



Friday 29th July 2016

Research Tender

Brasilian corporate governance improvements

Purpose: a voluntary decision to improve corporate governance at a company is not only a signal that the controlling shareholders and management are interested in the rights of minority shareholders, but also an indicator that management take a longer term approach, attempting to balance the competing interests of all relevant constituencies (e.g. financial conservatism, the interests of labour and the environment, sales and marketing practices etc.)

Brasil's "Novo Mercado" and its list of obligations is getting on for two decades old. We are aware that it was the blueprint for many IPOs of Brazilian companies since its creation, but we are interested in the behaviour of companies whose listing preceded it, or who might otherwise have been influenced by its list of demands or other good governance practices.

As an example, a key reason we looked at a large industrial company in Brasil was because of the families' historic decision to merge voting/non-voting shares without any control premium.

Requirements:

- a) Identify listed companies with significant improvements in corporate governance in Brasil in the last couple of decades.
- b) These may include but need not be limited to:
 - a. Voting rights, share classes, golden shares
 - b. Ownership structures, tiers of ownership, cross-holdings
 - c. Appointment of genuine and/or diverse independent directors valued because they may disagree and/or because they have their own reputations to lose
 - d. A significant change in remuneration practices
- c) Explain the context/history of the change and - if any - a perceived motivation.

Detours to be avoided:

- (a) Any explanation of why corporate governance is important
- (b) Examples of deteriorating corporate governance

- (c) Examples which are not of substance (we don't believe that a 50 page remuneration report is better than a one page pamphlet, but we might believe that longer term restricted shares are better than short-term options).

Scope:

Between 10 and 20 examples, no more than twenty pages total.

All companies must be listed or there must be obvious successor companies/families/industrial groups from which one can fairly say we could extrapolate the improved governance.

Companies ought to have a market capitalisation of at least \$100m, unless the example is especially unusual or compelling, or unless further inferences as to a family/group culture can be drawn (per above).

Tender specifics:

Please submit a proposal by email (maximum of two pages) to ResearchandBrokerManagement@StewartInvestors.com on how you would conduct this research, over what timeframe and for what price. No exclusivity is sought, but commission acknowledgement is required if sharing. Closing date for application: **30th September 2016**.