

## CVM condemns former executive and absolves former president of Vale in relation to the Brumadinho tragedy

Recently, the Brazilian Securities and Exchange Commission (“CVM”) issued a decision that represents an important precedent in the agency’s case law. This concerns an administrative sanctioning process initiated against the CEO and the Officer of Ferrosos e Carvão of Vale S.A. in office at the time (“Vale” or “Company”) in the case of the rupture of one of its dams in Brumadinho, which resulted in significant financial losses for the Company.

In his vote, the case’s Reporter, Director Daniel Maeda, highlighted crucial aspects regarding corporate liability in crisis situations and the role of governance in risk mitigation, considering the duty of diligence of administrators, as outlined in Article 153 of Law 6.404/76 (“Corporate Law”).


In his view, the duty of diligence has a broad scope and is provided for in the Corporate Law as a standard of conduct expected from administrators. The legal provision is broad precisely to encompass various circumstances and peculiarities, meaning that diligence is not treated in a rigid manner but rather dynamically and adaptively according to the circumstances in which the administrator operates, always needing to be assessed on a case-by-case basis, taking various factors into account.

Due to the different positions and assignments that each accused Officer held at the time of the events, the Reporter separately analysed the facts related to each of them for a better evaluation of the respective conduct and behavior regarding their duties to the Company.

After this analysis, the Reporter concluded that the conduct of the Officer of Ferrosos e Carvão at the time showed significant failures in risk management and in supervising the company’s operations, having remained inactive and negligent in the face of various warning signs presented to the former executive, whose duties included managing safety, stability of structures, and the risks of the company’s dams.

In this regard, the Reporter emphasized that the right of administrators to rely on information provided by third parties has limits, and considering the circumstances of the specific case, they should critically analyse the information they receive and seek additional clarifications when necessary.

As for the former CEO, the Reporter concluded, based on the Company’s Bylaws, that the CEO was responsible for the executive direction of Vale, exercised through the coordination and supervision of the activities



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of the Executive Officers, ensuring that the decisions and guidelines set by Vale's Board of Directors and the general assembly were observed. Matters specifically related to risk management in the company's operations were duties of other administrative sector, led by other statutory officers and specialized technical teams, making it reasonable for the CEO to rely on the information provided by them.

Throughout his vote, the Reporter emphasized the importance of an organizational culture that prioritizes safety and transparency, recommending that companies adopt robust compliance and governance practices. This decision not only impacts Vale but also serves as a warning to all companies about the need to adequately prepare themselves to avoid similar crises in the future.

In the end, the CVM Collegiate, by a majority of votes, decided to condemn the former Officer of Ferrosos

e Carvão of the Company for failing to comply with his duty of diligence and to absolve the former CEO, understanding that he acted in accordance with the Corporate Law and the Company's Bylaws in effect at the time of the events.

For more details about the case, consult: <https://www.gov.br/cvm/pt-br/assuntos/noticias/2024/cvm-inicia-julgamento-que-analisa-dever-de-diligencia-de-ex-diretores-da-vale-sa>



## Season of Annual General Meetings and Annual Shareholder Meetings

In the coming months, corporations and limited liability companies must disclose their financial information, as well as call and hold the Annual General Meetings (“AGM”) or the annual meetings of their shareholders (“Meeting”), as applicable, related to the fiscal year ending December 31, 2024.

This is a legal obligation provided for in Article 132 of the Corporate Law, which states that all corporations, both public traded companies and closed companies, must hold an AGM within the first 4 months following the end of each fiscal year to: (i) deliberate on the administrators’ accounts, examine, discuss, and vote on the financial statements; (ii) deliberate on the allocation of net profit

of the year and the distribution of dividends; and (iii) elect the administrators and members of the fiscal council, if applicable.

### Timeline – AGMs

During this 4-month period, several obligations must be fulfilled by the companies, specially by the publicly traded ones.

For more information, visit: [https://www.cdoadv.com.br/wp-content/uploads/2025/01/Guia\\_Carneiro\\_de\\_Oliveira\\_por\\_dentro\\_das\\_Assembleias\\_de\\_Acionistas\\_2025.pdf](https://www.cdoadv.com.br/wp-content/uploads/2025/01/Guia_Carneiro_de_Oliveira_por_dentro_das_Assembleias_de_Acionistas_2025.pdf).





## CVM Resolution 204

On January 1, 2025, CVM Resolution No. 204, of June 4, 2024 (“CVM Resolution 204”), came into force, through which the CVM has changed some rules applicable to AGMs.

Among them, we highlight the rules related to the BVD (remote voting form), which is the electronic document made available by the company before the meeting with the aim of facilitating the exercise of shareholders’ voting rights, generating greater proximity between the company and the shareholder.

With the issuance of CVM Resolution 204, the CVM expanded the remote voting mechanism to all meetings, provided for the exemption from making the BVD available in case of low shareholder participation in remote voting and adjusted deadlines and means for making the BVD available.

Furthermore, in relation to shareholder requests for the installation of the fiscal council and multiple voting for the election of administrators, CVM Resolution 204 provides

that, if these requests, when made through the BVD, are not accompanied by the indication of candidates (both for the fiscal council as well as the board of directors), the manifestations received via BVD will have no effect.

This will be the first year that the new rules will be applied, which will require caution and greater attention from those involved. However, we believe that the new rules will be beneficial and will provide greater protagonism to shareholders during the AGMs season and other public traded company meetings.

For more information about CVM Resolution 204, visit: <https://legislacaoemercados.capitalaberto.com.br/voto-a-distancia-ago-nova-temporada-de-assembleias-tera-bvd-obrigatorio/>.

To access the full CVM Resolution No. 204, access: <https://conteudo.cvm.gov.br/legislacao/resolucoes/resol204.html>.