

WSG MEETING OF THE AMERICAS



MIAMI, FLORIDA



MOORE STEPHENS

Cifuentes, Lemus & Asociados, S.C.
RIF J-00296621-1



Americas

Anti-Corruption Roundtable

CONTRIBUTING GUEST SPEAKERS

Geert Aalbers, General Manager Brazil & Director Corporate Investigations Latin America,
Control Risks

Carol Fernandez, Vice President, Assistant General Counsel M&A and Procurement, *Diageo*

Victor A. Lago, Vice President of Legal Affairs, *Columbus Networks USA, Inc.*

Jose Martinez, Managing Director and Senior Regional Counsel, *Citibank Latin America*

EXPERT PANELISTS

Jacqueline M. Arango, Partner, *Akerman LLP*

Jonathan S. Feld, Member, *Dykema*

Bradley J. Richards, Partner, *Haynes and Boone, LLP*

World Services Group
Americas Anti-Corruption Roundtable

Corruption Risk in Latin America

Geert Aalbers

General Manager Brazil
& Director Corporate Investigation Latin America

Miami, 20 February 2014

“CORRUPTION”



“CORRUPCION”

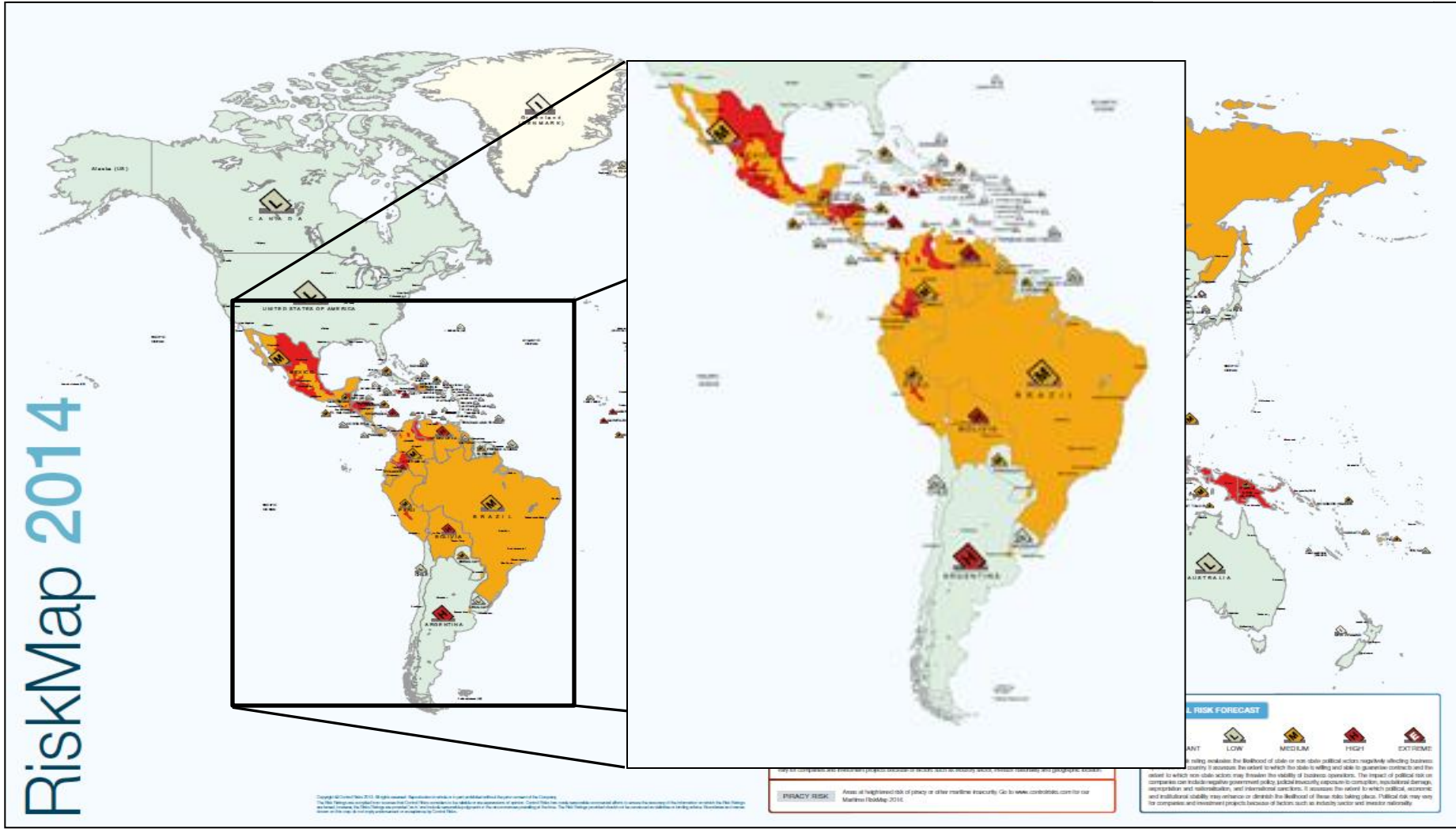


“CORRUPÇÃO”



RiskMap 2014

RiskMap 2014



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Conditions vary broadly across the region



Nationalization and Expropriation Risk



- **Peru** –partial privatisation of Petroperu is a welcome move, and another sign of pragmatism and commitment to attracting foreign investment;
- **Brazil** - despite anti-privatization rhetoric,

State Intervention Risk



- **Bolivia** – resource nationalism, “energy sovereignty” higher government take from gas companies under threat of expropriation, low level of contract stability;
- **Brazil: *developmentalist*** – the state is assigned a strategic role but maintains a predictable

Global Ranking 2013 – Ease of Doing Business



Source: World Bank

Regional Ranking 2013

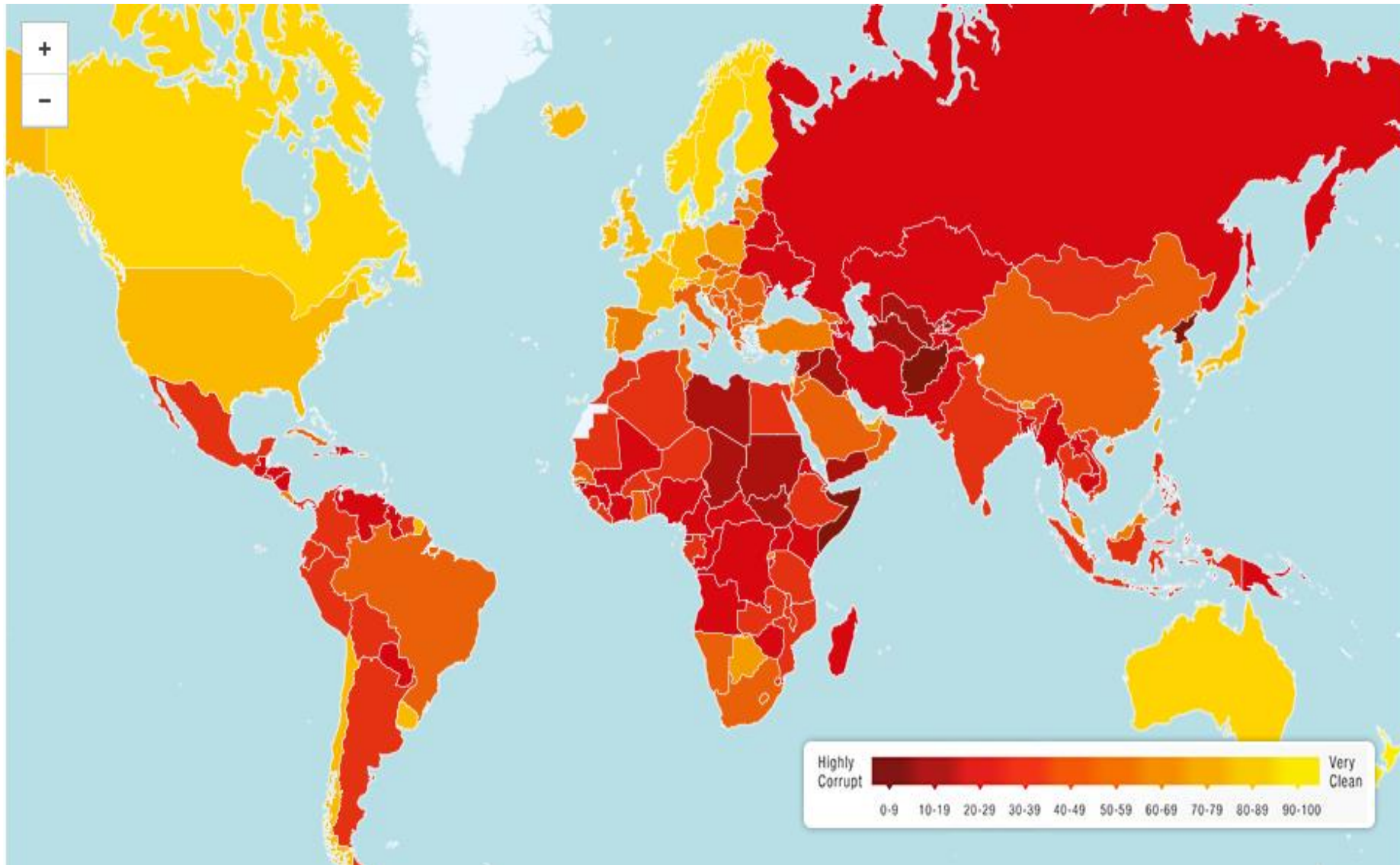
Country	LatAm Ranking
Chile	1
Peru	2
Colombia	3
Mexico	4
Panama	5
Costa Rica	6
Argentina	7
Brazil	8
Ecuador	9
Bolivia	10
Venezuela	11

Ease of Doing Business



- **Brazil** - World Bank's 'Ease of doing business' ranks 130 out of 185 countries, - regional (Latin American) average is 103. Pacific Alliance 30`s - 40`s. Onerous regulations, permit requirements, tax and labor laws, infrastructure;

Plenty to Clean Up

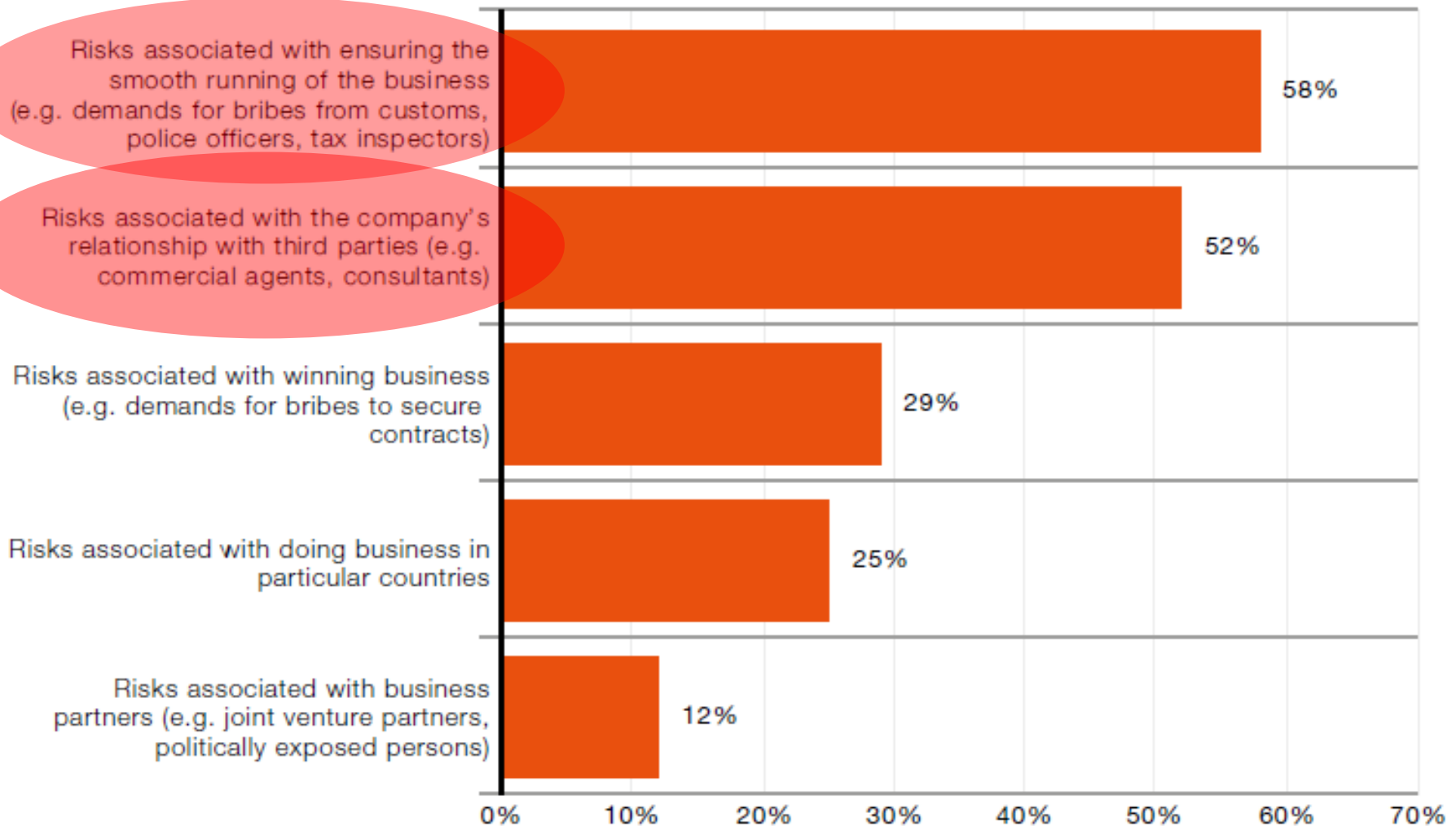


Corruption Risk



- **Brazil** –72 out of 177 countries: behind Chile, Uruguay and Costa Rica, but ahead of other LatAm countries, corruption in the Legislative branch; recently enacted Clean Company Act (January 2014);

The Devil is in the Details



Corruption Risk in O&G, Mining and Infrastructure

- Country risk: look for the red
- Strategic sectors
- Heavily regulated
- Size of contracts, and investments
- J-v's and partnerships with government entities
- Use of third party intermediaries
- Local business partners
- Complex labor, tax, environmental laws
- Social impact and risks
- Litigious industries



a few measures...

- **Clear commitment:** not just from the top, but throughout organization and middle management where most responsibilities for day to day operational decisions lie
- **Sufficiently resourced and independent** compliance area
- **Region and sector specific Risk Assessments.** National-level assessments are only the starting point, and corruption risk varies from sector to sector
- **Detailed, practical and localized policies and procedures,** and a broadly communicated ethics code
- **Train staff and third parties** – not only which behavior is expected, but also what they should be on the lookout for, and how to report non-compliant behavior

...and some additional advice

- **Stakeholder and power mapping** – identify all stakeholders, their interests in and capacity to affect your investment, and their relationships with government
- **Retain/obtain advice from local counsel and locally based partners** – they know the lay of the land, and have valuable contact networks
- **Plan ahead for difficult transactions and take**

Over to our panel

In-house Counsel:

Carol Fernandez (Diageo)

Victor Lago (Columbus Networks)

José Martinez (Citibank)

External Counsel:

Jacqueline Arango (Akerman)

Jonathan Feldman (Dykema)

Brad Richards (Haynes & Boone)

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