

Introduction: A Post-Covid World, The ESG Agenda and Other Trends in 2021

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Topics

Corporate Governance ESG
equity Sustainability diversity
COVID-19 gender

2020. A year like no other in recent generations. A year that dramatically changed the world and humankind in uncountable ways. A year that made a deep mark on legal and business frameworks across the globe.

2021. Contrary to all early expectations, the covid-19 pandemic still prevails across our planet and its effects will likely shape our future in many different ways. In this radically transformed world, ESG (Environmental, Social and Governance) principles have gained momentum at a speed that was unimaginable until the coronavirus appeared and started this major global “reset”. Until very recently a “nice-to-have” showpiece in the corporate environment, ESG has turned out to be a “have-to-have” element in the business strategy of companies across different industries. Covid-19 has accelerated the digital transformation of the economy and has changed consumption behaviours, business relations, work dynamics, impacting different industries and increasing concerns about issues such as health and wellbeing, environment and sustainability, cybersecurity, digital transformation, and social inequality.

In the corporate world, the tensions between the shareholders’ model and the stakeholders’ model in business is becoming more and more evident. Investors have been turning their attention to the issue and pushing companies to act more responsibly toward a wider stakeholder community. This sense of purpose has assumed an important role in corporations. Climate change issues, decarbonization, sustainabilityrelated challenges, corporate governance, gender equality, diversity – not only in boards of directors but throughout the organization – and employees’ mental health are now major elements in the corporate agenda.

Just as in the US, the UK and continental Europe, the ESG agenda has taken a prominent place in the Brazilian business community, but many other developments have also caught the market’s attention. The pandemic brought on an enormous crisis and, as the saying goes, in every crisis there are opportunities. Companies and investors that were better prepared to navigate through these rough seas are taking advantage of those opportunities. As a result, M&A activity surged globally, and Brazil was no different. In addition to the consolidations usually seen during periods of crisis, we saw new M&A trends, especially those generated by the digital economy and tech and innovation opportunities. The fast-track to digitalization driven by the pandemic in a vast number of industries, including the financial system, is proving to be a game changer in the Brazilian market and financial landscape. Needless to say, the rapid movement to virtual environments has tremendously increased the importance of data protection.

Venture capital activity is also reaching unprecedented levels in Brazil, as reflected in deal volumes and values. Renewable energy, infrastructure and

the new rounds of public concessions and privatizations being launched by Brazil's federal government are also in the spotlight for 2021, and foreign investors will certainly have a significant role to play.

Capital markets are booming in Brazil, with IPOs and follow-on offerings reaching alltime records. Interest rates are still at very low levels in Brazil (and elsewhere), encouraging investors to search for non-fixed rate return investments. The migration to the equity market has made it possible for companies to use all sorts of different and innovative fundraising instruments.

Challenging conditions still prevail on the political and economic fronts, and will probably last until substantial progress is made in the vaccination process, paving the path to sustainable recovery in the Brazilian economy. But investment opportunities and bright spots can be found in the Brazilian market, and domestic and foreign investors are carefully watching the players' moves in the corporate and financial arenas.

In this e-book, we have selected a number of topics that can provide legal and business insights into investing in Brazil in 2021, for both new and current investors in our country. We hope you enjoy this exploration of issues and opportunities in Brazil in 2021. For more information on any of the topics covered in this e-book or in any other matter, our team will be more than pleased to assist.

This content is part of the e-book "A Post-Covid World, the ESG Agenda and Other Trends in 2021: Insights for Foreign Investors in Brazil**". [Click here to view all the articles.](#)*

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