



FOR IMMEDIATE RELEASE:

Big Step Towards Compensation for International Shareholders and Investors Against Petrobras in EU-Based Class Action in Netherlands Court

After 7 years of litigation and almost falling off the investment community’s radar, the Stichting Petrobras Compensation Foundation—supported by many international Petrobras shareholders and bondholders—achieves an important Interim Judgment in a Dutch court on several counts, including fraud, against oil giant Petrobras

On July 26, 2023, the [Stichting Petrobras Compensation Foundation \(“Foundation”\)](#) prevailed substantially in its Dutch securities litigation on behalf of investors who purchased *Petróleo Brasileiro S.A. (“Petrobras”)* common (PETR3) and preferred (PETR4) shares directly on the Brasil Bolsa Balcão S.A. - Brazil (formerly BM&FBOVESPA) (or “B3”) and also investors who purchased bonds listed on Annex A hereto (together the “International Class”) against Brazilian oil giant Petrobras, exposing Petrobras to monetary damages claims for billions of dollars. The decision relates to the longstanding international securities litigation captioned *Stichting Petrobras Compensation Foundation v. Petróleo Brasileiro SA, et. al.*, Case No. C/10/526115/HA ZA 17-440 (the “Litigation”) arising in connection with the infamous “Operação Lava Jato,” or Operation Car Wash, scandal. Operation Car Wash centered around a Brazilian political corruption scandal that began unraveling in 2014 and that resulted in the indictment of dozens of high-level businesspeople, prominent companies and politicians as part of a widespread fraud and money laundering investigation into the billions of dollars that had been kicked back to politicians and officials of Petrobras, Brazil’s majority-state-owned oil company.

The Litigation was brought by the Foundation on behalf of the International Class, consisting primarily of international investors outside the US and Brazilian investors who bought their shares on the B3 stock exchange in Brazil and lost money when the price of Petrobras’ shares and bonds dropped in the wake of the sprawling kickback and corruption scandal. Investors, that have not already, can register their claims for losses with the Foundation’s administrator ([ISAF](#)).¹

In spite of its attempt to characterize itself as a “victim,” the Dutch court, amongst other things, as to the unlawful acts of Petrobras under various international laws including Brazilian law, ruled that “contrary to what is believed by Petrobras et al., the court holds Petrobras **can be blamed** for the fraud **and for the published incorrect annual and quarterly figures**”. The court also found that Petrobras cannot hide behind a few rogue executives and that the “lack of supervision by several board members **may be attributed to Petrobras as a company**.” Furthermore, the court found that “the fact that serious corruption occurs **is undoubtedly a relevant fact** and makes it impossible to say that the financial data is correct and complete.” In addition, the court found Petrobras’ statements regarding its internal controls and anti-corruption policies were false.

¹ International Securities Associations & Foundations Management Company, LLC (“ISAF”).

As to actual damage claims, the court found “there is every reason to believe that the drop in the share price was in part caused by the revelations about the fraud” and that “it is sufficiently plausible that Petrobras investors have suffered damages as a result of Petrobras’ unlawful acts.”

Dick Bouma, chairman of the Foundation, welcomes the 26 July ruling:

“This judgment confirms that the widespread fraud within Petrobras is not some oversight by a few low-ranking individuals that caused Petrobras to be a mere victim of the scandal, as Petrobras repeatedly told the court. The judgment makes clear that this fraud occurred at executive management level and directly affected the financial positions of those who invested in Petrobras. For years, Petrobras raised billions of dollars in capital from investors arguing it operated within the highest anti-corruption standards. Petrobras’ narrative has now burst.”

As a (final) next step in these proceedings, the court will, inter alia, seek guidance from the International Legal Institute in the Hague as to the application of direct losses under Brazilian law in this case. This additional clarification is sought in response to Petrobras’ defensive argument, that shareholders did not suffer direct losses as a direct result of the fraud and the massive drop in share prices.

In addition to the opinion of the Foundation’s Brazilian legal experts, which was submitted to the court, the Foundation is very confident that the damages that directly hit shareholder portfolios and books qualify as direct damages.

In this respect, it is important to note that, while Petrobras and PricewaterhouseCoopers, the company’s former independent auditors, settled a separate lawsuit several years ago with a subset of Petrobras investors acquiring shares via US ADRs (American Deposit Receipts for underlying Petrobras shares in Brazil) on the NYSE and USD-denominated bonds (the “US Class”), the even larger International Class represented here, were left empty handed. That may now all change. The International Class have estimated claims for more than USD \$20 billion in damages. For comparison, the US Class damages were estimated to be approximately \$15 billion and they received USD \$2,95 billion from Petrobras through the US class action settlements. The Dutch court agreed with the Foundation that “the Settlement Petrobras reached in the US litigation did not concern all its investors.”

Robert Frome, a veteran shareholder advocate with the law firm of Olshan Frome Wolosky LLP and a board member of ISAF said, “In my opinion, I think it is baffling that Petrobras, after paying fines and settling in the US with the SEC, DOJ and ADR holders, instead of pursuing settlement discussions, has risked dragging out its fight with more than 25% of its remaining shareholder base, who are representative of the international capital markets and Brazilian investors—undoubtedly its most important shareholder group.

Further, in my view, while doubtful whether Petrobras could win its ‘direct damages’ argument given the Dutch court’s clear ruling on fraud and otherwise on its home turf in Brazil, *it would still lose*. In my opinion, it would make Brazil an uninvestable market for the majority of international investors increasingly subject to ESG restrictions on their investments, if Brazilian capital market laws simply do not offer any protection or recourse to the people it should seek to protect, even when companies are found liable of massive fraud.

Given the US Class in Petrobras received \$2,95 billion in class action settlements for their losses—*from the same acts of fraud*—one may argue that if Brazil fails to protect its investors that, at a minimum, investors in Brazilian companies should sell their shares on the B3 in Brazil and buy ADRs on US

markets, where the SEC, DOJ, and civil US securities laws and court systems provide investors protection.

It seems clear that the Brazilian government, who owns approximately half of the shares in Petrobras, is faced with a serious dilemma. If a major Brazilian company, after fraud having been established by an EU court, is able to drag the battle to Brazil and somehow subsequently evade any responsibility for shareholder losses under Brazilian law, there is likely to be a serious blow to the credibility of Brazil's legal system and Brazil's commitment to governance, having a direct impact on both investors' willingness and policy limitations on investments in the Brazilian market and companies seeking to raise capital."

Ben Knüppe, chairman of the supervisory board of the Foundation, asks: "Where are Petrobras' auditors in all of this? Petrobras has taken no reserves for the Dutch litigation and, in spite of fines and settlements in the US and last week's ruling on unlawful acts committed by Petrobras, Petrobras continues to downplay its risks and potential liability towards international and Brazilian investors. Is KPMG (the current accountants) not concerned with the current level of Petrobras disclosure, loss reserves, and downplay of legal liability for shareholder losses? If Petrobras continues to roll the dice and ends up losing big, it could well be another shareholder class action suit in and of itself."

The July 26 ruling marks the beginning of the end of a 7-year battle in which Petrobras tried multiple times to dismiss the Litigation mostly on technical defenses, before finally having to argue the merits of the case. The merits can no longer be considered in dispute.

The International Class is made up of a large group of institutional investors from all over the world. Investors who have not already registered and wish to assert a claim for their losses in connection with this Litigation and any future settlement, should contact and register with the Foundation's administrator, ISAF, immediately.

Registration:

Eligible investors are those that transacted in Petróleo Brasileiro S.A.'s: (1) Common Shares (ISIN: BRPETRACNOR9); (2) Preferred Shares (ISIN: BRPETRACNPR6); and (3) the Bonds listed on Annex A, hereto, starting on January 1, 2004, ***provided that***, those securities were held through at least one of the fraud-related disclosures during the period starting on October 16, 2014 and ending July 28, 2015 (the Damages Period). Participants will need to provide transactional and holding data evidencing their potentially eligible Petrobras securities.

Transactions in USD-denominated bonds and Petrobras ADRs purchased on the New York Stock Exchange were covered by the US settlement and are not eligible.

Please contact:

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Click on this [*link to begin the registration process.*](#)

For more information on the July 26, 2023 ruling:

See: www.pbcompensation.com
Email: board@pbcompensation.com

A link to the judgment, in Dutch is available [here](#). A translation is available upon request and on the website www.pbcompensation.com as of 3 August, 2023.

The Stichting Petrobras Compensation Foundation is represented in the Dutch court by a team of lawyers led by Flip Wijers of Lemstra Van der Korst, N.V. (f.wijers@lvdk.com).

Global Coalition Information:

Foundation: Stichting Petrobras Compensation Foundation is a Netherlands-based foundation that acts on behalf of damaged Petrobras investors who purchased securities on markets outside of the United States. More information about the Foundation can be found at www.pbcompensation.com

Law Firms: Lemstra Van der Korst N.V., a leading Dutch litigation and class action law firm (Netherlands), represents the Foundation in consultation with Motley Rice, LLC (US), Withers, LLP (UK), and certain German, Spanish, Argentinian, Luxembourg and Brazilian law firms.

Administration: The Foundation appointed International Securities Associations & Foundations Management Company, LLC ("ISAF"), as a shareholder-driven organization, to coordinate all administration with shareholders and investors, including underwriting the funding of all litigation costs, and allowing investors to participate on a risk-free basis with no upfront cost. More information about ISAF can be found at www.isafmanagement.com

Litigation Research, Damage and Anonymous Claims Analysis: Battea Global Litigation Research Inc. and Battea—Class Action Services, LLC (“Battea”), leading experts in financial markets litigation and related transactional damage assessment and class action claims filings, validate investor losses. More information about Battea can be found at www.battea.com

Annex A: Potentially Eligible Petrobras Bonds

Name	Description	Maturity Date	Issued Amount	Currency	CUSIP	ISIN
Petroleo Brasileiro SA	6.83% Global Notes due 2020	5/20/2020	800,000,000	BRL	EK2762293	BRPETRDBS043
Petrobras Global Finance BV	2.75% Global Notes due 2018	1/15/2018	1,500,000,000	EUR	EK0138041	XS0982711631
Petrobras Global Finance BV	3.75% Global Notes due 2021	1/14/2021	750,000,000	EUR	EK0138108	XS0982711987
Petrobras Global Finance BV	4.75% Global Notes due 2025	1/14/2025	800,000,000	EUR	EK0138223	XS0982711714
Petrobras Global Finance BV	6.625% Global Notes due 2034	1/16/2034	600,000,000	GBP	EK0138348	XS0982711474
Petrobras Global Finance BV	N/A	4/2/2038	250,000,000	EUR	ZQ9516860	N/A
Petrobras Global Finance BV	N/A	2/4/2033	175,000,000	EUR	ZQ9556676	N/A
Petrobras Global Finance BV	3.25% Global Notes due 2019	4/1/2019	1,300,000,000	EUR	EJ3777889	XS0835886598
Petrobras Global Finance BV	4.25% Global Notes due 2023	10/2/2023	700,000,000	EUR	EJ3787334	XS0835890350
Petrobras Global Finance BV	5.375% Global Notes due 2029	10/1/2029	450,000,000	GBP	EJ3778036	XS0835891838
Petrobras Global Finance BV	6.25% Global Notes due 2026	12/14/2026	700,000,000	GBP	EI8991800	XS0718502007
Petrobras Global Finance BV	4.875% Global Notes due 2018	3/7/2018	1,250,000,000	EUR	EI8955813	XS0716979249
Petrobras Global Finance BV	5.875% Global Notes due 2022	3/7/2022	600,000,000	EUR	EI8955896	XS0716979595
Petrobras Global Finance BV	2.15% Global Notes due 2016	9/27/2016	35,000,000,000	JPY	EI2469902	JP90B000UCE1