



ASSOCIAÇÃO DE INVESTIDORES
NO MERCADO DE CAPITAIS

ANNUAL
REPORT
2020

RAPID CHANGES FOR NEW TIMES

The year 2020 altered the course of history, and we will surely spend the next years dealing with the impacts of such a disturbing and changing period. The world and capital markets are not the same anymore, which led Amec to transform itself to keep up with the changes. This process happens as we focus on our main principle: to defend and foster capital markets, to make them fairer and more prosperous to all stakeholders. Our mission includes the timely follow-up of significant episodes for corporate governance, social and environmental aspects that impact institutional investors.

In the Brazilian context, the pandemic frustrated the expectations of an economic bounce back after the approval of the pensions reform in 2019. The volatility increased at the peak of the crisis, and those six circuit breakers in a row in March 2020 impacted all kinds of investors. With no alternative in sight, we lament the setbacks in public expenditures and the real economy.

The massive fiscal aid packages and monetary *stimuli* used worldwide amid the crisis were an even bigger novelty. This scenario pushed investors to search for alternatives to obtain returns amongst negative real interest rates. All this liquidity created capital inflows that sparked companies' appetite for new fundraising rounds, making room for 28 initial public offers in Brazil, an achievement seen as impossible at the beginning of the crisis.

TIMELY FOLLOWING
OF THE EMERGENCE
OF ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE FACTORS

Unfortunately, the broader access to capital markets and the appetite for new deals came alongside governance conflicts. Amec intervened in several moments, acting to protect minority shareholders' rights in a number of situations, such as undue control premium, conflicts of interests in operations between related parties, and the role of shareholders activism in corporations.

It was also a year of intense regulatory debate, in which Amec took part several times: from public hearings to regulate online AGMs during the pandemic to BDRs trading. We have also acted firmly against attempts of regulatory flexibilization we deemed inadequate, like the debate over adopting super-voting shares in Brazil.

This intense number of activities happened in parallel to Amec's internal transformation. In 2020, we trained and increased our staff, allowing us to consolidate our strategy of turning Amec into one of the leading corporate governance think-tanks in Brazil.

In this context, timely communications and in-depth content became a priority. In this spirit, we reshaped our newsletter, *Panorama Amec*, publishing 36 issues featuring exclusive interviews, analysis, and reports with some of the most prominent professionals in capital markets. We tested other formats, like *Flash Amec* and *Minuto Amec*, in audio, and expanded our social media presence, especially on LinkedIn. Amec's statements in defence of corporate governance, shared in events or published as issues of *Amec Opinion*, came to the attention of mainstream media: we have been heard for 36 news reports and articles published in Brazil's most influential media outlets.

We have also used digital platforms to deliver even more value to our members despite the distance. This is how we came up with *Amec Convida*, where we had the pleasure to receive leading consultancies in the market to debate events that matter to the sector. Besides, we have hosted engagement meetings and our traditional AGMs Pre-Proxy Season, which was joined by several investors from Brazil and abroad.

We close the year feeling we have accomplished our goals but willing to do more. Over the following pages, you will find a detailed picture of our actions in the past year and how we intend to improve our performance in 2021.

Enjoy your reading!



Fabio Coelho,
Amec's CEO

LETTER FROM THE CEO	1
1. INTRODUCTION	4
• About us	5
2. GOVERNANCE	6
• Amec 15 Years – 2021 Perspectives	7
• Governance Structure	10
• Boarda	12
• Members	14
3. STRATEGY	15
• Statements	16
• Engagement Cases	19
• Amec’s New Products	23
4. AMEC’S YEAR	26
• 2020 Events	27
• Press	31
• Amec Award	34



INTRODUCTION

1

• About us

ABOUT US

A group of independent institutional investors founded Amec 15 years ago, aiming to defend minority shareholders' rights and to foster the development of the Brazilian capital market. Since then, Amec has become the leading forum for debating corporate governance and shareholders' rights in the country.

The Association gathers local and foreign institutional investors, who invest approximately BRL 700 billion in Brazil. Amec's views have been increasingly acknowledged by investors, companies, and the national financial system regulators. More than having access to benefits, being an Amec member means fostering the defence of the best corporate governance practices and the development of capital markets in Brazil.

— VISION

The development of the capital market necessarily requires respect, protection, and the improvement of minority shareholders' rights.

— MISSION

To defend the rights of minority shareholders of Brazilian listed companies by promoting good corporate governance practices and creating value for the businesses.

— VALUES

To adopt an independent approach that does not benefit the individual interests of its members; to publish statements based on economic and legal grounds and on the analyses and recommendations set forth by its Technical Commission; reaching consensus in board meetings, with a decision-making process based on the majority votes of its members.



GOVERNANCE

2

- Amec 15 Years - 2021 Perspectives
- Governance Structure
- Boards
- Members

PROSPECTS FOR 2021 BY AMEC'S FORMER CEOS

Amec celebrates its 15th anniversary in 2021. Founded on October 26, 2006, by institutional investors, it aims to defend the rights of minority shareholders and foster the development of the Brazilian capital market. Throughout its history, the Association has already had four CEOs.

To celebrate the 15th anniversary, we are publishing the prospects for 2021 by Walter Mendes, Mauro Cunha, Edison Garcia, and Luiz Fernando Figueiredo. From their unique points of view and areas of activity, they draw projections for this year, highlighting issues such as the consolidation of ESG approaches, governance challenges, supervision of enforcement, macroeconomic perspectives, among others.

Regarding Amec's areas of activity, I hope 2021 is a year to consolidate ESG integration in the Brazilian capital market. The pillars of ESG, such as respect for environmental preservation, social responsibility, fair relationship with stakeholders, and good corporate governance practices were an inspiration for the creation of Amec.

Undoubtedly, we will continue to act as a forum for discussion, advisory, and development of proposals to improve corporate governance in publicly listed companies. This is our mission and main purpose, once good governance practices ensure sustainability in capital markets.

From time to time, we see attempts to reverse the progress that has been made, which demonstrates how important our oversight and firm actions are. These attempts occur either through changes in legislation or through initiatives by the controlling or reference

shareholders (in corporations). It would be important for the market if CVM (Brazilian Securities and Exchange Commission) provided more accurate definitions of controversial topics whose interpretations have been distorted over time.

Another relevant aspect for improving governance is the qualification of the boards of directors in companies that do not have a controlling shareholder, which are increasingly present in our market.

Amec has been concerned with social issues. There is still a lot to improve, but gender diversity in boards will certainly be a prominent theme. I believe environmental issues should be the object of special attention by Brazilian investors, either due to the relevant presence of commodity companies in the Brazilian market or due to the tragic events that took place in publicly listed companies.



WALTER MENDES,
Chairman of
Amec's Board and
President of Vivest

Since its foundation, Amec has placed itself as a fundamental, balanced and independent player to discuss the issues that affect the capital market. Edison Garcia said that we were “the talking cricket”, like the fictional character, and we should act as the market’s consciousness. This role is very important because all agents are obviously looking for profit. We need a voice that says “wait a minute, let’s think about it” or that raises questions over the effects that today’s decisions can have in the future.

The market needs simple, fair, and valid rules for all participants. If you allow rules to be bent, you slowly dismantle capital markets. We have seen this before and for many times Amec was the only one to stand against it.

I would highlight four main challenges. The first is to encourage investors to act like company owners and fulfil their duty. The second is to make sure that the companies that recently went public pay more attention to their governance practices. The third is to guarantee that the ESG agenda becomes a real agenda, not just a marketing one. And the fourth is to ensure the effectiveness of shareholders’ rights in our market.



MAURO RODRIGUES CUNHA,
Independent Board Member



EDISON GARCIA,
President of
Companhia Energética
de Brasília (CEB)

In the structured operations market, it is common for parties to look for measures that add value to their own net worth. When I was at Amec, I experienced situations in which some agents clearly sought to unduly transfer value to controllers. The Association has actively pointed this out, exposing inadequate operations.

A great example was the reversal of Petrobras’ capitalization model. We conducted and disclosed legal analyses, and many initial decisions were reconsidered. This is Amec’s role. The association was created to pro-

tect minority shareholders from harmful actions.

Amec defends investors in the capital market. In a sense, the legally protected asset is the capital market. When the market is well-structured, it generates businesses and trade flows in the stock exchange. It is a defence for a healthy market, which does benefit those who have unworthy interests. Of all market entities, Amec must be the most independent one because the defence of governance leads to an autonomous position. Its role is to adopt a more critical stance and point out what is not right.



LUIZ FERNANDO FIGUEIREDO,
Founding Partner
at Mauá Capital

The outlook for the world economy is tied to a gradual decline in the Covid-19 pandemic as vaccination progresses until the middle of the year. Meanwhile, countries will continue to have extremely low interest rates, increase liquidity, and provide relief packages to help people, families, and companies. This will ensure tranquillity to the market throughout the year. Of course, there will be fluctuations, but the packages will provide some comfort. At the same time, the fiscal aspect is getting worse with more fiscal and monetary aid.

It would be no different here. However, Brazil cannot provide another considerable aid package because there is no more fiscal space left for that. Still, there will be more liquidity this year. Vaccination may take longer to be largely achieved here, but this should

not compromise the output growth of 3.5% to 4% in 2021. It is nothing more than a partial recovery of what we lost last year. Inflation should be around 3.5%. We cannot bet on major advances in terms of reforms.

We may see some progress in the tax and administrative reforms, but one cannot bet on significant advancements. We may expect some improvement in the fiscal aspect, but public debt will not decrease.

It will be a year of recovery in the entire world, and it will be no different here. Our recovery will be a bit slower, considering mass vaccination will take longer to be achieved in the country. Brazilian assets will have a better performance this year as the world improves and liquidity is abundant.



LEARN MORE ABOUT AMEC'S CORPORATE GOVERNANCE STRUCTURE

To achieve its goals, the Association promotes debates among members, following internal governance rules, including mechanisms to control conflicts of interest. The Technical Committee debates on issues, and then the Management Board and the Board of Directors make decisions about them.

Advisory Board

The Board of Directors chooses the Advisory Board members for a four-year mandate, eligible for re-election. The Board has five members: three are renowned experts who share Amec's purposes, and two are members of the Board of Directors, including the Chairman.

The CEO attends the Advisory Board meetings as a guest, leaving before executive sessions take place or whenever requested by its members.

The Advisory Board meets once a year at the Association's headquarters or extraordinarily if its members unanimously agree to do so.

The members of the Advisory Board are Itáú's Alfredo Egydio Setubal, Verde Asset's Luis Stuhlberger, and BTG Pactual's William Mark Landers. The Board Directors who are also part of the Advisory Board are Helder Rodrigues da Cunha Soares, from Claritas asset management firm, and Walter Mendes de Oliveira Filho, Vivest's chairman.

Board of Directors

Amec's Board of Directors is made of a group of 11 to 15 professionals who work in stock funds, multimarket funds, and pension funds. They are elected by members in an Annual General Meeting for two-year terms.

It is up to the majority of Board members to approve Amec's conduct in real-life cases, with mentions to related parties. However, the Managing Board may decide on how to act in emergencies, as long as they immediately contact Board Members over online channels. In such an event, board members may call for an extraordinary meeting with all members to discuss the issue.

Managing Board

The Managing Board is composed of a CEO and six vice-presidents, elected by the Board of Directors, for a two-year mandate, eligible for re-election. The Managing Board also has an alternate vice-president, elected in the same way, that may replace any vice-president temporarily in meetings and to make decisions.

Vice-presidents are elected amongst the members, and they may be Board Members or not. The Board will choose the CEO. The candidate may be a member, a member's representative, or an expert in capital markets with an unblemished reputation.

Audit Committee

By the end of each fiscal year, Amec's accounts are examined by an Audit Committee formed by three members chosen in the General Meeting, whose mandate will end in the meeting that approves the accounts they have supervised. They may be re-elected.

Technical Commission

The Technical Commission completes Amec's governance structure. It debates the issues that are interesting for the Association and submits them for approval of the Managing Board and/or Board of Directors. Amec's Technical Commission counts on 20 members on average, who meet monthly to debate the most significant topics over investments in publicly listed Brazilian companies.

Therefore, it is probably the main forum for institutional debates regarding minority shareholders' rights, either related to ongoing transactions or long-term projects aimed at improving the business environment in Brazil.

International institutional investors who are Amec members join those debates through the Foreigners Committee, which also meets monthly and focuses on the same issues, but in English.

Ethics Committee

Established in Amec's bylaws, the Ethics Committee is formed by effective members, preferably a board member. It must investigate any behaviour that disrespects ethical rules and make sure that every member follows Amec's Code of Ethics.

THE TECHNICAL
COMMISSION
COMPLEMENTS AMEC'S
GOVERNANCE STRUCTURE

BOARD OF DIRECTORS



Walter Mendes de Oliveira Filho
Chairman
Vivest



Alexandre Cancherini
Santander



Alexandre Paixão Silverio
Az Quest



Daniela Costa-bulthuis
Robeco



Eduardo Penido Monteiro
Opportunity



Helder Rodrigues da Cunha Soares
Claritas



Marcelo Farias
BB DTVM



Marcelo Nantes
Bradesco



Marcos Lanfranchi de Callis
Hieron



Paulo Eikievicius Corchaki
Trafalgar



Pedro Batista de Lima Filho
3G Radar



Pedro Hermes da Fonseca Rudge
Leblon Equities



Peter Francis Taylor
Aberdeen



Renato Eid Tucci
Itaú

ADVISORY BOARD



Alfredo Egydio Setubal
Itaú



Helder Rodrigues da Cunha Soares
Claritas



Luis Stuhlberger
Verde Asset



Walter Mendes de Oliveira Filho
Vivest



William Mark Landers
BTG Pactual

AUDIT COMMITTEE



Keite Bianconi
Metrus



Marcos Matsutani
Constellation



Vitor Tadeu Lupion Perito
Franklin Templeton

MANAGING BOARD



Fábio Coelho
CEO



Alexandre Mathias
Vice-president
Fundação Petros



André Gordon
Vice-president
GTI



Guilherme de Moraes Vicente
Vice-president
Onyx



**José Alberto
Baltieri Filho**
Vice-president
Bradesco



Paulo de Sá
Vice-president
Vivest



**Regis Lemos de
Abreu Filho**
Vice-president
Tagus



By the end of 2020, Amec had 58 members. Amec admits as members independent asset management firms or companies connected to financial institutions, whether they are based in Brazil or abroad, as well as pension funds, and investment clubs. Throughout the year, Aguila Capital and Schroder Investment became new members.

Aguila Capital is an alternative investment-focused asset management firm. The company is specialized in distressed assets and turnaround projects. “Our expertise places us in a privileged position to identify risk and return asymmetries and to distinguish great opportunities from traps,” says Blener Mayhew, Managing Partner at Aguila. By becoming an Amec member, Aguila intends to increase synergies with other assets when interacting with companies’ Boards and Audit Committees. “Amec is a very important tool for debating and finding support for a common thesis,” said the manager.

Schroder Investment is an asset management firm founded over 200 years ago in the United Kingdom, where it is headquartered to this day. Currently, it is one of the 25 main independent asset management firms in Brazil, with a focus on local stocks, fixed income, private credit, and international investments. “We have been in Brazil for over 25 years. Joining Amec is an important step in our journey, as it strengthens our engagement in high-level debates over corporate governance in the country,” says Daniel Celano, Brazil’s Country Head at Schrodgers.

MEMBERS

- | | | |
|------------------------------------|---|--------------------------------|
| 1. 3G Radar | 21. Garde Asset Management | |
| 2. Aberdeen Standard Investments | 22. Geração Futuro | |
| 3. Aguila Capital | 23. GTI Administração de Recursos | 41. Prisma Capital |
| 4. Alaska Asset Management | 24. Hermes Investment Management | 42. Real Grandeza |
| 5. Argúcia Capital Management | 25. Hieron Patrimônio Familiar e Investimento | 43. Robeco Asset Management |
| 6. AZQuest | 26. Itaú Asset Management | 44. Santa Fé Investimentos |
| 7. BB DTVM | 27. JGP | 45. Santander Asset Management |
| 8. BNDESPAR | 28. Joule Asset Management | 46. Schrodgers |
| 9. Bradesco Asset Management | 29. Leblon Equities | 47. Sharp Capital |
| 10. Brasil Capital | 30. Mauá capital | 48. SPX |
| 11. Bresser Asset Management | 31. Metrus - Instituto de Seguridade Social | 49. Studio Investimentos |
| 12. BTG Pactual | 32. MOS Capital | 50. SulAmérica Investimentos |
| 13. Cartica Management | 33. Navi | 51. T. Rowe Price |
| 14. Claritas Investimento | 34. Neo Investimentos | 52. Tagus Investimentos |
| 15. Constellation Asset Management | 35. Onyx Equity Management | 53. Trafalgar Investimentos |
| 16. ESH Capital | 36. Opportunity | 54. UBS Brasil |
| 17. Fama Investimentos | 37. Pátria Investimentos | 55. Velt Partners |
| 18. Far Fator | 38. Petros | 56. Verde Asset Management |
| 19. Franklin Templeton Investments | 39. Polo Capital Management | 57. Vivest |
| 20. G5 Partners | 40. Porto Seguro Investimentos | 58. XP Gestão de Recursos |

STRATEGY

3

- Statements
- Engagement Cases
- Amec's New Products

In the pandemic's challenging scenario, ESG criteria gained strength, with Amec taking better positioning measures and engagement actions.

Through letters, statements, and texts published at Amec Opinion, the Association defended fair practices in corporate restructuring and mergers.

LINX & STONE

The most peculiar case was Stone's takeover bid for Linx, two major technology companies in the country. In November, Amec sent a letter to CVM regarding its decision about a conflict of interest in Linx's board members' votes, based on the Article 115 of Brazilian Corporate Law. In disagreement with its technical department, the regulatory body had decided that a group of shareholders could vote at a general meeting even under a conflict of interest.

Amec Opinion's article *Business as usual? Control Premium, Voting Rights Restrictions and Conflicts of Interest*, published in September, details the case. It says the transaction restricted the target company's shareholders' decision-making power, created inequitable mechanisms among shareholders, and caused other conflicts of interest, as the company's leading executive played multiple roles. The contract had a clause imposing fines worth 10% of the BRL 6.3 billion (USD 1.3 billion) deal if Linx did not conclude the transaction, which placed shareholders in a tight corner.

The Association considered the payment of indirect benefits or the adoption of asymmetric exchange ratios among shareholders should be interpreted as rights restrictions. Besides, this constitutes an undue control premium.




GOL & SMILES

In the article, *Amec Opinion - Gol & Smiles: Historic Conflicts between Shareholders, Related Party Transactions and the Role of Minority Shareholders*, published in July, Amec pondered over the proposal of anticipated purchase of BRL 1.2 billion (USD 250 million) Gol airline tickets by Smiles during a period of declining revenue for companies in the aviation sector. The transaction drew attention due to its financial volume, which represented a considerable part of Smiles' cash resources available and the largest anticipated purchase by the parent company since the IPO. Investors raised questions about the operation's commutativity and whether it was following market rates.

In the document, Amec stated that the case was an example among related party transactions. "It is important to emphasize that every related-party transaction is a potential generator of conflicts of interest and, therefore, demands special treatment to mitigate such risks."

Amec recommended additional practices that might legitimize and improve understanding of the transactions in the face of the history of conflicts among shareholders. "In these situations, we recommend that related-parties' transactions should be disclosed to provide non-controlling shareholders with sufficient information to understand how these operations will affect results, cash, and the company's balance sheet."



AMEC REACTED
TO SMILES'
PROPOSAL OF
ANTICIPATED
PURCHASE OF
GOL AIRLINE
TICKETS

SUPER-VOTING SHARES

The significant growth of IPOs with valuations influenced by negative interest rates made the discussion about regulating super-voting share structures grow stronger in Brazil. Currently, Article 110 of the Brazilian Corporate Law forbids such mechanism, but the local Capital Markets Initiative (IMK) is discussing its regulation within the Ministry of Economy. In September 2020, Amec issued a statement criticizing the adoption of super-voting shares and defending the “one-share, one-vote” policy.

In the statement, Amec expressed concerns about the risks that this regulation brings to the Brazilian capital market dynamics. “We believe the consequences of poorly structured competition due to uneven rules in different global markets can result in a regulatory race to the bottom that will harm the Brazilian capital market.”

However, should the discussion proceed toward the approval of this mechanism, the Association believes that it should safeguard shareholders’ rights and the credibility of the Brazilian capital market. Amec’s proposals are: 1) impose an explicit ban on the adoption of super-voting shares by public companies already listed; 2) include a sunset clause with a seven-year term renewable only once; 3) establish that the ownership of shares is allowed only for natural persons, forbidding their transfer; 4) place a restriction on the use of super-voting shares for certain resolutions; 5) create mechanisms for withdrawal rights through reimbursement based on the economic value.

The document received support from the International Corporate Governance Network (ICGN), which brings together investors from over 50 countries, and the Council of Institutional Investors (CII), a North American association that represents pension funds and endowment funds that add up to around USD 4 trillion in equity. The ICGN letter states that the mechanism contributes to violations of investors’ rights and reduces transparency in manager-shareholder relations.



Engagement Cases

Engagement actions in defence of best corporate governance practices were also part of Amec's official communications and letters throughout 2020.

AES TIETÊ & ENEVA CASE

The Association supported B3 in Eneva's takeover bid for AES Tietê. The parent company, AES Corp, which held 24.35% of the capital stock, raised questions on whether shareholders who held preferred shares should be able to vote. Furthermore, there were signs of a possible legal dispute over the matter, which surely contributed to the offer withdrawal.

In a letter, Amec expressed worries about the questions raised by AES Corp regarding Article 4.1.iv of the B3 Level 2 Listing Regulation, which refers to the voting power of preferred shareholders

in cases of transformation, takeover, merger, or demerger of a company. Such a right is granted in the Level 2 listing segment's rules and in the company's bylaws.

Amec also highlighted that the controlling shareholder's refusal to follow a rule that the company voluntarily adopted generated legal uncertainty in the capital market. Besides that, the letter warned that the board of directors should not accept or reject merger proposals, acquisitions, or combinations of assets. Instead, it should analyze all the offers and suggest shareholders decide over the topic in a general meeting.



IRB CASE

Another case that faced repercussions due to its unprecedented type of investor engagement was IRB. The company's accounting practices suffered criticism due to the addition of non-recurring events in the company's profit. The Association analyzed the case at Amec Opinion - *Brazilian Corporations: Activism, Communication and the Boards' Role*. The article claims that the rise of corporations sparked a change in the root of agency problems - the conflicts between shareholders and controllers.

"We need to develop a culture of engagement between investors and companies, the so-called shareholder's activism. This interaction is the essence of the Amec Stewardship Code, which establishes benchmark principles to guide the parties in this process," it states.

The text addresses the need for a process of formation and evaluation of boards to prevent occasional conflicts in corporations. Also, it considers that Investor Relations departments need to be timely in their responses and inquiries. "We hope this case will serve as an example and will contribute to the evolution of the Brazilian capital market," it concludes.



SELF-REGULATION AND VIRTUAL GENERAL MEETINGS

The letters sent to CVM throughout the first half of 2020 were part of our engagement activities and contributions to the regulator. In June, Amec addressed the proposal for a unified self-regulatory organization. The Association suggested mechanisms that would guarantee the self-regulatory body's autonomy and that any abuses of economic power and unequal practices should be restrained. "In an environment with more than one management institution, self-regulation will play a key role in maintaining market integrity."

In the document, Amec argued that the composition of the board in a self-regulatory organization should be diversified, complementary and that the board members could not have economic relations with the related parties during the exercise of their mandate, in order to ensure independence. The Association considered that the single self-regulatory body should not be able to apply penalties to avoid conflict of competencies and the lack of transparency in decisions and the process itself.

Amec's letter to CVM in April offered suggestions for the regulation on virtual annual general meetings. To make shareholders' voting rights broader and unrestricted, Amec requested an information security audit for the entire online general meeting procedure. It also asked the meetings held in a hybrid format (in-person and virtual) were audited.



BDRs TRADING

In February, the Association made contributions to reduce the risks of trading Brazilian Depositary Receipts (BDRs). Amec asked CVM to make the instruction clearer, specifying which international markets it would recognize for foreign issuers. Amec also suggested that the only recognized market should be the United States jurisdiction because it already adopts mechanisms that ensure compensation for minority shareholders.

The document recommends that the instruction should establish minimum requirements for cancellation, including reimbursement for BDR holders. Amec argued there should be an article to impose possible sanctions in case of non-compliance with CVM rules. One final suggestion was to remove the need to translate documents, preventing high costs from making the program unfeasible.



AMEC SHARED SUGGESTIONS
FOR THE REGULATION OF BDRs

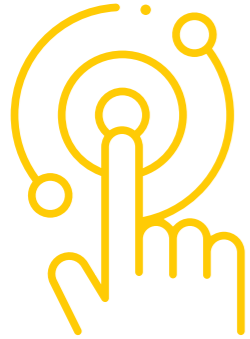


AMEC'S NEW PRODUCTS

To consolidate its position as a governance think-tank, Amec launched a series of products throughout 2020. In an extremely challenging scenario due to the pandemic, the Association swiftly adapted itself to strengthen membership value and communications. Consequently, the expansion of influence facilitated the prospection of new members.

Last year's highlights are the launch of new digital communication channels, the consolidation of reports and publications, and the increase in online events, which reflect how Amec accelerated its digitization process.





DIGITAL COMMUNICATION

Launched in April, Amec's newsletter was rebranded Panorama Amec. In 2020, we published 36 issues with articles and exclusive interviews with opinion makers, authorities, specialists, and members. Some of the interviewees were the following: Walter Mendes, Flávia Mouta, Sandra Guerra, Cristiana Pereira, Emílio Carazzai, Helder Soares, Otávio Yazbek, Fábio Giambiagi, Otaviano Canuto, Eduardo Guardia, among others. The English version is called Viewpoint Amec and has been published since the second half of 2020.

Amec Opinion is a vehicle that publishes articles and important positions of the Association. There are issues edited in Portuguese and English with the following themes:

- [BUSINESS AS USUAL? CONTROL PREMIUM, VOTING RIGHTS RESTRICTIONS AND CONFLICTS OF INTEREST](#)
- [GOL & SMILES](#)
- [BRAZILIAN CORPORATIONS: ACTIVISM, COMMUNICATION, AND BOARDS' ROLE](#)

Flash Amec is another digital communication channel for reports and analyses. It was designed to allow a more dynamic communication with members. The issues published in 2020 include topics such as Regulatory Sandbox (20/05), Fintechs Regulation and Central Bank's Agenda (17/06), CVM Instruction no. 627 (07/01), Class Actions in the US and the Petrobras case (07/10), New Rules for BDRs (09/01).

We have also produced the Manager's Radar, a vehicle for market analyses. The two published issues are: The Stock Exchange is Detached from the Economic Fundamentals, and Stock Deals Inspire Optimism.

Amec also engaged in digital audio communication through the Amec Minute, which highlights the most relevant current information. At the end of last year, we started a pilot project to produce 'Investing in Brazil', a podcast with interviews and interesting discussions.

Amec's company page on LinkedIn already has over 1,000 followers and thousands of weekly views. Several posts are made each week featuring interview excerpts and articles from Panorama Amec, apart from those to promote events, appearances in mainstream media, among others.

EVENTS SERIES

Amec Convida was a series of exclusive events with members in which market experts and consultants addressed current relevant topics to the sector. Specialists from companies and institutions such as MSCI, PRI, CEBDS, Sistema B, 30% Club Brazil, Resultante, Sitawi, CVM, and B3 have participated.

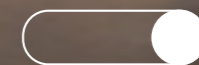
The “Engagement and Investor Relations Meetings” event had two editions: one with Banco do Brasil’s

board members and another with Klabin’s directors. These were collective engagement online meetings, in which board members and company directors took part in.

Last year’s Pre-Proxy Season initiative once again connected members, providing an opportunity to boost the engagement process and facilitating the appointment of new directors for AGMs. The Pre-Proxy Season project offered a chance for investors of the same company to exchange recommendations and share recent information from proxy voting agencies, among other propositions.



AMEC'S YEAR



4

- 2020 Events
- Press
- Amec Award

2020 EVENTS

The new scenario demanded adaptation, but it did not change the course of Amec's strategy for the coming 3 years

Amec adapted quickly to social distancing measures enforced due to the covid-19 pandemic by adopting digital platforms to host events in 2020. The new scenario demanded a few changes, but it did not alter the course Amec's strategy will follow over the next 3 years.

The communication and engagement with members have been adjusted, particularly in the Technical Commission's online meetings. Over the last year, Amec created new forums for debates and training, such as *Amec Convida*, that featured keynotes and debates with consultants, experts, and representatives of fellow institutions.

Fábio Coelho, Amec's CEO, represented the association in over a dozen of online keynotes and debates. The seminar *Capital Market's Role in the Economic Recovery* organized jointly by CVM, Amec, and CFA Society Brazil was the highlight of the season.

Check out the main events of 2020 below. Follow the links to see more details in the articles published in our newsletter Viewpoint Amec throughout last year.



EVENTS ORGANIZED BY AMEC

APRIL

- **Arbitration in Capital Markets**
Arbitrage expert Eduardo da Silva delivered a keynote in a session of the Technical Commission (TC) on April 15. He addressed rules and regulatory aspects for commercial arbitrations in Brazil, mentioned iconic cases, and also talked about the advantages of adopting alternative dispute resolution systems to solve conflicts in capital markets.
- **Impacts of COVID-19 and Online General Meetings**
CVM directors Henrique Machado and Gustavo Gonzalez joined a TC online meeting on April 29. They discussed the regulator's new rules and its regulatory agenda for 2020, considering the new scenario, among other issues.

MAY

- **Governance in State-Owned Enterprises**
On May 27, Amec's TC welcomed Amaro Gomes, Brazilian government's Secretary of Coordination and Governance at State-Owned Enterprises (SEST), and Assistant Secretary, Ricardo Faria. They talked about legal structures, oversight, and governance at state-owned enterprises and debated about a new legal framework for the sector.

JUNE

- **Advancements of ESG in Brazil**
The Technical Commission delivered a keynote and promoted a debate regarding ESG (Environment, Social, and Governance) principles featuring Maria Eugênia Buosi, a founding partner at Resultante consultancy. She presented the background and current scenario of social, environmental, and governance principles in Brazil and abroad.
- **Engagement Meeting: Banco do Brasil**
In the first of a series of engagement meetings, Amec received Banco do Brasil executives and board members on June 22. Chairman Hélio Magalhães, independent board members Luiz Serafim Spínola, Paulo Roberto de Lima, Joaquim Xavier Silveira, and José Guimarães Monforte joined the event. The vice-president of Financial Management and Investors Relations, Carlos Hamilton Araújo, and the IR general manager Daniel Alves Maria also took part in the meeting.

JULY

- **MSCI Presented an ESG Methodology to Evaluate Companies**
In another *Amec Convida* meeting, Amec received MSCI head of strategies and indexes for Latin America, Conrad Albrecht, and analyst Tatyana Patezani Cipelli to talk about ESG.
- **Global Reporting Initiative's Sustainability Reports**
Glauca Terreo, a representative of the Global Reporting Initiative in Brazil joined *Amec Convida* to present GRI's methodology for corporate reporting on July 8.

EVENTS ORGANIZED BY AMEC

AUGUST

- **“ESG Tsunami ” Hits Brazil Followed by New Trends on Impacts and Climate**
Amec Convida promoted a keynote by Gustavo Pimentel, a director at Sitawi. He addressed new global trends in ESG, including debates over climate and impact.
- **B Corporations Gain Momentum Amid the Global Rise of ESG**
The global movement called B System, that aims to improve corporate governance, was presented in a meeting with Amec members by the Executive Director of the project, Marcel Fukayama.
- **Gender Equality and Investors Roles are Debated by the 30% Club Chapter Brazil**
Anna Guimarães, a 30% Club member, presented the project, which aims to foster gender equality in IBrX 100's companies. She talked about how investors may contribute to expanding this process in Brazil.

SEPTEMBER

- **Engagement Meeting: Klabin**
On September 17, Amec hosted an engagement meeting with Klabin, attended by the company's CFO, Marcos Ivo, and the Director of Legal and Integrity Matters, Fábio Medeiros. The meeting opened a communications channel with Klabin executives to debate issues related to the brands' royalties and takeover bid for Sogemar.
- **CEBDS Representative Addresses ESG and Carbon Market**
Amec Convida event featured Tatiana Assali, Investor Relations Manager at CEBDS and expert in ESG finance. In her view, the sustainability agenda got stronger since last year and went through a boom in 2020 due to the pandemic. One of the highlights was the development of carbon markets.

DECEMBER

- **“Seminar: “Capital Market’s Role in the Economic Recovery”**
The event took place from December 8th to 10th, and was organized by Amec in partnership with CVM and the CFA Institute. “The event aimed at highlighting the role capital markets will have in the country's economic recovery,” said Fábio Coelho, who participated in the **opening** and closure panels alongside CVM's Chairman, Marcelo Barbosa. The event featured local and international speakers, who talked mainly about ESG topics – including governance and social and environmental aspects, as well as new perspectives for diversity in Boards, among other issues. The debates also included a **“look to the future”**, regarding CVM's regulatory agenda and the outlook for capital markets in the following years.

THIRD-PARTY EVENTS

MAY

● **Webinar “ESG before, during, and after COVID-19”**

The event was hosted by CFA Society Brazil and mediated by Sônia Villalobos. Fábio Alperowitch (Fama Investimentos), Fábio Coelho (Amec), and Marcelo Seraphim (PRI) have also joined it.

● **Debate “Conexão Capital: Boosted Activism”**

hosted by Capital Aberto magazine on July 16. CEO Fábio Coelho debated the advances, benefits, and risks brought by the CVM Instruction 627/2020. CVM Director Gustavo Gonzalez also took part, alongside the lawyer and professor at FGV-RJ Law School, Nelson Eizirik.

JULY

AUGUST

● **Thoughts over timely ESG reports**

Fábio Coelho joined the event organized by GRI on August 12. Sul América’s superintendent of Sustainability, Tomás Carmona, and consultants have also participated.

● **Fund Managers Debate Engagement and ESG Factors**

This webinar was hosted by Abrapp – Brazilian Closed Pension Funds Association. Called “Myth-Free ESG in practice”, the event featured keynotes by Abrapp representatives, pension fund Real Grandeza, Previ-Ericsson, Schroders, and BlackRock. Mr. Coelho was the representative of Amec.

SEPTEMBER

● **Gender Balance in Investors’ View**

30% Club Chapter Brazil hosted a webinar with Amec’s CEO Fábio Coelho and Santander Asset Management ESG expert, Luzia Hirata.

● **Workshop “Board-Shareholder Engagement”**

The role of the Lead Independent Director – Amec supported the event organized by consultancy *Better Governance* on October 15. Sandra Guerra, founder at *Better Governance* consultancy was the event’s moderator. It also featured Jaime Gornsztejn, director at Hermes EOS.

● **Live Broadcast + Promoted by Agência Estado**

On October 16, Mr. Coelho joined the Live event to address the importance of ESG aspects for listed companies in Brazil, particularly regarding governance issues that impact minority shareholders rights.

OCTOBER

NOVEMBER

● **Panel over ESG challenges at the 21st IBGC Congress**

Mr. Coelho represented Amec on a panel regarding ESG investments in the Congress organized by the Brazilian Institute of Corporate Governance on November 13.

● **Webinar “30% Club & IPOs in Brazil”**

The event featured Anna Guimarães, MSc, MBA, CCI, Co-Chair of 30% Club Chapter Brazil & professional board member; Amec’s Fábio Coelho; Alberto Camoes, founding partner at Grupo Stratus, Flavia Mouta Issuers Director at B3, and Denísio Liberato, Equity Director at Previ.

DECEMBER

PRESS

Amec was featured in major stories by specialized media outlets - Valor Econômico, Valor Investe, O Estado de S. Paulo, Capital Aberto, Monitor do Mercado, InfoMoney, Seu Dinheiro and UOL.

In a year marked by the coronavirus pandemic, publicly held companies took longer to publish their annual reports and changed the format of their shareholders' general meetings. It was a year filled with disputes between companies and minority shareholders over conflicts of interests and debates about regulatory changes. Corporate governance has never been so important. Amec appeared in 36 press reports published by major media outlets in the country to defend the importance of this concept.

One-third of the media insertions were connected to the impacts of the pandemic and the crisis. Amec was featured in reports by specialized outlets – Valor Econômico, Valor Investe, O Estado de S. Paulo, Capital Aberto, Monitor do Mercado, InfoMoney, Seu Dinheiro, Terra, and UOL. The stories covered the measures discussed and adopted by regulators to prepare listed companies to face the new scenario.

Valor Econômico informed that Amec, alongside other institutions in the financial market, asked the CVM to extend the deadlines for companies to publish their financial statements. The institutions were the first to suggest online annual general meetings due to the pandemic, which led to the Provisional Measure 931. The bill gave more security and flexibility for companies to perform the meetings remotely.

One of the most meaningful debates for Amec was the adoption of super-voting shares in Brazil, which the Association spoke about in three occasions. In an interview with Valor Econômico in January, Fábio Coelho, Amec's CEO, analyzed how the mechanism might weaken B3's *Novo Mercado*. "If we opt for creating new rules which does not offer the same controls, we may face a *race to the bottom*. Loosening the regulation to promote competition to attract technology companies could create a lose-lose regulatory situation," he noted. In October, Amec was featured in Valor Econômico once again, opposing the mechanism. The Association defended the adoption of procedures to protect shareholders' rights and the Brazilian capital market's credibility, such as prohibiting listed companies from issuing super-voting shares.

As the number of retail investors kept growing over the year at B3, the UOL news website interviewed Mr.Coelho about the need to improve business communication with this audience. He mentioned the IRB case as an example of minority shareholders' interference, as well as the acquisition of Linx by Stone, and Smiles' purchase of Gol's plane tickets.

An article published in September by Info-Money news website, spoke about the Association's position on the troublesome acquisition of Linx by Stone. Amec's position also featured in Valor Investe.

In a news report published by Seu Dinheiro portal, Amec argued that Linx's founders should not have voted in the shareholders' assembly that decided to sell the company to Stone. In a piece published by Valor Econômico in October, Mr.Coelho maintained that Linx turned away from "international benchmark practices used in acquisitions by not allowing shareholders to fully exercise their right to vote."

Another episode that had repercussions in the press was Smiles' BRL 1.2 billion deal to purchase plane tickets from Gol in advance. In a report published by the news website Terra, Amec argued minority shareholders should approve the operation.

Amec has also recognized positive approaches adopted by companies towards their minority shareholders. An article on Klabin spoke about the company's decision to pay its controlling shareholders to extinguish the royalties over Klabin's brands and products. In Mr. Coelho's view, the company transparently dealt with the issue. Besides, Klabin's decision to adopt the majority of the minority approval (MOM) was "extremely positive."

In two reports, Amec commented on shareholders' engagement in cases like IRB, with solid evidence of manipulation that regulators must analyze. In February, Rio de Janeiro-based asset management firm Squadra wrote two letters questioning the reinsurance company's



THE ASSOCIATION VOICED ITS POSITION ABOUT EMBLEMATIC CASES LIKE LINX-STONE

results and transparency. To Valor Econômico, Mr. Coelho assessed CVM's efforts to improve sanctioning by reducing the time needed for trials. "We have strong evidence of manipulation, and the lack of good faith should be confirmed. The results will be important to mature shareholders activism in Brazil," he wrote.

'O Estado de S. Paulo' newspaper published a story about the importance of corporate governance reports. A survey carried out by 11 capital markets entities showed that 96% of investors consider the corporate governance reports to have relevant content. Among the institutions that organized the study are the Brazilian Institute of Corporate Governance (IBGC), Amec, the Brazilian Investors Relations Institute (IBRI), and B3.

The Association also produced a material published by Valor Econômico in August showing a higher level of engagement between international investors, local asset management firms, and Brazilian companies. "In a few years, Brazilian institutional investors will become more familiar with corporate governance engagement practices and public positioning," it wrote.

Finally, Amec commented on the CVM Instruction 627/20, an achievement that makes it easier for shareholders who own a small share of publicly listed companies to access their rights. In a report published by Capital Aberto magazine in July, Mr. Coelho said the instruction will strengthen the relationship between investors and the companies.

AMEC PUBLISHED
A REPORT ABOUT
INVESTORS'
ENGAGEMENT
LEVEL IN BRAZIL



AMEC CORPORATE EVENTS AWARD 2020

Pulp maker Suzano won the 2020 Amec Corporate Events Award for adopting best governance practices. The company was chosen by election with 60 institutional investor voters from Brazil and abroad.

The Award aims to identify corporate events that have positively impacted capital markets. “The Award symbolically crowns companies that, in the investor’s point of view, adopt best practices in governance and management, following the principles of equality and transparency we live by,” says Fábio Coelho, Amec’s CEO.

This is the second time Suzano wins the award. In 2017, it was nominated due to the conversion of shares amid its migration to B3’s highest governance segment, Novo Mercado.

This time, Suzano was awarded for supporting BNDESPar’s follow-on offer in September 2020. It was the biggest stock offer in the pulp & paper segment in history with a total volume of 150.2 million ordinary shares, the equivalent of 11% of Suzano’s capital. The operation generated BRL 6.9 billion on October 6.

For Marcelo Bacci, CFO and Investor Relations Director at Suzano, the award means the company keeps improving its governance practices to fulfil investors’ wishes. The recognition also rewards its joint efforts with BNDESPar.



Marcelo Bacci
from Suzano, Amec
Award's winner

“Our goal is to make our daily operations and business results contribute to a better and more sustainable society, in a model in which we share value with all of our stakeholders, including investors. Happily, we see in those investors, including those who were involved in the BNDES operation, the same commitment to ESG practices that guide Suzano’s administration. We are convinced we are walking together in the same direction,” says Bacci.

In a record time, it took BNDESPar only 15 days between kicking-off the transaction and filing the offer request at regulators CVM/SEC.

The executive considered the operation a success, as all related parties achieved their goals: BNDESPar managed to achieve a higher price, investors are happy with stocks’ positive performance after the offer, and the company significantly expanded its investors’ base with both local and international investors.

SUZANO STANDS OUT FOR OPERATION CONDUCTED IN JUST 15 DAYS

Suzano expanded its investor base and achieved widespread shareholding, as 37% of the institutional investors who joined the operation were not company’s shareholders. Bacci said the level of transparency, which included some 100 virtual roadshow sessions, was fundamental to the success. “Sixty percent of the investors who have been to the roadshow placed offers. When it comes to Brazilian investors, eight out of ten placed an order to purchase stocks,” he says.



This publication...

- Is only available online to contribute to more sustainable practices.
- Follows the standards adopted by financial institutions, including our strategic view with a sustainability bias.
- Is directed at all stakeholders.
- Addresses Amec's performance and main achievements from January 1 to December 31, 2020.
- Describes our strategy, which is drafted alongside internal and external audiences, and our priorities, identified with the support of our boards and members.

EXPEDIENTE

COORDINATION

Fábio Henrique de Sousa Coelho | CEO
Arelli Matos | Institutional Communications

EDITORS

Alexandre Sammogini and Rejane Tamoto

TRANSLATION

NTS Conteúdo

GRAPHIC DESIGN & PRODUCTION

Prima Estúdio Produções
Miriam F. A. Meyer | Coordenação
Andrea Chang, Daniela Sato, Fernanda Muniz
and Thata Martho | Projeto gráfico e diagramação

PHOTOGRAPHS

Divulgação, Adobe Stock, Pexels and Unsplash

