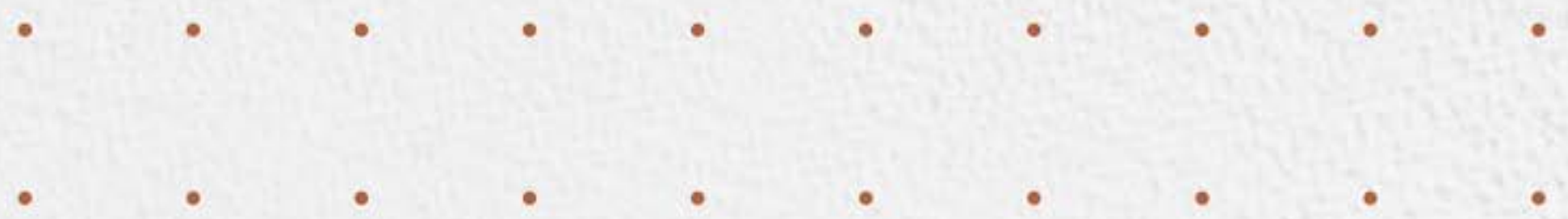


LIABILITY OF DIRECTORS/MANAGERS AND CONTROLLING SHAREHOLDERS

*Do you know the extent of their
liability in corporate transactions?*

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Corporate transactions – such as mergers, incorporations, spin-offs, transformations, or share purchase agreements – are common strategies for growth and reorganization. Each type has its own rules under the Brazilian Civil Code and the Corporations Law and brings significant implications for shareholders and directors/managers.





DUTIES OF DIRECTORS/MANAGERS

Directors/Managers play a central role and are accountable for their actions. The law imposes duties of:

- diligence and loyalty (Articles 153 and 155 of the Corporations Law); and
- transparency with the market and shareholders (Articles 155 §1 and 157 of the Corporations Law).

Failure to comply with these duties may result in joint liability and an obligation to indemnify the company.

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LIABILITY ACTIONS

When directors/managers breach their duties of diligence, loyalty, or transparency and cause damage to the company, the law provides mechanisms to hold them liable.

The company itself, through the General Shareholders' Meeting, may resolve to bring a liability action against directors/managers. This decision must be included on the agenda and approved by shareholders.

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However, there is **additional protection for investors:** if the company does not act within 3 months of the resolution, any shareholder may bring the action on their own. Furthermore, if the meeting rejects the proposal, shareholders representing at least 5% of the company's capital may initiate the lawsuit directly.



EXONERATION OF LIABILITY

It is important to note that approval of accounts by the general meeting may release directors/managers from potential liability (Article 134 §3 of the Corporations Law). However, this "discharge" does not cover fraudulent or willful misconduct.

In other words, the law ensures mechanisms to protect the company and its shareholders from harmful conduct while also setting reasonable limits to directors'/managers' liability, balancing corporate governance and legal certainty.

CONTROLLING SHAREHOLDERS

Likewise, controlling shareholders do not hold only rights: they also have duties. Abuse of controlling power or decisions that harm the company or minority shareholders may result in civil liability.

The conduct of controlling shareholders must always observe the company's best interests.

RISKS AND PROTECTION

Corporate transactions are not only financial decisions; they may directly affect the personal assets of directors and shareholders. For this reason, each reorganization requires careful legal analysis to mitigate risks.

Our firm advises companies, shareholders, directors, and investors in corporate transactions. We structure secure transactions, prevent disputes, and defend our clients in corporate and judicial proceedings.

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