ESG | Practice Area

Staying attentive to the needs of the market, and with a commitment to anticipating trends and presenting our clients with customized legal solutions, Mattos Filho has instituted a new practice area:

ESG - Environmental, Social and Governance.

The firm's ESG practice area is a pioneering initiative in the Brazilian legal sector. It brings together specialists from different areas of the firm to provide comprehensive and coordinated services to all industrial sectors and associated investors and financiers. By integrating environmental, social and governance issues into business indicators, the area seeks to optimize and improve the results of economic activity.

The ESG practice area incorporates five main pillars: the environment, climate change, human and corporate rights, sustainable finance and risk management and governance.

With regard to **sustainable finance**, we assist issuers, investors and sponsors in structuring and negotiating transactions to raise funds via thematic bonds.

Thematic bonds

What are thematic bonds?



Green bonds: bonds to raise funds for projects or assets providing environmental benefits



Social bonds: bonds to raise funds for social projects and/or those generating certain social benefits





Sustainability-linked bonds: bonds to raise funds for a combination of projects that generate environmental as well as social benefits

Which types of securities can be classified as thematic bonds?



Any debt security or credit instrument that raises funds for the purposes indicated above may be classified as a thematic bond, including:

- Debentures
- Real Estate Receivables Certificates (CRIs)
- Agribusiness Receivables Certificates (CRAs)
- Bank Credit Instruments (CCBs, NPs, etc.)
 Pool Estate Credit Pills (LCIs)
- Real Estate Credit Bills (LCIs)
- Agribusiness Credit Bills (LCAs)
 Socurities issued abroad (bonds)
- Securities issued abroad (bonds or notes)



Examples of eligible purposes:



bonds

Green

transmissionEnergy efficiency

Renewable energy and

- (including street lighting)Pollution prevention or control
- Sustainable land use

Preservation of aquatic and

- land-based biodiversityLow-carbon transport
- (including infrastructure for reducing emissions)
- SanitationSolid waste treatment for power
- generation
 Buildings with low greenhouse gas emissions



(potable water, sanitation, transportation, energy)
 Access to essential services

Basic accessible infrastructure

- (potable water, sanitation, transportation, energy)Job creation schemes and
- unemployment prevention programs due to socio-economic crises
- systemsSocio-economic development

and empowerment

Sustainable food production

(equitable participation in both the market and society, including the reduction of income inequality)

Who qualifies thematic bonds?



independent third parties, either by way of a second opinion, certification or rating assessment

There is still no market consensus as to

Project qualification for financing via

thematic bonds is carried out by



objective criteria (taxonomy) to qualify assets and projects as eligible for financing via thematic bonds

Nevertheless, the most credible

There are international standards outlining



the definition of taxonomies, which can vary depending on the relevant sector or jurisdiction of a given project



international standards for taxonomy criteria today are those established by the International Capital Markets Association or the Climate Bonds Initiative (CBI)

How can Mattos Filho help?



for raising funds

eligible projects

Identifying



the issuance of bonds

documents governing

Structuring of



the sanitation sector

financial bills

ESG criteria

Assistance in adapting

issuers' profiles to meet



Assistance in structuring the issuance of green bonds abroad, for a company in the

Our recent

experience



Assisting financial institutions with structuring the issuance of social

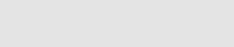
Assistance in structuring the issuance of green infrastructure debentures in



Assistance in structuring the issuance of green infrastructure debentures in the



Assistance in structuring second opinions for the issuance of social debentures



agroforestry sector

São Paulo | Campinas | Rio de Janeiro | Brasília | Nova Iorque | Londres