

March 29, 2024

To: All Shareholders of IRB Brasil Resseguros SA (a/k/a IRB Brasil RE) (“IRB”) who sold shares of IRB on March 4, 2020.

Re: Initial Notice of Non-Prosecution Agreement Shareholder Compensation Payment

The purpose of this Initial Notice is to inform you of a shareholder compensation payment of five (5) million dollars, to be made to shareholders who sold IRB stock on March 4, 2020 (the “Shareholder Compensation Payment”), as required by the Non-Prosecution Agreement (“NPA”) entered into by the United States Department of Justice, Criminal Division, Fraud Section (the “Fraud Section”) and IRB on April 20, 2023.

This Initial Notice describes what steps you must take if you wish to participate and receive compensation from the Shareholder Compensation Payment. Please see <https://www.kroll.com/en/irbshareholdercompensation> for additional information regarding the Shareholder Compensation Payment.

Background¹

A publicly traded Brazilian reinsurance company, IRB, entered into an NPA with the Justice Department and agreed to pay \$5 million in victim compensation to resolve the government’s investigation into a securities fraud scheme to fraudulently prop up IRB’s stock price by spreading false information that U.S. investment firm Berkshire Hathaway Inc. had invested in the company. IRB trades on Brazil’s B3 exchange and has shareholders around the world, including in the United States.

As stated in the NPA, IRB, through its former CFO, Fernando Passos, executed the fraud scheme beginning in February 2020 after an investment company published a report questioning the accuracy of IRB’s financial statements and announcing that the investment company had taken a short position against IRB’s stock. IRB’s stock price dropped in the wake of the report.² In response, Passos developed and executed a scheme to mislead shareholders and the investing public by disseminating and causing to be disseminated materially false information that Berkshire Hathaway had invested in IRB, despite knowing that Berkshire Hathaway had not made any such investment.³ Passos circulated, and caused subordinate IRB investor relations employees to

¹ <https://www.justice.gov/opa/pr/irb-brasil-agrees-pay-shareholders-5m-connection-securities-fraud-scheme>

² *Id*

³ *Id*

circulate, false materials to members of the press, analysts, and members of IRB's board of directors to spread the false information regarding Berkshire Hathaway's purported investment.⁴

News outlets in both Brazil and the United States began incorrectly reporting that Berkshire Hathaway had invested in IRB.⁵ Following the news coverage, on the evening of March 3, 2020, Berkshire Hathaway issued a press release stating that it was not currently, had never been, and had no intention of becoming a shareholder in IRB. On March 4, 2020, after Berkshire Hathaway's press release, IRB's stock price dropped precipitously, causing significant shareholder losses.⁶

As part of the NPA, IRB admitted that the facts described in the NPA constitute securities fraud.⁷ Under the terms of the NPA, IRB has agreed to continue cooperating with the Justice Department in other related investigations, to continue to implement a compliance and ethics program as set forth in the NPA, and to report to the department regarding the company's remediation and implementation of the compliance measures as described in the NPA.⁸ Further, IRB has agreed to pay victim compensation of \$5 million to shareholders who sold IRB stock on March 4, 2020.⁹

As noted in the NPA the department reached this resolution with IRB based on a number of factors, including, among others, the nature and seriousness of the offense conduct involving IRB's former CFO, as well IRB's cooperation and implementation of remedial measures.¹⁰ In addition, IRB and the department agreed that the total amount of losses to all shareholders who sold IRB stock on March 4, 2020, was significantly more than \$5 million.¹¹ However, despite agreeing that a larger amount otherwise would be appropriate based on the law and the facts, IRB made representations to the department that the company had an inability to pay a criminal monetary penalty and to cover the full loss to shareholders.¹² Based on those representations, the department, with the assistance of a forensic accounting expert, conducted an independent inability-to-pay analysis, which determined that the payment of more than \$5 million was reasonably likely to threaten the continued viability of IRB, which in turn may expose the company's shareholders to a further risk of loss.¹³

Shareholder Compensation Payment

⁴ *Id*

⁵ *Id*

⁶ *Id*

⁷ *Id*

⁸ *Id*

⁹ *Id*

¹⁰ *Id*

¹¹ *Id*

¹² *Id*

¹³ *Id*

Kroll, LLC has been appointed by IRB and the Fraud Section as the Shareholder Payment Administrator (the “Administrator”) to determine the proper administration and disbursement of the Shareholder Compensation Payment.

If you believe you are entitled to funds from the Shareholder Compensation Payment, please submit a claim to the Administrator by **June 28, 2024**. To submit a claim, please complete the Claim Form attached hereto and send back to the Administrator via email to **IRBShareholder@Kroll.com** or mail to **Kroll, LLC ATTN: IRB Shareholder Compensation 55 E 52nd St Floor 16 NY, NY 10055 USA**.

Consistent with the NPA, the Administrator will make recommendations to the Fraud Section regarding (a) the shareholders who should receive payments from the Shareholder Compensation Payment amount; and (b) the amounts that these shareholders should receive. Only the Fraud Section shall be empowered to make final determinations regarding: (a) the shareholders who should receive payments from the Shareholder Compensation Payment amount; and (b) the amounts that these shareholders should receive.

This letter serves as your Initial Notice of the Shareholder Compensation Payment. Please submit the attached Claim Form to the Administrator by **June 28, 2024**. To submit the Claim Form to the Administrator, please email to **IRBShareholder@Kroll.com** or mail to **Kroll, LLC ATTN: IRB Shareholder Compensation 55 E 52nd St Floor 16 NY, NY 10055 USA**.

FOR ANY INQUIRIES, PLEASE SUBMIT TO THE EMAIL INBOX (**IRBShareholder@Kroll.com**) WITH THE SUBJECT LINE: “IRB SHAREHOLDER PAYMENT INQUIRY”. Please refer to **<https://www.kroll.com/en/irbshareholdercompensation>** for additional details regarding the Shareholder Compensation Payment.

Respectfully Submitted,

Kroll, LLC

Shareholder Compensation Payment Claim Form

If you believe you are entitled to funds from the Shareholder Compensation Payment, please submit this Claim Form in its entirety to the Administrator by email to **IRBShareholder@Kroll.com** or mail to **Kroll, LLC ATTN: IRB Shareholder Compensation 55 E 52nd St Floor 16 NY, NY 10055 USA**. To ensure that the Administrator is able to process your claim in an expeditious manner, please complete all sections of this Claim Form in legible block letters. Please only complete this form for entities/persons who sold shares of IRB on March 4, 2020. Please note that this form is available at **<https://www.kroll.com/en/irbshareholdercompensation>**.

Shareholder Information (the “Claimant”)

Name of Person / Entity: _____

Number of IRB Shares Held at Market Open on March 4, 2020: _____

Number of IRB Shares Sold on March 4, 2020: _____

Number of IRB Shares Held at Market Close on March 4, 2020: _____

Banking Details

Please provide the bank account details that the Administrator should direct funds to if you are deemed eligible for a share of the Shareholder Compensation Payment.

Name of Owner of the Bank Account: _____

Account Number: _____

Routing Number: _____

Information Regarding the Authorized Individual Completing this Claim Form

Name: _____

Mailing Address: _____

Email Address: _____

If the claimant is an individual other than the person completing this Claim Form or if the Claimant is an Entity, please describe your relationship to the Claimant:

Signature: _____ Date: _____