APPENDIX A - Description of Variables

| Variable | NDIX A – Description of Variables Variable Description Source References | | | | | | | | | |
|--|--|---|--|--|--|--|--|--|--|--|
| | | Source | Heierences | | | | | | | |
| Panel A. Dependen Turnover _{it} | Binary variable, which indicates 1 for the occurrence of CEO turnover for a given company <i>i</i> over period <i>t</i> ; and 0 otherwise. This independent variable was used to employ binary logistic regression. Nominal variable, determined for each company <i>i</i> over period <i>t</i> , which | CMV website (i) Reference Form (Item 12.6/8); (ii) Minutes of OGM/EGM and | Parrino (1997); Campbell et al. (2011); Hazarika et al. | | | | | | | |
| Turnover_Type _{it} | assumes the following values for the following possibilities: 0 for no turnover; 1 for forced CEO turnover; and 2 for voluntary CEO turnover. This independent variable was used to employ multinomial logistic regression. | Board of Directors Meetings; and (iii) Material Facts. Parrino (1997) | (2012); Matos & Colauto (2017); Chang et al. (2021) | | | | | | | |
| Panel B. Independe | | | | | | | | | | |
| Independent Variab | | | | | | | | | | |
| PAS_{it} | Binary variable, which indicates whether an Administrative Sanctioning Proceeding (PAS) was initiated by the CVM against a given firm <i>i</i> – or any economic agent linked to its management in the performance of its activities – throughout year <i>t</i> . | CVM website: (i) Administrative Sanctioning Proceedings Judged; and (ii) Process Consultation | Dantas et al. (2011) | | | | | | | |
| Independent Contro | | | | | | | | | | |
| Size_BD _{it} | Numerical variable, obtained from the logarithm of the number of board members of company <i>i</i> throughout year <i>t</i> . CVM site: (i) Reference Form (Item 13) | | Pukthuanthong et al. (2018) | | | | | | | |
| Remuneration_BD _{it} | Numerical variable, obtained from the logarithm of the total amount of remuneration attributed to board members of company <i>i</i> throughout year <i>t</i> . CVM site: i) Reference For (Item 13.2) | | Chen et al. (2016) | | | | | | | |
| Duality _{it} | Binary variable, which takes the value of 1 if the CEO also holds the position of chairperson of the board of directors for each company <i>i</i> throughout year <i>t</i> ; and 0 otherwise. | CVM site: (i) Reference Form (Item 12.6/8) | Chen et al. (2016); Dah & Frye (2017); Pukthuanthong et al. (2018) | | | | | | | |
| Size _{it} | Numerical variable, obtained from the logarithm of the total assets of company <i>i</i> in year <i>t</i> . | Economatics | Brickley (2003); Chen et al. (2016); Dah & Frye (2017); Pukthuanthong et al. (2018) | | | | | | | |

APPENDIX B - Number of Administrative Sanctioning Processes (PAS) (2011 - 2021)

| A) PAS Initiated 78 84 116 95 89 113 138 105 102 83 111 Ordinary 50 77 114 95 89 113 134 100 96 77 99 Summary 28 7 2 0 0 0 4 5 6 6 12 B) PAS Completed 52 52 92 54 80 78 70 139 120 96 87 B.1) Completed by Judgment* 0 4 5 6 6 16 11 4 5 Simplified 6 6 16 11 4 5 6 11 4 5 B.2) Completed by Settlement Agreement * 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 | APP | ENDIX B – Number of Adm | | | | | | | | | | 0000 | 0001 |
|--|------------------|-------------------------|------|-----|-----|-----|-----|-----|-----|-----|-----|------|------|
| Ordinary | • | Year | 2011 | | | | | | | | | | 2021 |
| Summary 28 7 2 0 0 0 0 0 0 0 0 0 | A) | | | | | | | | | | | | |
| Simplified Sim | | | | | | | | | 134 | 100 | 96 | 77 | 99 |
| B PAS Completed 52 52 92 54 80 78 70 139 120 96 87 | | | 28 | 7 | 2 | 0 | 0 | 0 | | | | | |
| B.1) Completed by judgment* 24 25 56 41 55 65 45 93 87 59 51 51 52 56 53 54 59 51 53 54 54 55 56 54 59 54 58 59 51 58 58 59 51 58 59 51 58 59 51 58 59 51 58 59 51 58 59 51 58 59 51 58 59 51 58 59 51 59 59 59 51 59 59 | | Simplified | | | | | | | 4 | 5 | 6 | 6 | 12 |
| B.1) Completed by judgment* 24 25 56 41 55 65 45 93 87 59 51 51 52 56 53 54 59 51 53 54 54 55 56 54 59 54 58 59 51 58 58 59 51 58 59 51 58 59 51 58 59 51 58 59 51 58 59 51 58 59 51 58 59 51 58 59 51 59 59 59 51 59 59 | | | | | | | | | | | | | |
| Ordinary | | | 52 | 52 | 92 | 54 | 80 | 78 | 70 | 139 | 120 | 96 | 87 |
| Simplified | B.1) | Completed by judgment* | | | | | | | | | | | |
| B.2 Completed by Settlement Agreement * Ordinary 20 21 32 13 23 13 19 27 20 29 27 Simplified 0 0 0 0 0 0 1 1 1 1 | | | 24 | 25 | 56 | 41 | 55 | 65 | 45 | | | 59 | |
| Ordinary 20 21 32 13 23 13 19 27 20 29 27 Simplified 8 6 4 0 2 0 0 3 2 4 3 C) Final Stock* 54 68 65 87 109 145 183 157 132 134 136 Ordinary 54 68 65 87 109 145 183 157 132 134 136 Ordinary 54 68 65 87 109 145 174 152 129 131 134 Simplified 9 5 3 3 2 2 2 3 3 2 D.1) Sanctions 75 123 181 111 130 175 124 307 310 175 111 Warnings 7 10 37 16 20 12 7 < | | Simplified | | | | | | | 6 | 16 | 11 | 4 | 5 |
| Simplified | B.2) | | | | | | | | | | | | |
| B.3 Archived | | Ordinary | 20 | 21 | 32 | 13 | 23 | 13 | 19 | 27 | 20 | 29 | 27 |
| C) Final Stock* 54 68 65 87 109 145 183 157 132 134 136 Ordinary 54 68 65 87 109 145 174 152 129 131 134 Simplified 9 5 3 3 3 2 D) Decisions D.1) Sanctions 75 123 181 111 130 175 124 307 310 175 111 Warnings 7 10 37 16 20 12 7 31 44 13 25 Fines 66 108 132 90 100 155 107 249 226 140 83 Suspension from holding office 0 0 0 1 0 1 0 1 5 1 3 0 Revocation of authorization or registration registration 2 5 11 5 9 8 9 9 18 14 1 Prohibition of acting in specific markets 0 0 0 0 0 0 0 0 0 0 13 21 5 2 D.2) Acquittals, Extinction of Punishment, and Other Decisions Without | | Simplified | | | | | | | 0 | 0 | 0 | 0 | 1 |
| Ordinary 54 68 65 87 109 145 174 152 129 131 134 Simplified 9 5 3 3 2 D) Decisions 9 5 3 3 2 D.1) Sanctions 75 123 181 111 130 175 124 307 310 175 111 Warnings 7 10 37 16 20 12 7 31 44 13 25 Fines 66 108 132 90 100 155 107 249 226 140 83 Suspension from holding office 0 0 1 0 1 5 1 3 0 Revocation of authorization or registration 2 5 11 5 9 8 9 9 18 14 1 Prohibition of acting in specific markets 0 0 0 0 <td>B.3)</td> <td>Archived</td> <td>8</td> <td>6</td> <td>4</td> <td>0</td> <td>2</td> <td>0</td> <td>0</td> <td>3</td> <td>2</td> <td>4</td> <td>3</td> | B.3) | Archived | 8 | 6 | 4 | 0 | 2 | 0 | 0 | 3 | 2 | 4 | 3 |
| Ordinary 54 68 65 87 109 145 174 152 129 131 134 Simplified 9 5 3 3 2 D) Decisions 9 5 3 3 2 D.1) Sanctions 75 123 181 111 130 175 124 307 310 175 111 Warnings 7 10 37 16 20 12 7 31 44 13 25 Fines 66 108 132 90 100 155 107 249 226 140 83 Suspension from holding office 0 0 1 0 1 5 1 3 0 Revocation of authorization or registration 2 5 11 5 9 8 9 9 18 14 1 Prohibition of acting in specific markets 0 0 0 0 <td>,</td> <td></td> | , | | | | | | | | | | | | |
| Ordinary 54 68 65 87 109 145 174 152 129 131 134 Simplified 9 5 3 3 2 D) Decisions 9 5 3 3 2 D.1) Sanctions 75 123 181 111 130 175 124 307 310 175 111 Warnings 7 10 37 16 20 12 7 31 44 13 25 Fines 66 108 132 90 100 155 107 249 226 140 83 Suspension from holding office 0 0 1 0 1 5 1 3 0 Revocation of authorization or registration 2 5 11 5 9 8 9 9 18 14 1 Prohibition of acting in specific markets 0 0 0 0 <th>C)</th> <th>Final Stock*</th> <th>54</th> <th>68</th> <th>65</th> <th>87</th> <th>109</th> <th>145</th> <th>183</th> <th>157</th> <th>132</th> <th>134</th> <th>136</th> | C) | Final Stock* | 54 | 68 | 65 | 87 | 109 | 145 | 183 | 157 | 132 | 134 | 136 |
| Simplified 9 5 3 3 2 | | Ordinary | 54 | 68 | 65 | 87 | 109 | 145 | 174 | 152 | 129 | 131 | 134 |
| D) Decisions 75 123 181 111 130 175 124 307 310 175 111 Warnings 7 10 37 16 20 12 7 31 44 13 25 Fines 66 108 132 90 100 155 107 249 226 140 83 Suspension from holding office 0 0 1 0 1 5 1 3 0 Revocation of authorization or registration 2 5 11 5 9 8 9 9 18 14 1 Prohibition of acting in specific markets 0 0 0 0 0 0 0 0 13 21 5 2 D.2) Acquittals, Extinction of Punishment, and Other Decisions Without 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | | 4 | | | | | | | | | | | 2 |
| D.1) Sanctions 75 123 181 111 130 175 124 307 310 175 111 Warnings 7 10 37 16 20 12 7 31 44 13 25 Fines 66 108 132 90 100 155 107 249 226 140 83 Suspension from holding office 0 0 1 0 1 5 1 3 0 Revocation of authorization or registration 2 5 11 5 9 8 9 9 18 14 1 Prohibition of acting in specific markets 0 0 0 0 0 0 0 0 13 21 5 2 D.2) Acquittals, Extinction of Punishment, and Other Decisions Without 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>_</td><td></td><td></td><td>_</td><td></td></t<> | | | | | | | | | _ | | | _ | |
| D.1) Sanctions 75 123 181 111 130 175 124 307 310 175 111 Warnings 7 10 37 16 20 12 7 31 44 13 25 Fines 66 108 132 90 100 155 107 249 226 140 83 Suspension from holding office 0 0 1 0 1 5 1 3 0 Revocation of authorization or registration 2 5 11 5 9 8 9 9 18 14 1 Prohibition of acting in specific markets 0 0 0 0 0 0 0 0 13 21 5 2 D.2) Acquittals, Extinction of Punishment, and Other Decisions Without 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 <t< td=""><td>D)</td><td>Decisions</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<> | D) | Decisions | | | | | | | | | | | |
| Warnings 7 10 37 16 20 12 7 31 44 13 25 Fines 66 108 132 90 100 155 107 249 226 140 83 Suspension from holding office 0 0 1 0 1 5 1 3 0 Revocation of authorization or registration 2 5 11 5 9 8 9 9 18 14 1 Prohibition of acting in specific markets 0 0 0 0 0 0 0 13 21 5 2 D.2) Acquittals, Extinction of Punishment, and Other Decisions Without 0 | | | 75 | 123 | 181 | 111 | 130 | 175 | 124 | 307 | 310 | 175 | 111 |
| Fines 66 108 132 90 100 155 107 249 226 140 83 Suspension from holding office 0 0 1 0 1 0 1 5 1 3 0 Revocation of authorization or registration 2 5 11 5 9 8 9 9 18 14 1 Prohibition of acting in specific markets 0 0 0 0 0 0 0 13 21 5 2 D.2) Acquittals, Extinction of Punishment, and Other Decisions Without 0 | | | | | | | | | | | | | 25 |
| Suspension from holding office 0 0 1 0 1 0 1 5 1 3 0 Revocation of authorization or registration 2 5 11 5 9 8 9 9 18 14 1 Prohibition of acting in specific markets 0 0 0 0 0 0 0 0 13 21 5 2 D.2) Acquittals, Extinction of Punishment, and Other Decisions Without | | | 66 | | | | | | 107 | | 226 | | 83 |
| office 0 0 1 0 1 0 1 5 1 3 0 Revocation of authorization or registration 2 5 11 5 9 8 9 9 18 14 1 Prohibition of acting in specific markets 0 0 0 0 0 0 0 13 21 5 2 D.2) Acquittals, Extinction of Punishment, and Other Decisions Without 0 | | | | | | | | | _ | | | _ | |
| Revocation of authorization or registration | | | 0 | 0 | 1 | 0 | 1 | 0 | 1 | 5 | 1 | 3 | 0 |
| authorization or registration 2 5 11 5 9 8 9 9 18 14 1 Prohibition of acting in specific markets 0 0 0 0 0 0 0 0 13 21 5 2 D.2) Acquittals, Extinction of Punishment, and Other Decisions Without | | | | | | | | | | | | | |
| registration 2 5 11 5 9 8 9 9 18 14 1 Prohibition of acting in specific markets 0 0 0 0 0 0 0 0 13 21 5 2 D.2) Acquittals, Extinction of Punishment, and Other Decisions Without 0 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<> | | | | | | | | | | | | | |
| Prohibition of acting in specific markets 0 0 0 0 0 0 0 13 21 5 2 D.2) Acquittals, Extinction of Punishment, and Other Decisions Without | | | 2 | 5 | 11 | 5 | 9 | 8 | 9 | 9 | 18 | 14 | 1 |
| specific markets 0 0 0 0 0 0 0 13 21 5 2 D.2) Acquittals, Extinction of Punishment, and Other Decisions Without | | | | | | _ | | _ | | _ | | | |
| D.2) Acquittals, Extinction of Punishment, and Other Decisions Without | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13 | 21 | 5 | 2 |
| Punishment, and Other Decisions Without | D.2) | | | | | | | | | | | | |
| Decisions Without | , | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Candida | | Sanction | 22 | 176 | 102 | 35 | 82 | 67 | 51 | 140 | 149 | 125 | 122 |
| | | | | | | | | | | 140 | | | 114 |
| Extinction of Punishment | | | | | | | | | | | | | |
| and Other Decisions | | | | | | | | | | | | | |
| Without Sanction 0 0 0 0 0 0 0 0 0 11 15 8 | Without Sanction | | l _ | _ | _ | _ | l _ | _ | l _ | 1 _ | l | | |

Note: The CVM does not disclose in its "Sanctioning Activity Reports" the evolution of the Administrative Sanctioning Processes that were conducted via summary procedure. Therefore, the lines marked by "*" only count the processes conducted by ordinary and simplified procedures.

Source: Elaborated by the authors based on information published in the "CVM Sanctioning Activity Report" available on its website (CVM, n.d.).