Brazil

Stock Option Plans

Employment

Labor Concerns

There is a risk of employees claiming that they are entitled to compensation for loss of rights under the Plan where the Plan is amended or discontinued or where their employment is terminated. There is also a risk of employees claiming that the underlying value of the Option should be taken into account as employment income when determining the extent of their labor and social security rights.

There are laws which prohibit discrimination against, and/or less favorable treatment of, employees on certain grounds, including age, gender, disability and part-time status. Companies should be mindful of this when determining the eligibility of employees to participate in a Plan, the benefits being granted and the exercise of any discretion.

Communications

A disclaimer should be included in the award agreement, which acknowledges each employee’s receipt of the Plan documents and the discretionary nature of the Plan, and confirms that termination of employment will result in the loss of unvested rights.

Although there is no legal requirement to do so, it is recommended that the Plan documents be translated into Portuguese.

Government filings must be in Portuguese.

Electronic execution of award agreements is permitted.

Regulatory

Securities Compliance

Neither the grant nor the exercise of Options is likely to trigger any securities requirements.

Foreign Exchange

The employee or Subsidiary may generally remit funds abroad. To do so, the Subsidiary must present a letter to the bank in charge of the transaction containing certain information, including the names and individual taxpayer enrollment numbers (CPF) of the participants and the amounts to be remitted by the employee. The Subsidiary should confer with the bank regarding any supporting documentation that may be required.

Data Protection

Processing of employee data for purposes directly connected to the employment relationship can generally be justified on the basis that the processing is necessary to fulfill the contract of employment. Purposes outside that category need to be assessed on a case-by-case basis, and opt-in consent may be required in some cases.

Tax

Employee Tax Treatment

An employee is generally not subject to income tax at the time of grant or exercise of an Option, provided that the Options are not considered to be part of an employee's regular remuneration and the Subsidiary does not reimburse the Issuer for the costs of the Plan.

Tax is payable on the gain upon the net proceeds of sale of the Stock where the total proceeds exceed R$20,000 (where Stock is sold on the Brazilian Stock Exchange) or R$35,000 (in all other cases) within any given month.

Social Security Contributions

Social security contributions are generally not payable by the employee or the Subsidiary, provided that the Options are not considered to be part of an employee's regular remuneration and the Subsidiary does not reimburse the Issuer for the costs of the Plan.

Tax-Favored Program

There is no tax-favored program applicable to option plans.

Withholding and Reporting

The Subsidiary does not generally have any withholding or reporting obligations, provided that the Options are not considered to be part of an employee's regular remuneration and the Subsidiary does not reimburse the Issuer for the costs of the Plan.

Employees may be subject to minor annual reporting requirements for any rights and/or assets held outside of Brazil.

Employer Tax Treatment

A deduction is generally available if the Subsidiary reimburses the Issuer for the costs of the Plan and participation in the Plan is offered to all employees of the Subsidiary. A written reimbursement agreement is required. However, such a recharge will increase the likelihood of the Plan being deemed to form part of an employee's regular employment income, which may trigger tax and social security charges.

Brazil

Restricted Stock and RSUs

Employment

Labor Concerns

There is a risk of employees claiming that they are entitled to compensation for loss of rights under the Plan where the Plan is amended or discontinued or where their employment is terminated. There is also a risk of employees claiming that the underlying value of the Restricted Stock or RSUs should be taken into account as employment income when determining the extent of their labor and social security rights.

There are laws which prohibit discrimination against, and/or less favorable treatment of, employees on certain grounds, including age, gender, disability and part-time status. Companies should be mindful of this when determining the eligibility of employees to participate in a Plan, the benefits being granted and the exercise of any discretion.

Communications

A disclaimer should be included in the award agreement, which acknowledges each employee's receipt of the Plan documents and the discretionary nature of the Plan, and confirms that termination of employment will result in the loss of unvested rights.

Although there is no legal requirement to do so, it is recommended that the Plan documents be translated into Portuguese.

Government filings must be in Portuguese.

Electronic execution of award agreements is permitted.

Regulatory

Securities Compliance

Neither the grant nor the vesting of Restricted Stock or RSUs is likely to trigger any securities requirements.

Foreign Exchange

There are no foreign exchange issues applicable to the Plan.

Data Protection

Processing of employee data for purposes directly connected to the employment relationship can generally be justified on the basis that the processing is necessary to fulfill the contract of employment. Purposes outside that category need to be assessed on a case-by-case basis, and opt-in consent may be required in some cases.

Tax

Employee Tax Treatment	For Restricted Stock, an employee is generally subject to income tax on the value of the Restricted Stock when it vests. For RSUs, an employee is generally subject to income tax on the value of the Stock received on vesting. Tax is payable on the gain upon the net proceeds of sale of the Restricted Stock or Stock where the total proceeds exceed R$20,000 (where Stock is sold on the Brazilian Stock Exchange) or R$35,000 (in all other cases) within any given month.
Social Security Contributions	Social security contributions are generally not payable by the employee or the Subsidiary, provided that the Restricted Stock and RSUs are not considered to be part of an employee's regular remuneration and the Subsidiary does not reimburse the Issuer for the costs of the Plan.
Tax-Favored Program	There is no tax-favored program applicable to restricted stock and RSU plans.
Withholding and Reporting	The Subsidiary does not generally have any withholding or reporting obligations, provided that the Stock is not considered to be part of an employee's regular remuneration and the Subsidiary does not reimburse the Issuer for the costs of the Plan. Employees may be subject to minor annual reporting requirements for any rights and/or assets held outside of Brazil.
Employer Tax Treatment	A deduction is generally available if the Subsidiary reimburses the Issuer for costs of the Plan and participation in the Plan is offered to all employees of the Subsidiary. A written reimbursement agreement is required. However, such a recharge will increase the likelihood of the Plan being deemed to form part of an employee's regular employment income, which may trigger tax and social security charges.

Brazil

Employee Stock Purchase Plans

Employment

Labor Concerns

There is a risk of employees claiming that they are entitled to compensation for loss of rights under the Plan where the Plan is amended or discontinued or where their employment is terminated. There is also a risk of employees claiming that the underlying value of the Stock should be taken into account as employment income when determining the extent of their labor and social security rights.

There are laws which prohibit discrimination against, and/or less favorable treatment of, employees on certain grounds, including age, gender, disability and part-time status. Companies should be mindful of this when determining the eligibility of employees to participate in a Plan and the exercise of any discretion.

Communications

A disclaimer should be included in the award agreement, which acknowledges each employee's receipt of the Plan documents and the discretionary nature of the Plan, and confirms that termination of employment will result in the loss of unvested rights.

Although there is no legal requirement to do so, it is recommended that the Plan documents be translated into Portuguese.

Government filings must be in Portuguese.

Electronic execution of award agreements is permitted.

Regulatory

Securities Compliance

The offer of purchase rights does not trigger any securities requirements.

Foreign Exchange

The employee or Subsidiary may generally remit funds abroad. To do so, the Subsidiary must present a letter to the bank in charge of the transaction containing certain information, including the names and individual taxpayer enrollment numbers (CPF) of the participants and the amounts to be remitted by the employee. The Subsidiary should confer with the bank regarding any supporting documentation that may be required.

Data Protection

Processing of employee data for purposes directly connected to the employment relationship can generally be justified on the basis that the processing is necessary to fulfill the contract of employment. Purposes outside that category need to be assessed on a case-by-case basis, and opt-in consent may be required in some cases.

Tax

Employee Tax Treatment	An employee is generally not subject to income tax on the value of any discount when the Stock is purchased, provided that the Stock is not considered to be part of an employee's regular remuneration and the Subsidiary does not reimburse the Issuer for the costs of the Plan. Tax is payable on the gain upon the net proceeds of sale of the Stock where the total proceeds exceed R$20,000 (where Stock is sold on the Brazilian Stock Exchange) or R$35,000 (in all other cases) within any given month.
Social Security Contributions	Social security contributions are generally not payable by the employee or the Subsidiary, provided that the Stock is not considered to be part of an employee's regular remuneration and the Subsidiary does not reimburse the Issuer for the costs of the Plan.
Tax-Favored Program	There is no tax-favored program applicable to employee stock purchase plans.
Withholding and Reporting	The Subsidiary does not generally have any withholding or reporting obligations, provided that the Stock is not considered to be part of an employee's regular remuneration and the Subsidiary does not reimburse the Issuer for the costs of the Plan. Employees may be subject to minor annual reporting requirements for any rights and/or assets held outside of Brazil.
Employer Tax Treatment	A deduction is generally available if the Subsidiary reimburses the Issuer for costs of the Plan and participation in the Plan is offered to all employees of the Subsidiary. A written reimbursement agreement is required. However, such a recharge will increase the likelihood of the Plan being deemed to form part of an employee's regular employment income, which may trigger tax and social security charges.