

ROADSHOW OIL & GAS NEW OPPORTUNITIES IN THE BRAZILIAN O&G SECTOR DOING BUSINESS IN BRAZIL OIL AND GAS SECTOR REOPENING

18–21 November, 2019

PINHEIRO NETO
ADVOGADOS



1 FIRM PROFILE

Since 1942

INDEPENDENT MULTIDISCIPLINARY FULL-SERVICE

PINHEIRONETO
ADVOGADOS



100 partners



450 attorneys

4 offices



5.400 clients



50.000 active cases

RECOGNIZED

by the Brazilian government as the country's largest exporter of legal services.

Our client portfolio boasts 70% of the country's 500 largest companies elected by *Exame Maiores e Melhores*.

Tight-knit, cohesive teams building
a multidisciplinary network

AREAS OF PRACTICE



Administrative
Law and Public
Procurement



Agribusiness



Arbitration and
Mediation



Aviation



Banking, Finance and
Forex



Blockchain



Capital Markets



Civil and Commercial
Litigation



Climate Change
and Sustainability



Criminal and Criminal
Procedure Law



Compliance and
Internal Investigations



Constitution



Construction Law



Consumer
Relations



Competition



Corporate



Derivatives



Electoral Law



Energy



Entertainment and
Leisure



Environmental Law



Family and
Succession



Fintech



Government
Relations



Infrastructure



Immigration



Insolvency &
Restructuring



Insurance and
Reinsurance



Intellectual Property



International Trade &
Customs



Labor



Life Sciences



Luxury Law



Maritime Law



Media, Internet and
Information Technology



Mining



M&A



Oil & Gas



On-the-job Accident &
Occupational Disease



Private Equity Venture
Capital



Project
Finance



Real Estate



Social Security



Sports



Structured
Transactions



Tax



Telecommunications



Water and
Sanitation

RANKINGS AND AWARDS

Leading firm in terms of areas of practice (26), Band 1 and Individual Lawyer recognitions (70) by Chambers Latin America 2020.



Chambers Latin America
Awards
Brazilian Client Firm of
the Year
2017



Chambers Latin America
Guide
Top Ranked Firm
2010 a 2020



The Legal 500 Latin
America Guide
1st Tier Firm
2012 a 2018



IFLR Americas Awards
Firm of the Year: Brazil
2013 | 2016 | 2018

South American Firm of
the Year
2018



Whos Who Legal Awards
Brazil Law Firm of the Year
2006 a 2018



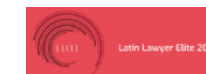
Latin Lawyer 250 Guide
Recognized Firm
2009 to 2019



Latin Finance Deals of the
Year Awards
Law Firm of the Year: Brazil
2009 | 2016 | 2017



IFLR 1000 Guide
Top Tier Firm
2012 a 2020



Latin Lawyer Elite Survey
Elite Law Firm in Latin
America
2018

INDEPENDENT to the core and with a
MULTIDISCIPLINARY legal practice, we take a
comprehensive approach to law. We are a FULL-SERVICE
law firm.

OUR TEAM

Investing in the personal and professional development of our members has always been important for the firm

A pioneering professional development program

Pinheiro Neto's Professional Development Program aims at improving and furthering the knowledge and skills of attorneys since the inception of their careers.

Professional experience abroad

Attorneys are encouraged to pursue international associate programs and postgraduate studies (LLM, etc.) abroad.

Expanding the general knowledge

In-house initiatives range from diversity actions, participation of women in politics, corporate social responsibility and general cultural activities.



CORPORATE SOCIAL RESPONSIBILITY

R\$ 9.9

millions invested in
2018

57 thousand direct beneficiaries

170 thousand indirect beneficiaries

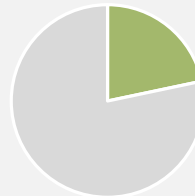
1st carbon-free law firm in Brazil

100 Thousand trees planted since
2008 = 89 Maracanã stadiums

Key areas



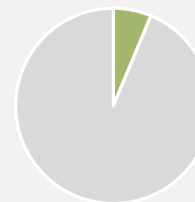
Education
■ 43,5



Arts and culture
■ 21,7



Health
■ 17



Sports and
entertainment
■ 6,3

CORPORATE SOCIAL RESPONSIBILITY



LATIN LAWYER AND
THE VANCE CENTER'S
LEADING LIGHTS 2018

PINHEIRONETO
ADVOGADOS

First law firm to join the country's largest social investors in the Group of Outreach Institutes, Foundations and Companies (GIFE)

Pro bono

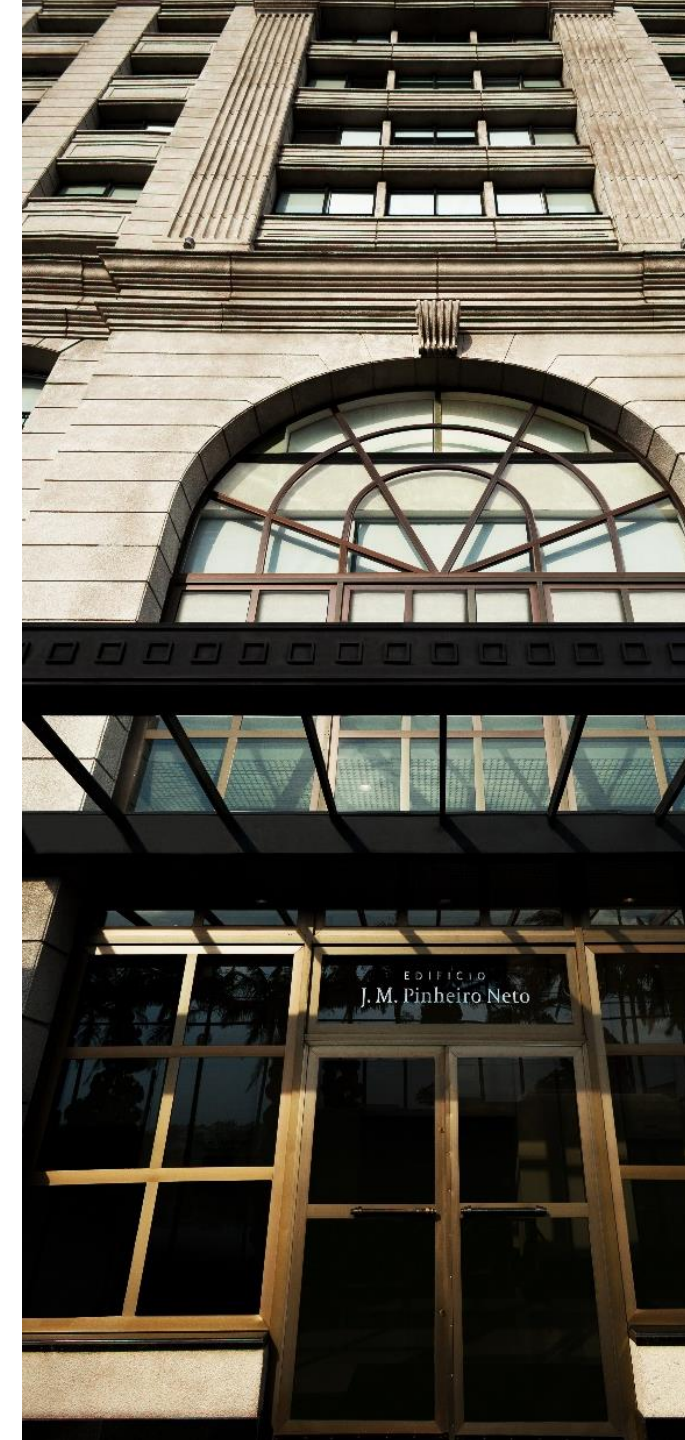
We not only encourage pro-bono work, but we also consider it as equal stature of billable matters. We have participated in the inception of Instituto Pro-Bono and in the regulation of pro bono work within the Brazilian Bar Association (OAB).

Diversity

Valuing diversity is the key to building a better workplace for all. We encourage discussions on diversity to foster an increasingly diverse and inclusive work environment.

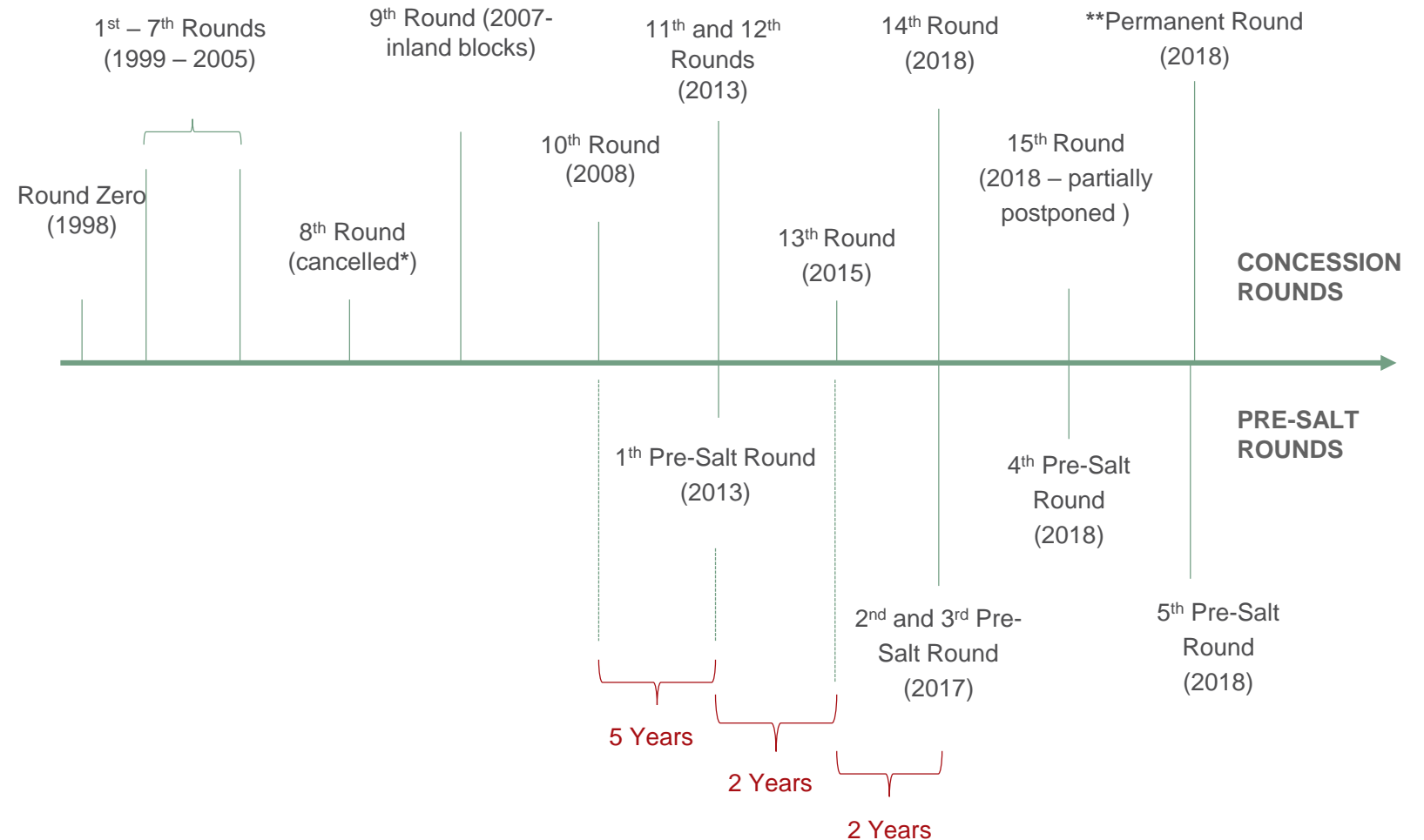
Women Lawyers

We support the professional trajectory and ascension of our women lawyers, as they pursue their career plans. Achieving greater representativeness in discussion forums and fostering gender equality are among our missions.



1 O&G SECTOR REOPENING

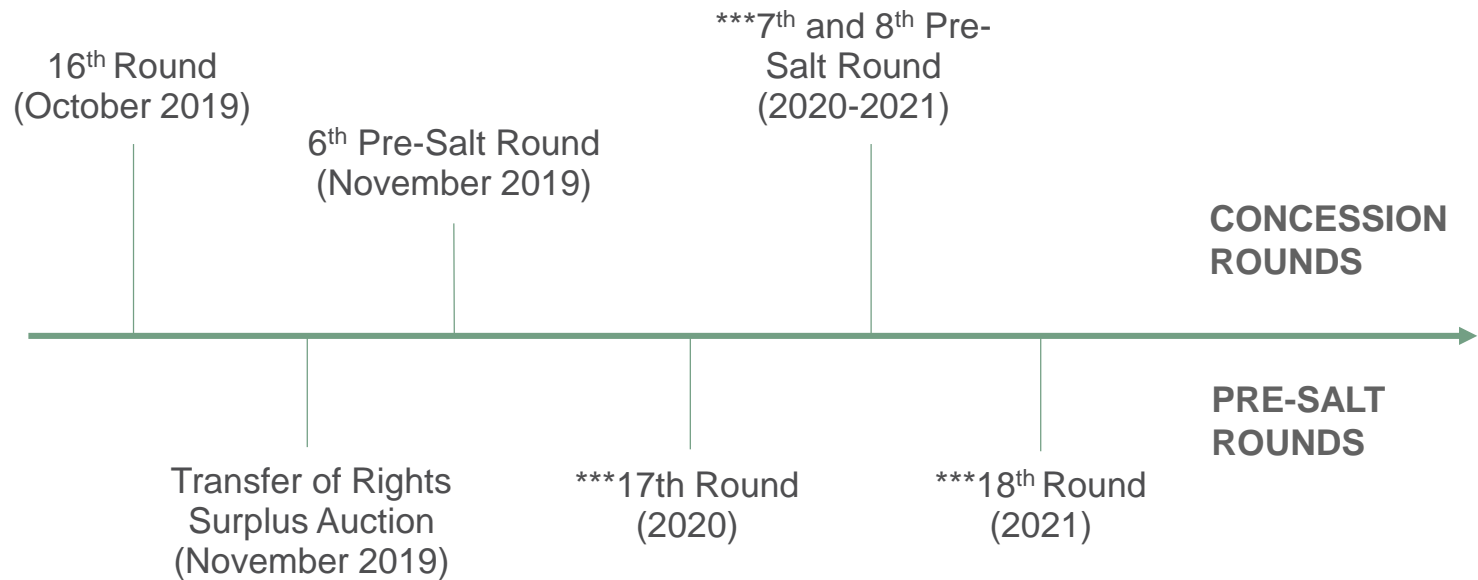
O&G SECTOR REOPENING OVERVIEW OF BRAZILIAN BIDDING ROUNDS



* Such bidding round was initially suspended based on a precautionary measure alleging that the bidding rules adversely affected the ability of Petrobras to present offers under such round.

** The permanent process of offer is regulated by CNPE Resolution No. 17/2017 and is intended to offer oil fields returned, or under process of return, as well as oil fields offered in prior rounds which were not acquired.

O&G SECTOR REOPENING OVERVIEW OF BRAZILIAN BIDDING ROUNDS



*** CNPE Resolution No. 10/2018, later amended by CNPE Resolutions No. 17/2018, 18/2018 and 19/2018, established the plurianual plan of 2020-2021 for the 17th and 18th bidding rounds of exploration and production of oil and gas.

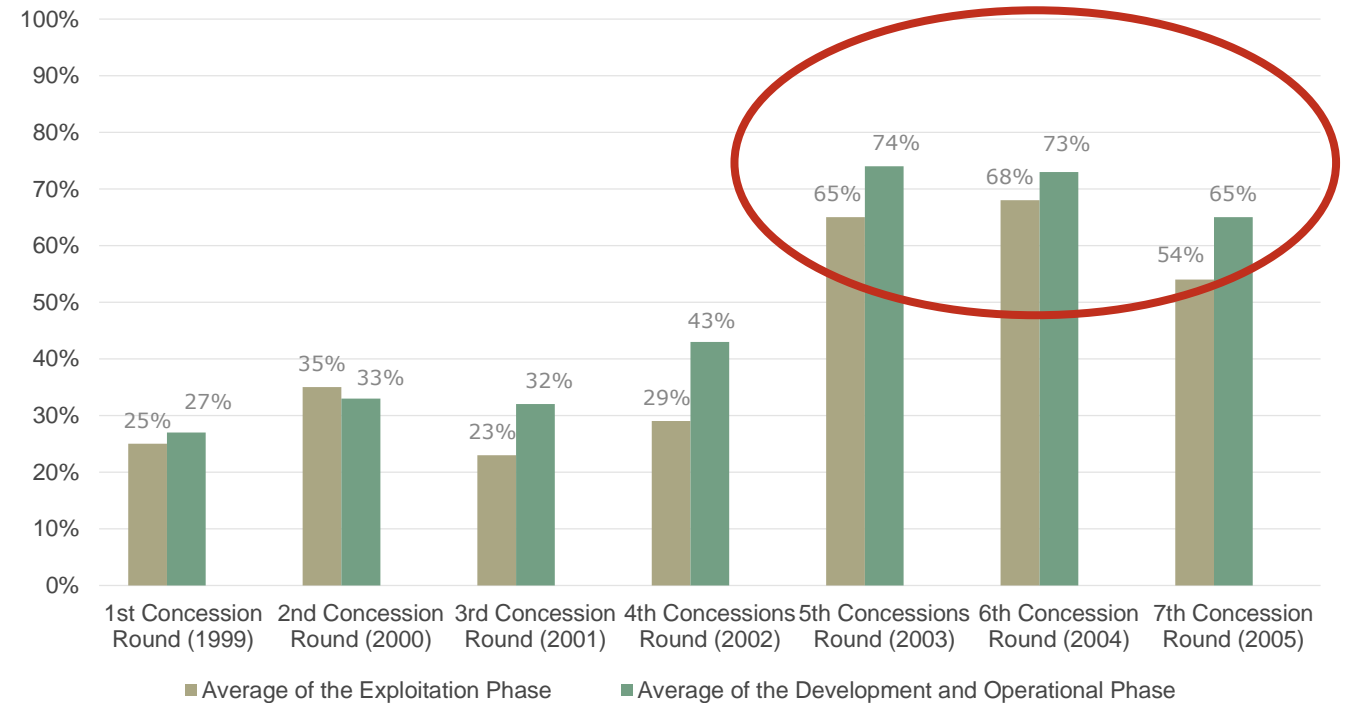
O&G SECTOR REOPENING OVERVIEW OF BRAZILIAN BIDDING ROUNDS

VARIETY OF OPERATORS

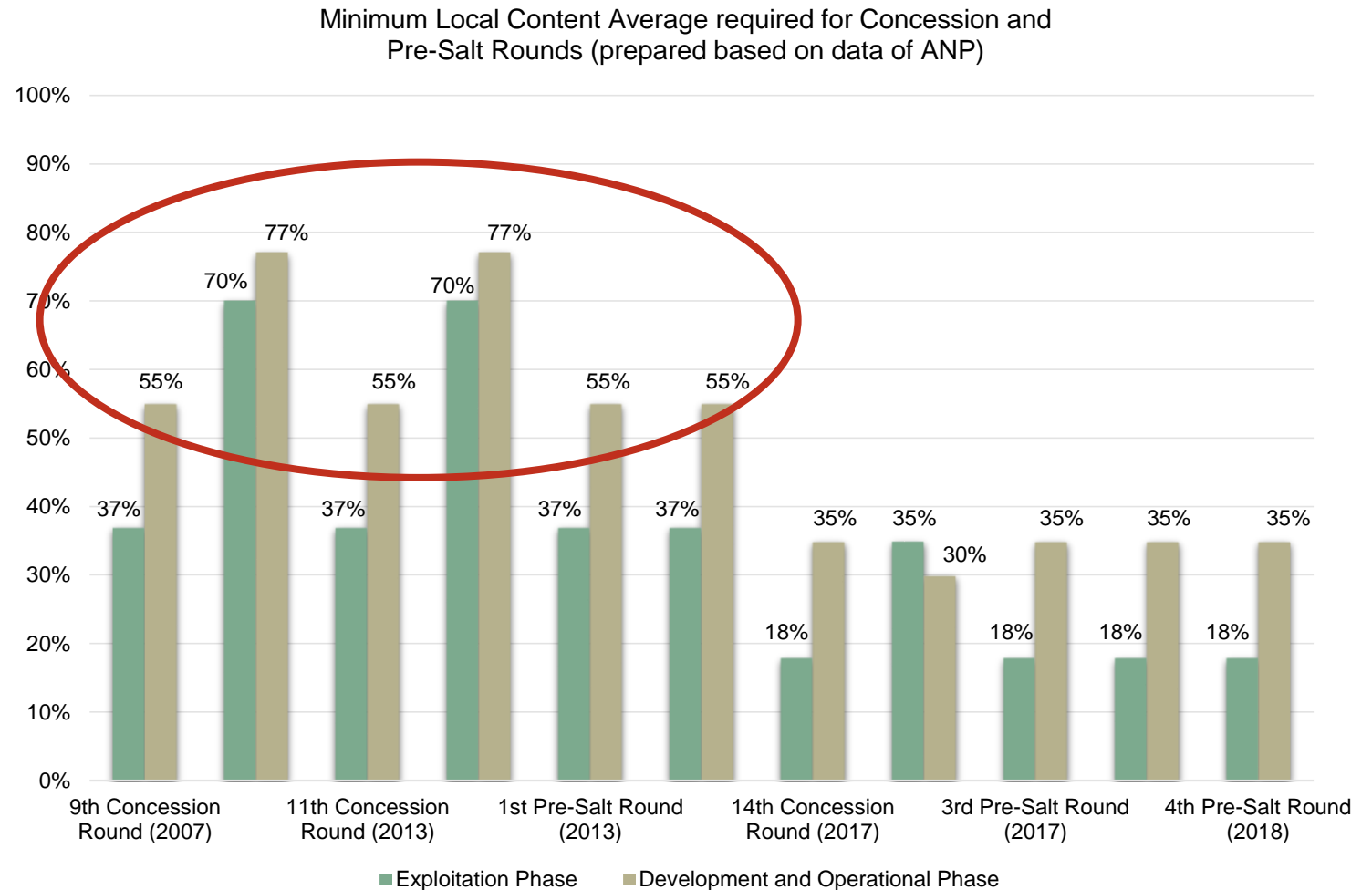
Petrobras	Shell Brasil	Exxon/Mobil Brasil	Wintershall Dea
BP Energy	Equinor Energy	Eneva	Total E&P do Brasil
Petro Rio	Rosneft	Recôncavo	CNOOC Petroleum
Petra Energia	Enauta Energia	Petrogal Brasil	Ouro Preto Energia
Imetame	Ecopetrol Óleo e Gás	Karoon	Dommo Energia
Maha Energy	Brasoil Manati	SHB	Oeste de Canoas
Premier Oil Brasil	Barra Bonita	Cowan Petróleo e Gás	Newo
Geopark Brasil	G3 Óleo e Gás	Nord	BGN
Nova Petróleo	Petroil	Silver Marlin	Guindastes Brasil
Niko Brasil	Perícia	Cemes	Vipetro
Chariot Brasil	Alvopetro	Cisco	Phoenix Óleo e Gás
Great Energy	OP Energia	Petroborn	Ral Energia
Petrosynergy	TOG Brasil	Central Resources	BW Offshore
Tek	Perenco Brasil	PTTEP Brasil	Egesa

O&G SECTOR REOPENING LOCAL CONTENT REQUIREMENTS

1st – 7th Concession Rounds – Average of Offered Local Content in Offshore Fields (prepared based on data of IBP/ANP)

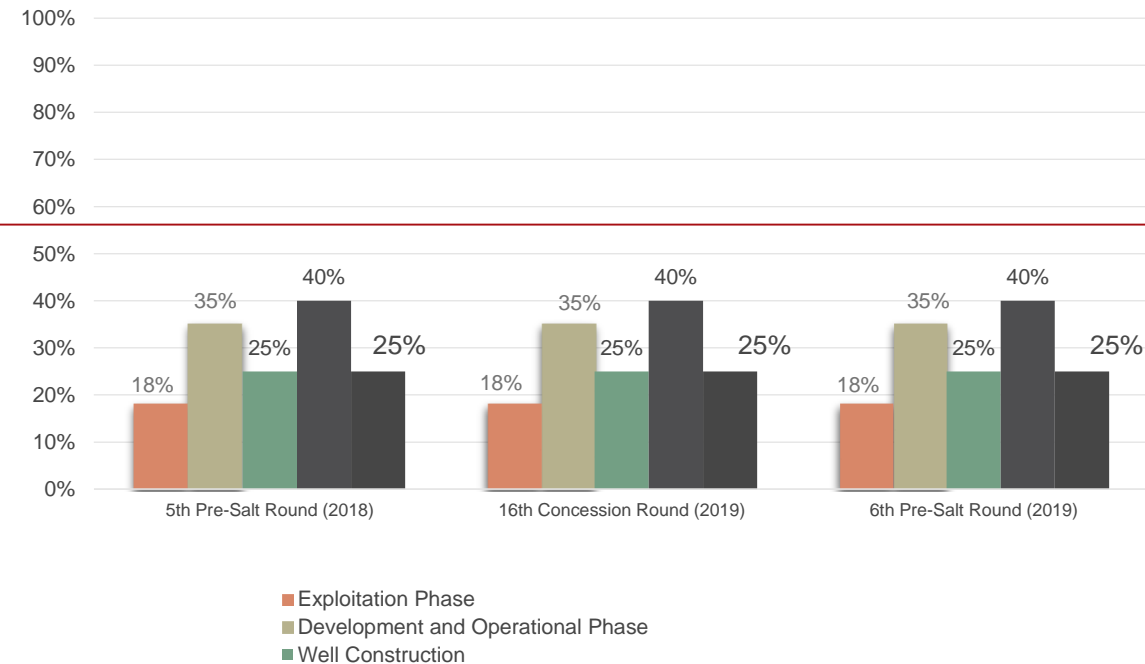


O&G SECTOR REOPENING LOCAL CONTENT REQUIREMENTS



O&G SECTOR REOPENING LOCAL CONTENT REQUIREMENTS

Minimum Local Content required for Concession and Pre-Salt Rounds (prepared based on data of ANP)



O&G SECTOR REOPENING PETROBRAS DIVESTMENTS AND PARTNERSHIPS

US\$ 26.9 Billion for 2019-2023 Period (Reference Form 2018)

UPSTREAM



MIDSTREAM



DOWNSTREAM



- Pre-Salt areas; Shallow Waters; Onshore fields;
- Production Flow Pipelines;
- Gas Transportation Companies and Gas Distribution Companies (Mandatory Unbundling)
- Fertilizer Plants;
- Refining Assets;
- Thermopower plants;
- Foreign Assets;
- Biofuels.

Divestment Mechanisms through (i) sale of shares or assets (partial or complete); (ii) partnership arrangements; (iii) capital markets.

2

OPPORTUNITIES FOR
FOREIGN O&G
COMPANIES AND
SUPPLIERS

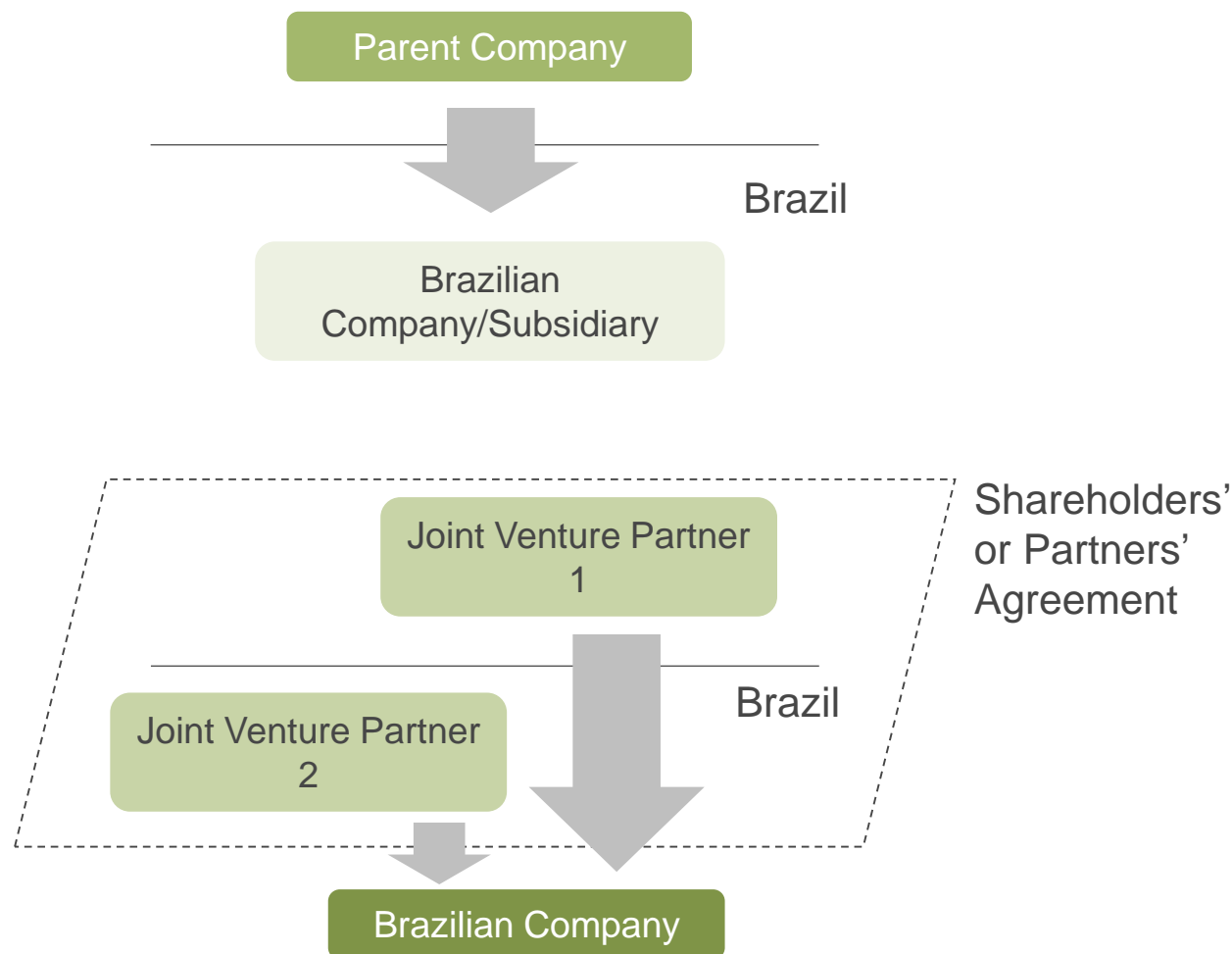
OPPORTUNITIES FOR FOREIGN O&G COMPANIES AND SUPPLIERS

- Acquisition of assets/companies
- Opportunity to join the market in segments which are still concentrated
- Additional players in all segments of the industry
- Diversity of purchasers, different criteria and global commercial relationships
- Reduced Local Content Requirements
- Brazil is open for business with foreign suppliers
- Compliance requirements
- Fair competition
- No limit for foreign investment
- Foreign capital through local company
- Innovation
- Industry 4.0
- Billions of US\$ to be invested in the O&G sector
- Pre-salt, Transfer of Rights Surplus, Concessions, modernization of plants, expansions.

3 DOING BUSINESS IN BRAZIL

DOING BUSINESS IN BRAZIL

TYPICAL FOREIGN INVESTMENT STRUCTURES



DOING BUSINESS IN BRAZIL

MOST COMMON TYPES OF COMPANIES AND REQUIREMENTS

Types / Requirements	Corporations	Limited Companies
Incorporation Documents	Incorporation Meeting and Bylaws	Articles of Association
Minimum paid-up capital	10% of subscribed capital	Not applicable
# Partners	Min. 2, Brazilian or not	Min. 1, Brazilian or not
# Officers	Min. 2, must reside in Brazil (citizen or Visa)	Min. 1, must reside in Brazil (citizen or Visa)
# Board	May be required, min. 3 resident in Brazil or not	Not required
Annual Meeting	Required	If 10 partners or more
Publications*	Except small companies	Only large companies

* There is a court dispute challenging the validity of recent legislation with simplified publication requirements.

DOING BUSINESS IN BRAZIL

CHOICE OF LAW AND JURISDICTION/DISPUTE RESOLUTION

- Foreign Law/Decisions subject to:
 - Brazilian jurisdiction, on an exclusive basis for real property in Brazil, or whenever defendant is domiciled, the obligation has to be performed, or the fact under dispute has been originated, in Brazil;
 - evidence of foreign law text and effectiveness, as well as certified translation of foreign decisions;
 - Brazilian national sovereignty, public policy and good morals;
 - ratification procedure at Superior Court of Justice (no revision of merits; competent jurisdiction, service of process, final/enforceable at foreign jurisdiction).
- Arbitration Law (1996) / 1958 NY Convention (2002)
- Mediation Law (2015)
- New Civil Procedure Code (2015/2016)

DOING BUSINESS IN BRAZIL

ECONOMIC AGENDA IN THE LAST 15 YEARS

- Public Private Partnership Law (2004)
- Brazilian Bankruptcy and Reorganization Law (2005)
- Brazilian Clean Company Act (2013)
- New Antitrust Law (2011)
- Partnership and Investments Law (2016)
- Government Companies Law (2016)

ECONOMIC AGENDA FOR 2019/2020

- Economic Freedom Law (Law No. 13874/19)
- Foreign Capital in Airlines (Law No. 13842/19)
- Pension Reform (enacted on November 12, 2019)
- Tax Reform (Bill under discussion)
- New Gas Law (Bill under discussion)
- Administrative Reform (Bill proposed in November)
- Privatization of Eletrobras (Bill proposed in November)
- Foreign exchange/hedging (Bill proposed in November)
- Change of Regimes for E&P activities?...

CHALLENGES DOING BUSINESS IN BRAZIL

“Brazil is not a country for beginners” – Tom Jobim

- Local presence and foreign exchange requirements (Visas, powers of attorney, registrations);
- Licenses/Permits (environmental, regulatory, different levels -- Federal, State, Municipal);
- Tax, social security, labor, environmental and other requirements;
- Joint ventures with Brazilian companies – cultural aspects;
- Regulatory Changes – unbundling requirements (ANP and CADE), New Market for Natural Gas, open access; essential facilities - Brazil has a history of respecting contracts in the O&G sector;
- Policies and Procedures (Clean Company Act, Data Privacy Law).



VIELEN DANK!
MUITO OBRIGADO!

Marcello Lobo

f. +55 (21) 2506-1609

mlobo@pn.com.br

São Paulo

R. Hungria, 1.100
01455-906
São Paulo - SP
t. +55 (11) 3247 8400

Rio de Janeiro

R. Humaitá, 275
16º andar
22261-005
Rio de Janeiro - RJ
t. +55 (21) 2506 1600

Brasília

SAFS. Quadra 2 Bloco B
Ed. Via Office, 3º andar
70070-600
Brasília - DF
t. +55 (61) 3312 9400

Palo Alto, USA

228 Hamilton Avenue,
3rd floor
CA 94301 USA

PINHEIRONETO
ADVOGADOS

www.pinheironeto.com.br

