the company's officers fail to convene a requested shareholders' meeting to install a fiscal board.

Lastly, the Corporations Law is silent regarding provisions granting shareholders the right to require the board to circulate statements by dissident shareholders.

Law stated - 23 abril 2026

Controlling shareholders' duties

Do controlling shareholders owe duties to the company or to non-controlling shareholders? If so, can an enforcement action be brought against controlling shareholders for breach of these duties?

Regarding controlling shareholders, Brazilian corporate law expressly states that they are liable for the abuse of their power, which is subject to enforcement action, and damage caused to the corporation. Examples of the abuse of power include:

- deviating from the company's scope;
- entering into business combinations that are detrimental to the company;
- changing the by-laws or taking decisions that deviate from the company's interest;
- appointing board members who are not suitable for the role;
- hiring with a company in non-equitable conditions; and
- approving irregular management's accounts intentionally or failing to investigate a valid complain.

Claims for damages against the controlling shareholder may be proposed by shareholders representing 5% of the company's corporate capital, or by any shareholder if a guarantee is provided in case the courts dismiss the claim.

Law stated - 23 abril 2026

Shareholder responsibility

Can shareholders ever be held responsible for the acts or omissions of the company?

Shareholders' responsibility is limited to the issuance price of the subscribed shares held by each shareholder in the corporation.

However, in special circumstances, the Civil Code permits the piercing of the corporate veil as long as certain requirements are met. These circumstances are restricted to (1) the diversion of the company's purpose through the wilful use of the legal entity with the purpose of harming the creditors and for practising illicit acts of any nature; and (2) the lack of clear separation between the assets of the company and the assets of directors, officers, and shareholders. Piercing the corporate veil requires active and standalone claims to be brought before judicial scrutiny providing evidence of one or both circumstances in which the corporate veil requires lifting.

Notwithstanding the above, other Brazilian legislation (such as consumer protection, antitrust, and environmental laws, as well as labour case law) adopt a less stringent approach to piercing the corporate veil. For those matters, and depending on the circumstances, the shareholders can be held liable if the company is unable to pay its obligations, or in case of violation to the rules set forth in its by-laws.

Law stated - 23 abril 2026

Employees

What role do employees have in corporate governance?

Shareholders must use their power to enable the corporation to accomplish its purpose and perform its social role, and they shall have duties and responsibilities towards the other parties, the employees and the community in which it operates. The by-laws may provide for an employee to be a member of the board of directors or member of an advisory body of the corporation, such as the fiscal council or the audit committee. However, for state-controlled corporations in the sphere of the federal government, the board of directors must have at least one representative of the company's employees. To be admitted to the board, the representative of the employees must comply with all requirements of the law and the by-laws of the company.

Law stated - 23 abril 2026

CORPORATE CONTROL

Anti-takeover devices

Are anti-takeover devices permitted?

In Brazil, hostile takeover bids are not as common as they are in jurisdictions with more dispersed ownership structures, such as the USA and the UK. Even so, anti-takeover measures have recently been on the agendas of prominent Brazilian publicly held companies,

a development that can be attributed to increased market volatility and heightened activist-investor activity.

Brazilian law does not prohibit anti-takeover devices as long as such devices are clearly stated in the target corporation's by-laws. In this context, it is not unusual to find provisions triggering mandatory tender offers upon the payment of a premium once a shareholder increases its equity share to a certain level (usually between 10% and 30%). Disputes over interpretations of such by-law provisions are also not uncommon.

The Corporations Law (Law No. 6.404/76) provides for specific mechanisms that can operate as anti-takeover devices. One such mechanism provides that, in a takeover bid to gain control of a listed corporation, the purchaser must make a public offer to all other voting shareholders at a purchase price of at least 80% of the takeover bid's price.

Another legal anti-takeover mechanism is a mandatory tender offer due to an increase in shareholding, when acquisitions by the controlling shareholder in the market reduce the free-float of shares of the same class and type below 15%. This free-float threshold that triggers the tender offer is set out in a recent Brazilian Securities and Exchange Commission (CVM) resolution (Resolution 215/2024), which also regulates other mandatory and voluntary tender offer modalities.

Law stated - 23 abril 2026

Issuance of new shares

May the board be permitted to issue new shares without shareholder approval? Do shareholders have pre-emptive rights to acquire newly issued shares?

Yes; for that purpose, the corporation's by-laws must provide for an authorised capital amount and grant the board powers to issue new shares without shareholder approval. If the by-laws do not have this provision, the board cannot issue new shares without shareholder approval.

The adoption of the authorised capital regime requires the company to meet certain requirements and formalities: (1) the company must have a board of directors; (2) the issuance must receive the opinion of the fiscal council (if in operation); and (3) the authorised capital amount must be set out in the by-laws.

In addition, shareholders have pre-emptive rights in the subscription of new shares proportionally to the number of shares they hold. The by-laws or a general meeting must establish which pre-emptive rights may be exercised at least 30 days before the issuance of new shares.

However, pre-emptive rights are a non-absolute right for publicly held companies with authorised capital, whose by-laws may reduce the aforementioned 30-day period to exercise the pre-emptive rights or suppress this right if the placement of the new shares is carried out (1) through a sale on the stock exchange; (2) by public subscription; or (3) in the case of an exchange of shares between companies, through a public tender offer for the acquisition of control.

Law stated - 23 abril 2026

Restrictions on the transfer of fully paid shares

Are restrictions on the transfer of fully paid shares permitted and, if so, what restrictions are commonly adopted?

Restrictions on the transfer of shares will mostly depend on the type of company and each given situation. In listed companies, except for some restrictions resulting from shareholders' agreements (such as lockup provisions), shares are required to be freely traded to guarantee liquidity. On the other hand, closely held corporations may limit the transfer of shares through their by-laws terms and conditions, though completely prohibiting their transfer is not allowed.

Limited liability companies, which are governed by Civil Code provisions and are considered to be *intuitu personae* entities, may include, in their articles of association, provisions restricting the transfer of shares to third parties. However, if the articles of association lack any specific provisions in this regard, shareholders may transfer their shares to third parties if this transfer is not opposed by more than 25% of the company's corporate capital. The transfer of shares to another shareholder of the company is usually permitted in the absence of restrictive provisions arising from a shareholders' agreement or the articles of association.

Law stated - 23 abril 2026

Compulsory repurchase rules

Are compulsory share repurchases allowed? Can they be made mandatory in certain circumstances?

As a general rule, Brazilian companies do not have a unilateral right to compulsorily repurchase shares from their shareholders. However, there are specific circumstances under which shares may be compulsorily redeemed, effectively resulting in a mandatory repurchase.

Redemption share repurchases involve paying the value of the share to withdraw it permanently from circulation, regardless of whether the corporate capital is reduced. If the share capital is not reduced and the shares have a par value provided in the company's by-laws, a new par value shall be attributed to the remaining shares.

The redemption of shares of one or more classes may only be carried out if approved at a special meeting called specifically for that purpose, by shareholders representing at least half of the outstanding shares of the affected class or classes, thereby binding all shareholders of the affected class – including dissenters – to the majority's decision. However, the by-laws may waive this requirement for a special class meeting, provided that at the time of creation and issuance of the relevant class, they specify that such shares are subject to redemption without shareholder approval, so that subscribers and subsequent acquirers are aware from the outset that their shares may be redeemed and, by becoming shareholders, are deemed to have consented to this possibility.

Furthermore, the Corporations Law provides for a squeeze-out mechanism whereby, if less than 5% of the company's total issued shares remain in circulation upon expiration of the tender offer period established by CVM regulations, the general meeting may resolve to redeem the remaining shares at the tender offer price. This provision effectively allows the

company to compulsorily buy out the last holdout shareholders once the free float falls below the 5% threshold, thereby enabling the completion of the delisting process.

Law stated - 23 abril 2026

Dissenters' rights

Do shareholders have appraisal rights?

Yes. In limited situations, dissenting shareholders have the right to withdrawal and to the reimbursement of their interest.

In limited liability companies, a dissenting shareholder may withdraw from the company if they did not consent to a resolution concerning an amendment to the company's articles of association, a merger, a consolidation or absorption of the company by or into another entity, or a change to the company's corporate purpose. Unless otherwise provided in the company's articles of association, the reimbursement of the shares of the dissenting shareholder will be based on the company's net worth.

In corporations, a shareholder who dissents from certain resolutions adopted at a general meeting has the right to withdraw from the company and to receive the value of the shares. This right applies when certain matters are approved:

- creating preferred shares or increasing an existing class of preferred shares without maintaining the existing ratio with the remaining class of preferred shares, unless this is already set forth in or authorised by the by-laws (only applicable to those shareholders that have been affected);
- altering a preference, a privilege, or a condition of redemption or amortisation conferred upon one or more classes of preferred shares, or creating a new, more favoured, class (only applicable to those shareholders that have been affected);
- reducing the compulsory dividend;
- merging the corporation with another corporation or consolidating it;
- participating in a group of corporations;
- changing the corporate purpose;
- approving the spin-off of the corporation;
- issuing shares with disproportionate voting rights; and
- including an arbitration clause in the by-laws.

The corporation's by-laws may establish the terms and conditions under which the shares of the dissenting shareholders will be reimbursed. The value of the reimbursement cannot be lower than the company's net worth (as determined by the latest balance sheet approved by the general meeting), unless the appraisal takes into account the economic valuation of the company (as determined by a set of experts specifically engaged to evaluate this matter).

If the by-laws provide that an evaluation must take place, it must be carried out by three experts or by a company specialising in valuation. Such appraisal must present the grounds on which the valuation was based and provide all the supporting documentation that underpinned their work.

RESPONSIBILITIES OF THE BOARD (SUPERVISORY)

Board structure

Is the predominant board structure for listed companies best categorised as one-tier or two-tier?

In accordance with the Corporations Law (Law No. 6,404/1976), Brazilian Securities and Exchange Commission (CVM) resolutions, and the Brazil Stock Exchange and Over-the-Counter Market (B3) (the main Brazilian stock exchange) general guidelines, listed corporations are required to have a two-tier structure: a board of directors and a board of executive officers.

Both bodies are endowed with their typical objectives. The board of directors, beholden to and elected by the shareholders, is tasked with providing the broad strategic goals of the company while also serving in a supervisory capacity. Conversely, the board of executive officers, elected by and accountable to the board of directors, is responsible to actually enforce and carry out the corporate strategic goals set forth by the board of directors.

Closely held companies may adopt a one-tier structure, managed by at least one executive officer. However, if these companies have authorised capital set forth in their by-laws, a board of directors is also required.

Law stated - 23 abril 2026

Board's legal responsibilities

What are the board's primary legal responsibilities?

The board of directors is a deliberative body responsible for envisioning and long-term strategic decisions related to the business management of the corporation.

The following are the board's primary legal responsibilities:

- establishing the general business strategy for the corporation;
- electing and discharging the corporation's officers and prescribing their duties in accordance with relevant provisions in the by-laws;
- supervising the performance of the officers, examining the books and records of the corporation at any time, requesting information on contracts signed or about to be signed, or any other act;
- calling a general meeting whenever it is deemed advisable;
- giving its opinion on the reports of the management and on the accounts of the board of officers;
- giving its opinion in advance on actions or contracts whenever required by the by-laws;
- deciding whether to issue shares or subscription bonuses, when so authorised by the by-laws;

- authorising the transfer of fixed assets, the creation of charges in rem and guarantees for liabilities of third parties; and
- selecting and discharging independent auditors.

Law stated - 23 abril 2026

Board obligees

Whom does the board represent and to whom do directors owe legal duties?

The board of directors has a responsibility to act in the corporation's best interest, and they therefore owe legal duties to the corporation. To act in the corporation's best interest, directors must look for the best possible outcome for the company and, indirectly, for the shareholders.

Directors have a duty of care, a duty of loyalty, a duty of disclosure and a duty to avoid conflicts of interest.

Duty of care

In the exercise of their duties, the director must employ the care and diligence that a reasonable and honourable person customarily employs in the administration of their own business affairs. In addition, directors must exercise their powers within the limits provided in the laws and by-laws and must always act in the best interest of the company.

Duty of loyalty

The duty of loyalty is understood as the obligation to refrain from pursuing personal interests instead of the company's interests. In this regard, the Corporations Law forbids a director to use business opportunities to benefit themselves, to not act in the company's best interests to benefit themselves, and to purchase assets or rights of the company to benefit themselves.

Duty of disclosure

Directors of listed corporations must declare the number of shares, subscription bonuses, options to purchase shares and convertible debentures issued by the corporation, by a controlled corporation or by a corporation belonging to the same group that they own and must disclose to the markets any material information.

Duty to avoid conflicts of interest

A director must not take part in any corporate transaction in which they have an interest that conflicts with an interest of the corporation, nor in the decisions made by the other officers on the matter. They must disclose their conflict of interest to the other officers and

the nature, extent and other particulars of their interest must be recorded in the minutes of the administrative council or the board of directors' meeting.

Law stated - 23 abril 2026

Enforcement action against directors

Can an enforcement action against directors be brought by, or on behalf of, those to whom duties are owed? Is there a business judgement rule?

Yes, enforcement actions against directors are possible for harmful actions against the company.

The corporation itself is the primary plaintiff in bringing such action; approval of the majority of shareholders with voting rights is required. Subsidiarily, any shareholder is entitled to file the action against the director if the company fails to do so within 3 months of approving such measures; alternatively, a shareholder or a group of shareholders with at least 5% of voting rights can file such action if the majority of shareholders vote to not move forward with the proposed enforcement action by the company.

Although business judgement rule has no settled understanding in Brazil, it has been applied by the CVM when judging sanctioning proceedings against directors of listed corporations. Largely referring to US experience, the CVM investigates, and judges listed corporations' directors by verifying if all reasonable and proportionate measures were taken in accordance with general governance practices and legal provisions during a director's decision-making process and if their actions, ultimately, equally considered the interests of company, shareholders, public well-being, and social objectives of the company itself.

Most Brazilian scholars agree that a judge can exempt the directors and officers from responsibility when convinced that they acted without violating the applicable law and the company's by-laws, and in the interest of the corporation. The business judgement rule shields directors or officers of a corporation from liability only if, in reaching a business decision, the directors or officers acted on an informed and reflected basis, availing themselves of all material information reasonably available, and acting without conflicts of interest. The main purpose of the rule is the protection of the discretionary power of the company's directors, guaranteeing the presumption that directors make decisions based on good faith.

Law stated - 23 abril 2026

Care and prudence

Do the duties of directors include a care or prudence element?

Yes. According to the Corporations Law, directors have a duty of care, which requires them to always exercise competence, honesty, and diligence in conducting the business of the corporation. "Care" specifically requires that the director must exercise the caution that a reasonable person would in similar circumstances. Additionally, directors must exercise their powers within the legally provided thresholds and in accordance with the company's by-laws, always acting in the company's best interests.

Board member duties**To what extent do the duties of individual members of the board differ?**

Under Brazilian corporate law, all directors are subject to the duties of diligence and care, loyalty and disclosure, and the duty to avoid conflicts of interest. There is no differentiation between directors based on experience or certain skills.

For executive officers, the needs of each entity may dictate a different set of attributes and responsibilities in accordance with their corporate documentation. Nevertheless, these officers are also required to act under the same duties as board directors.

Law stated - 23 abril 2026

Delegation of board responsibilities**To what extent can the board delegate responsibilities to management, a board committee or board members, or other persons?**

The responsibilities of the board of directors conferred by the Corporations Law may not be delegated. Likewise, the powers conferred by law to the management bodies cannot be granted to another governing body, regardless of whether it is constituted legally or in the company's corporate documents.

This rule does not apply to executive officers; such roles are able to delegate power to individuals employed by the company and/or by proxy in accordance with the articles of association or by-laws.

Board committees serve in a largely advisory capacity to bolster the decision-making process of the board of directors and/or executive officer corps. Although proxies are usually granted to committee members to perform their duties, such duties are usually restricted to consulting tasks rather than executive or deliberative functions.

Law stated - 23 abril 2026

Non-executive and independent directors**Is there a minimum number of "non-executive" or "independent" directors required by law, regulation or listing requirement? If so, what is the definition of "non-executive" and "independent" directors and how do their responsibilities differ from executive directors?**

Under the Corporations Law, up to one-third of board members may also serve as executive officers. While Brazilian law does not use the term "non-executive directors", this rule effectively guarantees a minimum proportion of non-executive members on the board.

Law No. 14,195/2021 mandates the inclusion of independent directors on the boards of listed companies, in accordance with the terms and deadlines defined by the CVM.

CVM Resolution No. 80/22 provides that at least 20% of the board of companies whose shares are publicly traded (registered with the CVM under Category A) shall be composed of independent directors. The rules set forth in the Novo Mercado segment for listing corporations issued by the B3 determine that at least two members or 20% of the board, whichever is higher, must be independent directors.

The Code of Best Practices for Corporate Governance of the Brazilian Institute of Corporate Governance (IBGC) also recommends that the board of directors should have only independent members, or that they are a majority.

Under CVM provisions, independent directors are required to fulfil and meet requirements to ascertain and prove their independence status, such as providing, periodically and when requested, proof to the company's shareholders and/or board of directors. The board of directors is also tasked with evaluating and disclosing periodically the status of independent directors.

Situations that may compromise the independence of a member of the board of directors, include:

- if they are a direct or indirect controlling shareholder of the company;
- if their votes in board meetings are bound by a shareholders' agreement concerning matters related to the company;
- if they are a spouse, partner or relative, lineal or collateral, to a certain degree, of the controlling shareholder, administrator of the company or administrator of the controlling shareholder; and
- if, in the past three years, they were an employee or director of the company or of its controlling shareholder.

Law stated - 23 abril 2026

Board size and composition

How is the size of the board determined? Are there minimum and maximum numbers of seats on the board? Who is authorised to make appointments to fill vacancies on the board or newly created directorships? Are there criteria that individual directors or the board as a whole must fulfil? Are there any disclosure requirements relating to board composition?

According to the Corporations Law, the board must be composed of at least three members, elected by a shareholders' general meeting, at any time. The size of the board must be provided for in the company's by-laws, and it may vary depending on the company's sector, size and stage of the company's life-cycle, among other things.

There is no maximum number of seats on the board, although IBGC guidelines suggest odd numbers between 5 and 9 members.

If a board seat falls vacant for any reason and there are no specific rules governing such a situation in the by-laws, the remaining board members shall appoint an alternate to occupy

the vacancy until the following shareholders' meeting. If vacancies comprise most of the board of directors, a shareholders' meeting shall be called for the election of the board.

Both Brazilian and foreign individuals can be appointed as directors of corporations. Individuals who are not resident in Brazil must be represented by an attorney-in-fact resident in Brazil who is authorised to receive summons, subpoenas, citations and notices on behalf of the grantor.

An individual appointed to a board position is required to be in compliance with legal provisions (such as the applicable duties stated in the Corporations Law), meet the requirements set forth in the by-laws, and usually adhere to the corporation's own code of ethics and standards. Immediate disqualification from being elected as director takes place if the individual:

- is disqualified by special law, or has been sentenced for a bankruptcy offence; fraud, bribery or corruption; misappropriation of public funds or embezzlement; crimes against the national economy, decency or public property; or any criminal sanction that precludes access to public office, even temporarily;
- has been declared to be incapacitated by the CVM (applicable to publicly traded companies);
- holds a position in a competing company (especially on the management board, advisory committee or finance committee), unless an applicable waiver is granted by the corporation's shareholders in a general meeting; or
- has conflicting interests with the company, unless an applicable waiver is granted by the corporation's shareholders in a general meeting.

Disclosure requirements relating to board composition vary by corporate type. Private companies have no obligation to publicly disclose board composition beyond what is recorded in corporate documents, because the Brazilian Civil Code and the Corporations Law do not impose public reporting duties for private entities. Publicly held companies, on the other hand, must disclose detailed information on their board of directors through the annual reference form required by CVM Resolution 80/22 (a periodic report with detailed information about the company), including board members' identities, qualifications, independence status, other relevant background information, and ownership and transfer of the company's securities.

Law stated - 23 abril 2026

Board leadership

Is there any law, regulation, listing requirement or practice that requires the separation of the functions of board chair and CEO? If flexibility on board leadership is allowed, what is generally recognised as best practice and what is the common practice?

Pursuant to Law No. 14,195/2021, no individual may simultaneously hold the offices of chairman of the Board of Directors and chief executive officer (or its similar iterations) of a listed corporation.

An exception to this general rule is found under CVM Resolution No. 80/22, which allows a single individual to hold the offices of chief executive officer and the chairman of the board of directors in listed companies whose gross revenue in the previous fiscal year is less than 500 million reais. This exception does not apply to corporations listed under Novo Mercado, Level 1, or Level 2 segments.

As the vast majority of top listed companies in the B3 are listed under Novo Mercado, Level 1 or Level 2 segments, the practice of endowing a single individual with the roles of both chairman of the board of directors and CEO is quite unusual and, in fact, is discouraged by the B3 as detrimental to best corporate governance practices by concentrating too much power in a single individual.

Law stated - 23 abril 2026

Board committees

What board committees are mandatory? What board committees are allowed? Are there mandatory requirements for committee composition?

The Corporations Law does not have a list of mandatory board committees.

However, it is common for corporations, such as closely held corporations with high governance standards and listed corporations, to implement specialised committees for corporate governance purposes. These areas include auditing, human resources or compensation, governance, risks management, among others.

Committees serve in an advisory capacity to the board and do not have decision-making power. Therefore, their recommendations are not binding but are intended to assist and improve the actions of the company's decision-makers. Due to their advisory nature, companies can adopt and maintain committees with relative flexibility and range, from statutory committees with fixed work schedules to non-statutory committees specifically recruited for time-sensitive projects.

According to IBGC best practices, it is recommended that such committees should: (1) be formed by board members; (2) have at least three members; (3) include at least one member who is an expert in the applicable area; (4) have an exclusive chair; and (5) exclude company executives from being part of the committees.

For listed companies trading in the B3's higher governance segment (Novo Mercado), audit committees are mandatory, regardless of their status as statutory or non-statutory. These committees are essential to ensure that governance, corporate, and financial documents produced by such companies are accessible, updated, and standardised.

Law stated - 23 abril 2026

Board meetings

Is a minimum or set number of board meetings per year required by law, regulation or listing requirement?

No law or regulation requires a minimum number of board meetings.

However, routine corporate practice, supported by best governance policies, provide that, in addition to a board meeting usually preceding the annual shareholders' general meeting, a corporation's by-laws should state specific situations in which board meetings are required to be convened and its resolutions taken.

Likewise, B3 higher governance listing segments (namely, Novo Mercado, Level 1, and Level 2), as well as its other lower-tier listing segments, do not require a minimum number of board meetings. Nevertheless, multiple layers of specialised governance bodies (such as specialised statutory committees) usually entail mandatory board meetings to properly support and supervise such governance corps.

For instance, Novo Mercado's Regulation requires the Board of Directors to release the findings of non-statutory audit committees at a quarterly basis; such disclosure usually entails a board meeting.

In line with such higher degrees of governance and transparency, it is not unusual for listed corporations to adhere to quarterly, bi-monthly, or even monthly scheduled board meetings within its governance framework.

Law stated - 23 abril 2026

Board practices

Is disclosure of board practices required by law, regulation or listing requirement?

Yes. Board practices are often outlined in a company's by-laws, which are registered with the relevant commercial register and therefore made public.

Under the provisions of the Corporations Law, closely held corporations (with or without active board of directors) are mandated to (1) publish their corporate resolutions (shareholders', or directors' resolutions) in wide circulated periodicals; and (2) file said resolutions with the corresponding commercial register. Board practices are not exempt from this obligation.

Listed corporations are additionally required to file their board practices minutes with the CVM on a periodical basis.

Listed corporations deemed as small-sized listed corporations (defined by a gross revenue of less than 500 million reais) may present their publications and legally required periodical information through streamlined and more cost-efficient CVM online systems.

Law stated - 23 abril 2026

Board and director evaluations

Is there any law, regulation, listing requirement or practice that requires evaluation of the board, its committees or individual directors? How regularly are such evaluations conducted and by whom? What do companies disclose in relation to such evaluations?

According to the Corporations Law, there is no mandatory evaluation.

However, IBGC guidelines recommend that corporations conduct formal performance evaluations of the board of directors on an annual basis to identify the main deficiencies that must be addressed by the board, including the implementation of corrective measures. The scope of the evaluation should include a process for assessing the performance of the board of directors, the committees, the chair, and the directors individually considered, with the purpose of giving the shareholders a proper understanding of its evaluation results.

Companies whose shares are publicly traded (registered with the CVM under Category A) must report their adherence to the Brazilian Corporate Governance Code annually, disclosing detailed information on their board of directors, including whether they implemented an annual performance evaluation process for the board and its committees as collegiate bodies, for the chairperson of the board of directors, for the individual board members, and for the company secretariat, if one exists. Under CVM Ruling 80/2022, companies must comply with this code or provide the reason if they do not comply (the “comply or explain” principle).

Law stated - 23 abril 2026

REMUNERATION

Remuneration of directors

How is remuneration of directors determined? Is there any law, regulation, listing requirement or practice that affects the remuneration of directors, the length of directors’ service contracts, loans to directors or other transactions or compensatory arrangements between the company and any director?

The shareholders’ general meeting shall determine the amount of the remuneration for all individual directors, considering their responsibilities, the time dedicated to their functions, their competence, their professional reputation and the value of their services. The remuneration of the members of the board of directors must be aligned to the company’s strategic objectives, focusing on its longevity and the creation of long-term value.

The term of a member of the board cannot exceed three years, although re-election is permitted. Listed corporations must disclose more detailed information on the director’s remuneration in the prospectus and the statement of additional information annually filed with the Brazilian Securities and Exchange Commission. Additionally, their directors are subject to a stricter two-year term of office, although re-election is admitted.

According to the Corporations Law (Law No. 6,404/76), directors are not allowed to contract loans or any other type of financial arrangement with the corporation without the prior approval of the shareholders.

Due to their higher degree of governance, corporations listed under Novo Mercado are required to provide full disclosure of the adopted remuneration policies for directors, officers, and members of the fiscal board on the reference form.

Law stated - 23 abril 2026

Remuneration of senior management

How is the remuneration of the most senior management determined? Is there any law, regulation, listing requirement or practice that affects the remuneration of senior managers, loans to senior managers or other transactions or compensatory arrangements between the company and senior managers?

Brazilian legislation lacks specific provisions governing remunerations practices for senior managers in corporate entities. Remuneration policies are largely defined by market standards in general and decided at the micro level by each entity based on a mix of factors such as company size, key performance indicators, completion of assigned tasks, among others.

The aggregate or individual remuneration of the officers is established by shareholders in the general meeting and must be aligned with the company's strategic objectives, with a focus on its longevity and the creation of long-term value. The board (if there is one) is responsible for allocating the approved aggregate amount among the individual officers, determining each officer's specific remuneration in accordance with the company's remuneration policies and any limitations set forth in the by-laws.

The officers are normally responsible for establishing the remuneration of senior management in line with the company's remuneration policies and in compliance with the power limitations set forth in the company's by-laws (if any).

According to the Corporations Law, officers are not allowed to enter into loans or any other type of financial arrangement with the corporation without the prior approval of the shareholders.

Although there is nothing expressly prohibiting a company from granting loans to its senior managers, the Code of Corporate Governance – Listed Companies suggests that companies should implement policies that prohibit granting loans to members of management.

Law stated - 23 abril 2026

Say-on-pay

Do shareholders have an advisory or other vote regarding remuneration of directors and senior management? How frequently may they vote?

In limited liability companies, the remuneration of administrators is determined by the shareholders in accordance with the articles of association or, if not provided therein, by a shareholders' resolution or other corporate documents.

In corporations, shareholders approve the overall remuneration of management at the annual general meeting. The allocation and individual remuneration of directors and officers are determined by the board of directors, in accordance with the approved remuneration policy and the Corporations Law.

Law stated - 23 abril 2026

DIRECTOR PROTECTIONS

D&O liability insurance

Is directors' and officers' liability insurance permitted or common practice? Can the company pay the premiums?

Directors' and officers' liability insurance is permitted and has become part of the governance routine for all types of companies, including limited liability companies, closely held corporations and listed corporations. These entities commonly provide general and/or specific coverage under insurance policies upon appointment of their directors and officers. Thus, liability insurance is not only permitted but is widely regarded as good governance practice and a standard component of the benefits packages offered to directors and officers upon their appointment, protecting both the individuals and the company against liabilities arising from management acts. Typically, corporations are responsible for paying the insurance premiums for its appointed officers and directors.

Law stated - 23 abril 2026

Indemnification of directors and officers

Are there any constraints on the company indemnifying directors and officers in respect of liabilities incurred in their professional capacity? If not, are such indemnities common?

As a general rule, there are no constraints. The director's responsibility shall be excluded as long as they acted in the ordinary course of business. While acting in the ordinary course of business and in due compliance as legally and statutorily defined, the corporation shall be responsible for acts of its directors and officers and shall generally be held liable in lieu of its officers and directors.

However, the Brazilian Securities and Exchange Commission (CVM) Guidance Opinion No. 38/2018 provides non-binding guidance applicable to indemnity agreements executed between listed companies and their directors. This guidance aims to avoid conflicts of interest and creates new duties for the directors of public companies.

Under indemnity agreements, listed companies undertake to compensate directors for damages or losses arising out of arbitration proceedings, court claims or administrative proceedings in general involving acts, facts, or omissions by the directors in the exercise of their duties or powers.

Although parties are generally free to negotiate the terms and conditions of an indemnification agreement, compensation is not payable where a director has breached their duty of care or loyalty. Accordingly, the CVM expressly recommends that indemnification agreements include provisions excluding liability in such circumstances. In addition, the CVM recommends that any indemnification payment be preceded by a thorough internal assessment of the relevant facts, to determine whether compensation is in fact due or whether the case falls within an exclusion of liability.

The CVM's guidelines provide that directors must implement governance rules to prevent conflicts of interest in execution of indemnity agreements. To be discharged of this duty, directors must ensure that indemnity agreements specify which company body will be

responsible for assessing whether an exclusion of liability applies, as well as the applicable rules for avoiding conflicts of interest.

In specific circumstances, such as ones that could result in a material loss for the company, the CVM understands that additional governance rules must be adopted, without specifying them.

Lastly, the directors are required to disclose the terms and conditions of indemnity agreements to allow shareholders to properly assess the liabilities that the company may be exposed to.

Law stated - 23 abril 2026

Advancement of expenses to directors and officers

To what extent may companies advance expenses to directors and officers in connection with litigation or other proceedings against them or in which they will be a witness?

There is no law governing such matters in Brazil. Generally, it falls to the nature of the litigation or other proceedings and the existing contractual relationship between the directors/officers and the corporation to determine the extent of advancement of expenses.

CVM Guidance Opinion No. 38/2018 – which provides non-binding guidance for indemnity agreements executed between listed companies and their directors – also addresses the advancement of funds to cover expenses related to arbitration and judicial or administrative proceedings involving acts performed by officers and directors in the exercise of their duties or powers.

Law stated - 23 abril 2026

Exculpation of directors and officers

To what extent may companies or shareholders preclude or limit the liability of directors and officers?

In accordance with Brazilian law, a director or officer is not personally liable for the actions that they take on behalf of a corporation in the ordinary course of business. However, the director or officer shall be liable for losses caused to the corporation if they acted with negligence, wilful misconduct, or in violation of the law or the by-laws. In such cases, indemnity or other hold harmless or comfort letters that limit the liability of directors and officers are normally not applicable.

A director or officer shall not be liable for unlawful acts of the other directors or officers, except when acting in collusion with them, when the director or officer neglects to investigate these acts or even when, despite having knowledge of the facts, the director or officer fails to take actions to prevent the act.

Additionally, a director or officer shall be exempted from any liability if they expressly register their disagreement in the minutes of the board of directors' or the management board's meeting concerning a specific decision that caused the liability.

DISCLOSURE AND TRANSPARENCY**Corporate charter and by-laws****Are the corporate charter and by-laws of companies publicly available? If so, where?**

Yes. Under the provisions of the Public Registry Law (Law No. 6,015/73) and in accordance with National Corporate Registry and Integration Department normative instructions, limited liability companies and corporations are required to file and register their corporate constitutional documents and other correspondent corporate documentation with state-level public entities organised as commercial registers (ie, state boards of trade).

Accordingly, all state commercial registers are required to maintain a publicly available database. These registries contain all past and outstanding corporate documentation filed by the entities under their purview.

Additionally, corporations (both closely held and listed) are required to publish their corporate acts and resolutions in wide circulation newspapers, as mandated by the Corporations Law (Law No. 6,404/76), although certain small- and medium-sized companies may publish their corporate acts exclusively in electronic form.

As part of the regulations and best practices for investor-friendly transparency and high governance, listed corporations are legally required under Brazilian Securities and Exchange Commission (CVM) rules to file specific documents with the CVM and to make them publicly available on their own investor relations website.

Law stated - 23 abril 2026

Company information**What information must companies publicly disclose? How often must disclosure be made?**

In addition to the by-laws and the minutes of shareholders' meetings, which must be registered with the Commercial Register, public corporations must also disclose, among other matters:

- audited financial statements, which must be disclosed in the first months of the following year along with the independent auditor's report;
- quarterly accounting information, which must be submitted within 45 days as of the end of each quarter;
- the prospectus and statement of additional information to be filed in the case of changes (eg, a change in the administration and in the policies of the company, among other things) within five months as of the end of the fiscal year; and
- board meetings and corporate acts that may be relevant to third parties (eg, providing for the reduction of corporate capital).

In addition, listed corporations must disclose to the market any information that is deemed to be material information. Pursuant to CVM regulations, material information relates to: (1) any decision of the shareholders or board of directors of listed companies; or (2) any other relevant political, administrative, technical, economic or financial facts or transactions related to the company's business and activities, which may influence price of any shares or securities issued by the company, the decisions of the investors to buy or sell shares and securities of the company or the decisions of the investors regarding the exercise of any of their rights as shareholders.

CVM regulations also provide examples of what would be material information, such as acquisition of control of a company and execution of shareholders' agreements involving the corporations' securities, mergers, demergers and absorptions are among the material information that must also be disclosed.

The list of examples provided by the CVM is not exhaustive, so any information that may fall within the definition of material information will be subject to disclosure requirements.

Law stated - 23 abril 2026

UPDATE AND TRENDS

Recent developments

Identify any new developments in corporate governance over the past year.

Brazil's corporate governance landscape is undergoing a period of accelerated modernisation driven by regulatory reforms aimed at enhancing transparency, strengthening anti-money laundering controls and expanding disclosure obligations related to environmental, social and governance (ESG). These changes are reshaping corporate practice and influencing governance, tax planning and capital markets activity.

On the corporate law front, the introduction of a new dividend regime has materially affected corporate practice. As of January 2026, Law No. 15,270/2025 imposes a 10% monthly withholding income tax on profits and dividends paid to individuals residing in Brazil once monthly distributions exceed 50,000 reais, as well as on distributions made to non-residents. Transitional rules preserve the prior tax exemption for profits ascertained up to 31 December 2025, provided that the distribution was approved by December 2025 and that it complies with the approved terms. As a result, companies have been required to anticipate key corporate resolutions, with direct implications for approval procedures, cash-flow management and investment decisions.

From a registrational and corporate-formation perspective, the Brazilian Federal Revenue Service (RFB) has continued to invest in tools aimed at modernising and standardising the company incorporation process. The Tax Administration Module was implemented at the beginning of the year, integrating company incorporation procedures with tax regime classification and thereby significantly reducing the time required for new incorporated entities to become operational. As a next step, from the second half of 2026, the RFB is expected to adopt alphanumeric identification numbers for legal entities, further contributing to the modernisation and interoperability of federal, state and municipal systems.

As part of its broader capital markets modernisation agenda, the Brazilian Securities and Exchange Commission (CVM) has also introduced several relevant regulatory developments, particularly:

- CVM Resolution No. 226/2025, which simplified the debenture issuance regime for publicly held companies by eliminating the requirement to register the debenture deed with the Board of Trade, making registration with the CVM sufficient;
- CVM Resolution No. 231/2025, which regulates the regime applicable to Smaller-Sized Corporations (CMPs) (defined as operational listed companies with consolidated gross revenues below 500 million reais), allowing such issuers to comply with regulatory obligations in a manner proportionate to their size and structure;
- CVM Resolution No. 232/2025, which entered into force in March 2026 and allows qualifying CMPs to be exempted from filing a reference form, the standard issuer disclosure document under Brazilian securities regulation. In lieu thereof, CMPs may publish a simplified disclosure document, designed to enhance clarity and conciseness; and
- CVM/Superintendency of Accounting Standards and Auditing/Auditing Standards Management Circular Letter No. 1/2025, issued by the CVM's technical staff, which provides further guidance on the role and responsibilities of independent auditors, as well as the requirements for the establishment, composition and operation of a statutory audit committee.

Transparency and compliance remain central themes. In an effort to align Brazil with international compliance standards and Organisation for Economic Co-operation and Development recommendations aimed at preventing asset concealment and money laundering, the RFB amended the rules governing the identification of ultimate beneficial owners, defined as the natural persons who ultimately control or exercise significant influence over an entity. Normative Instruction RFB No. 2,290/2025 introduced the Digital Ultimate Beneficial Ownership form, a structured data-collection tool designed to capture information on individuals who control or benefit from companies and investment funds operating in Brazil. In addition to the new reporting tool, as of 2026, company officers are required to report information regarding individuals who control or exercise significant influence over Brazilian entities to the RFB on an annual basis. Furthermore, investment fund managers and financial institutions must submit monthly reports identifying the beneficial owners of the funds under their management. This continuously updated database is expected to enhance transparency over complex ownership structures, increase legal certainty, improve the effectiveness of anti-money laundering measures and strengthen corporate governance standards.

ESG considerations are also gaining regulatory traction. Law No. 15,177/2025 introduced a mandatory gender diversity requirement for boards of directors, requiring a minimum of 30% female representation on the boards of publicly held companies, state-owned enterprises, mixed-capital companies, and their subsidiaries and controlled entities. Compliance with this requirement may be implemented gradually over up to three board election cycles following the law coming into force. This law also expanded the content of the management report framework to include the company's equity policy, gender-disaggregated data on workforce composition by hierarchical level, and comparative information on fixed, variable and contingent remuneration by gender.

Looking ahead, comprehensive reform of the Brazilian Civil Code is currently under discussion in the National Congress. The proposed amendments aim, among other objectives, to:

- unify standards for asset valuation and liquidation upon company dissolution;
- permanently eliminate obsolete corporate forms, such as general partnerships and secret partnerships;
- require companies to maintain a registered electronic address for multiple legal purposes, including service of process; and
- harmonise Civil Code provisions with the Corporations Law, including rules on shareholders' agreements, preferred shares and the use of the Corporations Law as a subsidiary framework.

In parallel, the CVM's 2026 regulatory agenda is expected to deliver further refinements in areas such as treasury shares, crowdfunding and governance disclosures, reinforcing the broader trend toward simplification, digitisation and enhanced transparency in Brazil's corporate and capital markets environment.

Law stated - 23 abril 2026

Shareholder engagement and activism

Do companies engage with shareholders? If so, who typically participates in the company's engagement efforts and when does engagement typically occur?

Under Brazilian law, companies engage with shareholders primarily through formal governance mechanisms.

In corporations, engagement occurs mainly at shareholders' meetings, particularly the annual general meeting, where shareholders interact with the board of directors and management to review accounts, elect directors, approve remuneration and deliberate on key corporate matters.

In limited liability companies, engagement is typically more direct, taking place through shareholders' meetings or written resolutions in which shareholders decide on fundamental issues such as management, accounts and amendments to the articles of association.

Engagement generally occurs on an annual basis (at the ordinary shareholders' meeting) or as needed (at extraordinary shareholders' meetings convened to address specific corporate decisions).

Outside these formal governance mechanisms, Brazilian law does not mandate continuous engagement between companies and shareholders.

Law stated - 23 abril 2026

Sustainability disclosure

Are companies required to provide disclosure with respect to corporate social responsibility matters?

Yes, listed corporations must comply with the rules established by the CVM that require to disclose and report on their corporate social responsibility policies, according to the Code of Corporate Governance – Listed Corporations.

This code establishes the duty of listed corporations to demonstrate which corporate governance practices have been adopted, making clear to their current or future investors their degree of adherence to the corporate governance mechanisms. Therefore, the prospectus and statement of additional information of listed corporations must disclose matters related to the environment, human rights, diversity, human capital matters and political spending, as set forth in the Code of Corporate Governance for Listed Corporations.

Listed companies are also required to submit a document (known as a reference form) that brings together a range of information about the company, such as its main activities, risk factors, capital structure, and ESG practices.

In CVM Resolution No. 193/23, the CVM has adopted International Sustainability Standards Board standards for the preparation and disclosure of sustainability-related financial information by listed companies, investment funds and securitisation entities. The proposed standards were voluntary in 2024 and 2025 but are mandatory for listed companies in 2026 (with the mandatory declaration to be made in 2027 on the same day that the entity issues the reference form).

Law stated - 23 abril 2026