The Rise of Sustainable Finance in Brazil and Latin America

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With the increased priority to environmental, social and governance (ESG) issues globally, particularly with regard to climate change, Latin America has experienced a significant increase in responsible investment and sustainable finance. Latin America's tropical forests are among the most biodiverse ecosystems on earth, and highly vulnerable to the effects of climate change. The region's economies are heavily reliant on extractive industries and agricultural and mining commodities, a context that makes ESG considerations even more important in relevant sectors like mining, oil & gas, power generation and distribution, infrastructure, forestry, agriculture, livestock, and fisheries.

The emergence of ESG investing began in January 2004 when former UN Secretary General Kofi Annan wrote to over 50 CEOs of major financial institutions, inviting them to participate in a joint initiative under the auspices of the UN Global Compact. The goal of the initiative was to find ways to integrate ESG into capital markets, and to accelerate sustainable development, seeking to "meet the needs of the current generation without compromising the ability of future generations to meet their own needs"[1]. A year later, this initiative produced a report entitled "Who Cares Wins," making the case that embedding ESG factors in capital markets makes good business sense and leads to more sustainable markets and better outcomes for companies and societies. In that context, responsible investing now integrates ESG considerations into investment processes and criteria, expanding the investment decision process beyond those traditionally considered as part of financial analysis, to encompass those that still yet may have financial relevance.

These factors generally include efforts and metrics relating to: (i) ***environmental aspects***, including proper waste management, efficient management of water, production of clean and renewable energy, reduction of carbon emission and other greenhouse gas emissions, deforestation control and increase in biodiversity; (ii) ***social aspects***, including reduction of poverty, access to justice, employee welfare, diversity and gender protection, data protection and privacy/ and (iii) ***governance aspects***, including strong governance practices and compliance systems, consideration to stakeholders' interests, promotion of ethical values in the conduct of business, diversity in boards and transparence in the relationship with governmental entities and politicians.

Environmental

- Proper waste management
- Efficient water management
- Clean and renewable energy
- Reduction in carbon emission and greenhouse gases
- Deforestation and land use
- Biodiversity and conservancy

Social

- Reduction of poverty and inequality
- Access to justice
- Labor practices and safety
- Employee welfare
- Diversity and gender protection
- Human rights
- Data protection and privacy

Governance

- Corporate governance practices
- Strong compliance systems
- Stakeholders' interests
- Promotion of ethical values
- Board composition and diversity
- Relationship with government entities and politicians

1 According to the Brundtland Report, the United Nations, 1987.

Demand for investments managed with strong ESG credentials has grown exponentially and appears to be inexorable in a world post- COVID-19 pandemic, with greater social and ecological awareness. Global ESG assets under management (AUM) are on track to exceed US$53 trillion by 2025, according to research from Bloomberg Intelligence, representing more than a third of all AUM worldwide. Further, according to MergerMarket[2] almost two-thirds (63%) of surveyed asset managers and PE firms say ESG factors will become significantly more important.

As the largest asset class in the global financial market, estimated at US$128.3 trillion as of 2020[3], the bond market can play a significant role in catalyzing investments to achieve the United Nations Sustainable Development Goals (SDGs). Sustainable finance emerged as a key trend in the debt finance markets in recent years, with private issuers and sovereigns having issued green, social and sustainability-linked bonds (or "GSS bonds") in unprecedented amounts.

GSS Bonds

Sustainable or GSS bonds are debt securities used to finance pre-defined sustainable activities, projects, or assets. They are a traditional debt instrument and very similar to standard bonds. However, the proceeds from GSS bonds are used for projects that contribute to sustainable development with a positive ESG impact. Initially, GSS bonds were mostly structured as "green bonds", meaning that the proceeds were earmarked to finance projects with environmental benefits. More recently, however, markets have seen "social" and "sustainability-linked" bonds, which support a broader range of ESG areas, beyond just environmental considerations. Although there is no formal statutory or regulatory definition of what is a "green," "social" or "sustainable" bond, in general terms, a bond can be considered green, social or sustainable if the issuer intends to use the proceeds to fund certain eligible projects, assets or expenditures that qualify as green, social or both.

While there has been progress in the EU with regard to climate taxonomy, there is not a globally recognized ESG taxonomy. Without a standardized taxonomy for green, social and sustainable bonds, the financial community has frequently used the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines released by the International Capital Market Association, or ICMA. These ICMA principles and guidelines focus mainly on the use of proceeds, the process for project evaluation and selection, the management of proceeds, the measurement of ESG indicators, and reporting of results[4].

Within the ICMA guidelines, an issuer will typically create a GSS bond framework, and make it available to investors in advance of its first GSS bond issuance. The framework covers topics such as eligible project types, selection and evaluation methodology, management of proceeds, measurement tools and metrics, content requirements and frequency of reports, third-party verification and benchmarking. Issuers generally commit to present annual or semi-annual reports describing the allocation of the proceeds and Key Performance Indicators (KPIs) calculated or verified by an external verifier with expertise in ESG issues, who will produce a second party opinion (SPO).

Overall, 2020 was a record year for GSS bond issuances, surpassing the prior record volume seen in 2019, and 2021 is expected to continue this trend with even higher GSS bond issuance levels. In Latin America, Brazil is the largest market for GSS bonds, followed by Chile and Mexico. There are significant differences in issuer types between countries: Brazil is dominated by non-financial corporates, Chile by sovereign deals, Mexico by development banks, and Argentina by local governments. Energy is the most funded sector, with half of the region's green bond proceeds targeting renewable projects, especially wind and solar. Energy is the industry with the highest share of GSS bond funding in all countries, except for Chile, where transportation ranks first[5].

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2 MergerMarket, The ESG Agenda – Revolution or Evolution, 2021.

3 Bond Market Size. International Capital Market Association (ICMA).

4 The EU is taking steps re climate taxonomy. The EU taxonomy classification system establishes a list of environmentally sustainable economic activities with the intent of helping the EU intent sustainable investment and implement the European green deal. See: Paul Hastings LLP - Climate Related Disclosures For Financial Institutions – New U.K. Mandatory Requirements https://www.paulhastings.com/insights/client-alerts/climate-related-disclosures-for-financial-institutions-new-uk-mandatory-requirements"

5 See: Latin America & Caribbean green finance: Huge potential across the region | Climate Bonds Initiative

Green, Blue and Transition Bonds

Green bonds are “use-of-proceed” bonds intended to financing new and existing projects or activities with positive environmental impacts, including renewable energy, energy efficiency, clean transportation, green buildings, wastewater management and climate change adaption. Green bonds are usually structured using the Green Bond Principles from ICMA, a set of voluntary guidelines that promote more transparent, unified reporting on bonds’ environmental objectives and estimated impact.

The green bond market has seen rapid growth, with more than US$1 trillion in total issuance since 2010[6]. More recently, there has been a shift from green bonds to a wider mix of social, green, and sustainability bonds. While the pandemic caused a slight slowdown in the green bond market at the beginning of 2020, there has been an increase in COVID-19 social bond issuances (with themes of healthcare, and support for small- and medium-sized enterprises). In 2020, sustainable debt hit a new record, reaching the greatest volume of issuance in a single year at US$732.1 billion across bond and loan varieties raised with environmental and social purposes in mind. By late July 2021, GSS bond issuances in Latin America had reached US$45 billion, a 70% increase from 2020.

A few notable green bond transactions in Brazil and Latin America are described below:

- In 2015, Brazilian beef, poultry and animal protein producer ***BRF*** issued the first green bond in Latin America, raising EUR 500 million to finance projects focused on energy efficiency, reduction of greenhouse gas emission and efficient water management and waste.
- In December 2016, ***Bancolombia***, Colombia’s largest commercial bank, issued a green bond for 3.5 billion Colombian pesos (US$115 million), the proceeds of which were used to expand financial services for private sector investments that help address climate change.
- In December 2016, ***Mexico City*** issued its inaugural MXN 1 billion green bond, raising proceeds to develop projects related to efficient use of energy, improvement in the supply and quality of drinking water, as well as sustainable transport.
- In October 2018, ***Fondo Especial para Financiamientos Agropecuarios (FEFA)*** issued its inaugural MXN 2.5 billion (US$130 million) green bond, the proceeds of which were used to finance loans to the agricultural sector.
- In 2019 and 2020, Brazilian energy company ***Neoenergia*** issued local green debentures, raising R$1.3 billion and R$300 million, respectively, to finance projects focused on energy efficiency and renewable energy. Similarly, other Brazilian energy companies issued local green debentures, such as ***CTEEP*** (R$2.1 billion), ***TAESA*** (R$1.1 billion) and ***Echoenergia*** (R$142 million).
- In 2019 and 2020, Brazilian pulp and paper company ***Irani*** issued local green debentures, raising R$580 million to finance projects focused on conservation of forests, sustainable forestry and recycling of packaging materials.
- In 2019, ***Chile*** issued the first sovereign green bond in Latin America for US$950 million for projects related to metro lines, electrical vehicles, installation of solar panels, sustainable buildings and water monitoring systems. Later, in June and July 2019, ***Chile*** also issued two Certified Climate Bonds, one in the U.S. market (US$1.4 billion) and one Eurobond (€861million). The proceeds were used primarily to finance low-carbon transport, but also sustainable buildings, renewable energy and water management projects.
- In 2020, Brazilian bank ***BTG Pactual*** issued green bonds, raising US$50 million to finance renewable energy projects, as well as sanitation and green building projects. Similarly, in the same year, Brazilian bank ***Banco BV*** issued green bonds, raising US$50 million to finance solar and wind energy projects.

6 See: Green bond issuance surpasses $200 billion so far this year: research | Reuters

Blue bonds are emerging as an innovative financial instrument that helps to solve water-related challenges, create sustainable ocean business opportunities, and signal responsible ocean stewardship. When a company issues a blue bond, it specifically commits to investing the proceeds on business solutions for oceanic health, freshwater and/or to improve access to water and sanitation. Until there is a widely accepted set of blue bond principles, issuers tend to use ICMA's social and green bond principles, adapted to a blue use of proceeds. For most purposes, the "blue" label is a tool for the issuer to signal to the market and describe its sustainability strategy seeking to advance a healthy, productive ocean, as well as access to water.

There are great opportunities in Latin America and the Caribbean for a thriving blue economy, with a coastline that extends over 70,000 kilometers and with 25% of Latin America's population and 100% of the Caribbean's population living on the coast. In some low-income countries and small island developing states, tourism alone and other important ocean-based sectors can account for over 20% of GDP, compared to 2% for OECD countries.

Examples of sustainable business in the blue economy are sustainable seafood and aquaculture, decarbonized shipping, ocean renewable energy, reduction of waste entering the ocean and tourism. According to the High-Level Panel for a Sustainable Ocean Economy[7], US$90 trillion is projected to be invested over the next decade on infrastructure alone, much of which will be on or near the ocean. For the region, blue bonds represent attractive sustainable growth prospects: (i) ***Chile*** has great potential as an offshore wind resource, and its proximity to the coast avoids transmission costs; (ii) ***Brazil*** has the second-longest coastline in Latin America, with the opportunity for integrating offshore wind energy to power oil platforms to help minimize adverse effects from oil and gas (O&G) operations; (iii) ***Colombia, Puerto Rico and the Argentine Patagonia*** have good potential for offshore renewable energy (ORE) development; and (iv) in Latin American drought areas (e.g., Colombia and the Caribbean Islands) the production of potable water via desalination is powered by offshore wind.

A few recent blue bond transactions are described below:

- In 2019, the ***Republic of Seychelles*** launched the world's first sovereign blue bond. The 10-year, US$15 million bond was designed and implemented with the support of the international community, the World Bank Group and the Global Environment Facility. Proceeds from the bond supported the expansion of marine protected areas, improved governance of priority fisheries and the development of the Seychelles' blue economy.
- In January 2019, the ***Nordic Investment Bank (NIB)*** launched a 5-year SEK 2 billion NIB Nordic–Baltic Blue Bond to support banks that are lending to selected water management and protection projects in the Baltic Sea. The bond was listed on the Nasdaq Stockholm Exchange in February 2019. In October 2020, NIB successfully launched a new SEK 1.5 billion Nordic-Baltic Blue bond due in October 2025.
- To draw attention to plastic waste pollution in oceans, the ***World Bank*** launched a blue bond in April 2019. This callable step-up fixed rate bond, which was targeted at both institutional and individual investors, raised US$10 million.
- In November 2020, the ***Bank of China*** launched a dual currency blue bond and raised the equivalent of US$942 million towards protecting the oceans. This was the first blue bond from the private sector, the first from a commercial bank and the first from Asia.

Further in Latin America, IDB Invest is structuring the sale of what would be the region's first blue bond, with proceeds to be used to finance maritime projects such as sustainable fisheries across the region and tourism developments in the Caribbean.

Transition bonds are a relatively new class of debt instrument used to fund a company's transition towards a reduced environmental impact or lower carbon emissions. They are often issued in sectors that would not normally qualify for green bonds, such as large carbon-emitting industries like oil and gas, iron and steel, chemicals, aviation and shipping. To help address the concern about the potential for "transition-washing" among companies, in December 2020 ICMA published the Climate Transition Finance Handbook in order to provide a framework for transition strategies and general rules for transition-themed green bonds.

In Brazil, energy generation company ***Eneva*** launched R$168 million transition local bonds in 2020. The Eneva transition bonds raised proceeds to be invested in energy generation based on natural gas, with the potential to reduce greenhouse gas emissions and increase energy efficiency, by replacing carbon-based energy sources in the Brazilian states of Maranhão and Roraima.

Social bonds are "use-of-proceed" bonds intended to finance or refinance social projects or activities that achieve positive social outcomes and/or address a social issue. In many cases, social projects are aimed at target populations such as those living below the poverty line, marginalized communities, migrants, unemployed, women and/or sexual and gender minorities, people with disabilities, and displaced persons. Examples of project categories eligible for social bonds include food security and

7 Available at https://www.oceanpanel.org

sustainable food systems, socioeconomic advancement, affordable housing, access to essential services, and affordable basic infrastructure. Recently, we have seen a new type of social bond emerge in the form of COVID-related bonds. These bonds have use of proceeds specifically aimed at mitigating COVID-19-related social issues and are particularly focused on the populations most impacted.

Similar to green bonds, issuance of social bonds is oriented by the Social Bond Principles issued by the ICMA, a set of voluntary guidelines aimed toward improved disclosure and transparency in the social bond market.

In Brazil, recent examples of social finance are (i) the ***Vivenda*** social bonds issued in 2018 to finance subsidized loans to low-income communities to pay for home improvements and renovations in 8,000 homes low-income and (ii) the ***Banco Daycoval*** R$400 million credit line made available in 2021, providing credit to small businesses of low-income women. In Mexico, ***Patrimonio Autónomo Montes de María*** issued US$209 million (COP$760 billion) senior secured UVR indexed notes, the first social bond tied to an infrastructure project in Latin America, guaranteed by the United States International Development Finance Corporation (DFC).

In 2020, ***Banco del Estado de Chile*** issued a social bond termed a "women's bond", raising US$95 million to improve women entrepreneurs' access to financial and non-financial services in Chile and to support the economic empowerment of women in the country.

The first sovereign social bond in the world was issued by ***Ecuador*** in 2020, for US$400 million, to develop the public program "Casa para Todos", intended to provide access to decent, affordable housing to more than 24,000 families.

Sustainable bonds are issues where proceeds are used to finance or re-finance a combination of green and social projects or activities. These bonds can be issued by companies, governments or projects that follow the Sustainability Bond Guidelines from the ICMA, which in turn are aligned with both the Green Bonds Principles and the Social Bonds Principles.

In Brazil, a recent example of sustainable bond is the US$50 million and US$120 million bonds issued by public sanitation company ***Iguá Sanamento***, raising funds to invest in the reduction of water waste in its water distribution systems and increase coverage of clean water and sewage treatment to remote locations in the state of Mato Grosso.

Sustainability-linked Bonds

As the ESG products in the financial markets have constantly evolved, recent issuances are taking the format of sustainability-linked bonds, or SLBs, also commonly referred to as key performance indicator bonds (KPI bonds) and SGD-linked bonds. Typically, SLBs tie the interest rate of the bond to the company's achievement of self-imposed sustainability targets within an agreed timeframe. Unlike the green or social bonds that require that their proceeds must be used in specific eligible projects, SLBs are outcome-based and linked to the issuer's overall sustainability strategy, providing more flexibility in the use of proceeds for other purposes at the issuer's discretion.

SLBs create financial incentives for the issuer that are linked to the issuer's performance on a pre-identified sustainability indicator. A financial term or structural aspect of the bond will change to the benefit of investors if the issuer does not achieve a pre-defined environmental or social target. SLBs can be structured with a penalty or a premium. In the penalty format, SLBs can have a coupon step-up feature, meaning that the interest rate will increase by a certain percentage if the sustainability target is not achieved by a certain cut-off date. In the premium format, interest rates will be reduced with the achievement of the sustainability goals.

Generally speaking, the green, social or sustainable goals must be measurable and externally verifiable, and the issuer generally commits to provide reports at least annually. The sustainability goals are often based on reduction of carbon or greenhouse gas emissions, but issuers have also targeted increase of energy efficiency and renewable energy, water use and treatment, reforestation, recycling and circular economy, recovery of endangered species, number of green constructions and number of low-income clients. Also, corporate issuers are increasingly committing to KPIs related to diversity, inclusion and other social metrics within their organizations. In June 2020, the ICMA published its Sustainability-Linked Bond Principles, which outline five core components of KPI bonds: (i) the selection of KPIs, (ii) the calibration of the target, (iii) the financial and/or structural impact tied to the KPI target, (iv) reporting and (v) external verification.

Pursuant to the ICMA principles, the selected KPIs should be core to the issuer's sustainability strategy and address key environmental or social weaknesses relevant to the issuer's business. The KPI must also be material and ambitious, comparing the issuer's past performance and the performance of the issuer's peers.

SLB's are growing in prevalence within GSS financing in Latin America. A few recent SLB transactions in Brazil and Latin America are described below:

- US$750 million SLBs issued in 2020 by ***Suzano Austria GmbH*** and its parent guarantor, ***Suzano S.A.***, one of the world's largest pulp and paper producers, with the sustainability target of reducing carbon emissions by at least 10.9% until 2025 (as compared to 2015 levels), under the penalty of a step-up of 25 basis points in the interest rate. ***Suzano*** later issued new US$1 billion and US$500 million SLBs in 2021, with the sustainability targets of reducing water consumption by 15% until 2026 and increase the percentage of women in senior management positions to 30% by 2025, under the penalty of step-ups of 15 basis points (for the water consumption goal) and 10 basis points (for the diversity goal);
- US$500 million SLBs issued in 2021 by ***Klabin***, another large pulp and paper producer, with the sustainability targets of reducing water consumption by 16.7%, increasing to 97.5% of recycling materials and reintroduction of at least 2 endangered species in forest areas, under the penalty of a step-up of 25 basis points in the interest rate;
- US$1 billion SLBs issued in 2021 by ***Natura***, a large Brazilian cosmetics manufacturer, with the sustainability targets of reducing greenhouse gas emissions by 13% and increasing the recycling percentage of packaging materials until 2026, under the penalty of a step-up of 65 basis points in the interest rate;
- US$1.5 billion SLBs issued in 2019 by ***Rumo***, a Brazilian logistics and railroad company, with the sustainability target of reducing its greenhouse gas emission by 15% by kilometer until 2023, with a reduction in the interest rate by 25 basis points;
- US$1 billion SLBs issued in 2019 by ***JBS***, a Brazilian beef, poultry and animal protein producer, with the sustainability target of reducing its greenhouse gas emission by 16.5% by 2025 and 30% by 2030, under the penalty of a step-up of 25 basis points in the interest rate;
- US$700 million SLBs issued in 2021 by ***B3***, the Brazilian stock exchange, with the sustainability targets of creating a diversity index for the Brazilian capital markets by 2024 and increase the percentage of women in senior management positions to 35% by 2026, under the penalty of a step-up of 25 basis points in the interest rate;
- US$1.5 billion SLBs issued in 2019 by ***Enel***, a Brazilian energy production and distribution company, with the sustainability target of increasing its clean energy installed capacity from 48% to 55% by 2021, under the penalty of a step-up of 25 basis points in the interest rate;
- R$1 billion Brazilian SLBs issued in 2021 by ***Via Varejo***, a large retail magazine in Brazil, with the sustainability targets of increasing the percentage of renewable energy used to 50% in 2022 and 90% in 2025, under the penalty of a step-up of 10 basis points in the interest rate;
- US$500 million SLBs issued in 2021 by ***Movida***, a Brazilian car rental company; and
- US$450 million and US$625 million SLBs issued in 2021 by ***SIMPAR***, a Brazilian logistics company.

Risks involving GSS bonds - practical tips

- ***Decide early to issue a GSS bond:*** Your decision to issue a GSS bond should be made as early as possible. Ideally, this decision should be made before the bond issuance process begins and before you engage external verifiers, underwriters, and financial and legal advisors.

- ***Define your sustainability strategy prior to your GSS bond issuance:*** Your sustainability strategy should be defined in the context of your overall business plan and corporate strategy discussions, and not tailored to fit your GSS bond issuance.

- ***Confirm you have appropriate accounting systems and controls:*** When you are structuring "use-of-proceeds" GSS bonds, ensure that your accounting system has adequate controls and internal approvals to guarantee that the proceeds from the issuance will be used on the designated projects.

- ***Identify and invest in internal expertise:*** Your finance team should work closely and engage directly with your sustainability and operational teams to make sure that the sustainability commitments from your GSS bonds will not adversely affect operations and will use appropriate metrics. You may also need to hire additional team members with significant experience in sustainability matters and GSS bonds.

- ***Select reputable financial advisors and external verifiers:*** You should select GSS bond underwriters, financial advisors and ESG consultants who have experience with issuing GSS bonds. External verifiers and credit rating agencies with ESG methodologies are also sources of valuable expertise.

- ***Draw on lessons learned from other issuers:*** It is beneficial to benchmark your GSS bond against other successful GSS bonds that had oversubscription and good acceptance from investors; try to replicate successful features and goals used in your industry.

- ***Make sure to present solid ESG disclosure:*** You should take particular care in ensuring legal and regulatory compliance. The marketing and sale of a bond (GSS or not) involves securities laws and potentially significant reputational risks, including most notably that an investor can argue that it suffered a loss because of misleading disclosure. The additional risk with respect to the marketing and sale of a GSS bond is that an investor who purchased the bond would argue that the issuer's disclosure was misleading with respect to what made the bond or the project green, social or sustainable. Include clear and complete disclosure on what makes the bond or the project green, social or sustainable, and by adequately disclosing any risks that any such label presents.

- ***Engage in ESG due diligence:*** The issuance of bonds (GSS or not) requires a process of "due diligence" that is meant to identify any material concerns that should be disclosed to potential investors. For a GSS bond issuance, the diligence process should encompass environmental, social and governance matters because investors in GSS bonds, by their nature, consider those topics to be material. A good ESG due diligence shall investigate any underlying ESG risks or historical non-compliance with applicable regulations.

- ***Obtain a second party opinion:*** Consider obtaining an opinion from an independent third-party consultant supporting the characterization of the bond as green, social or sustainable, commonly referred to as a "second party opinion." Providers of second opinions will typically review the issuer's environmental credentials and state their view, often in a publicly available document.

- ***Chose the right ESG goals:*** In structuring a SLB with self-imposed performance indicators, make sure that your green, social, or sustainable goals are (i) clearly defined, (ii) measurable pursuant to transparent and reliable methodologies, (iii) externally verifiable by independent parties, (iv) directly related to the externalities caused by your business or industry, (v) material and ambitious, as compared to your past performance and your peers' performance and (v) reported to your bondholders and stakeholders in general.

Sustainable finance trends in Latin America

We anticipate that demand for sustainable instruments and GSS bonds (SLBs in particular) will continue strong in the coming years. SLB offerings have been over-subscribed and priced at attractive interest levels and green premiums, with COP26 only accelerating this trend.

The volume of SLBs and performance-based bond issuances in Latin America is likely to surpass “use-of-proceeds” green and social bond issuances. Also, banks and financial institutions will likely become important issuers of GSS bonds, as recently observed in the Banco BTG Pactual, Banco BV and Banco Bradesco GSS bond issuances in Brazil.

We expect that standards and methodologies for sustainable finance will become stricter and more detailed, as a result of investors’ demand, increased government regulation and awareness against greenwashing. Disclosure standards of ESG topics will likely become more robust and more closely monitored by the investment community.

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The Paul Hastings' Experience and Value

Paul Hastings has acted on over a dozen high-profile GSS bonds and SLBs in recent years. In particular, we have participated in the following transactions in Latin America:

- Represented ***Braskem Idesa***, the largest polyethylene producer in Mexico and a subsidiary of Braskem S.A., one of the largest petrochemical companies in the world, in connection with its oversubscribed US$1.2 billion offering of sustainability-linked bonds (October, 2021);
- Represented the underwriters in connection with a US$500 million reopening of sustainability-linked notes by ***Suzano Austria GmbH*** and its parent guarantor, ***Suzano S.A.***, one of the world's largest pulp and paper producers (November, 2020);
- Represented the underwriters in connection with a US$1 billion issuance of sustainability-linked notes by ***Suzano Austria GmbH*** and its parent guarantor, ***Suzano S.A.***, one of the world's largest pulp and paper producers (July, 2021).
- Represented ***Nemak, S.A.B. de C.V.***, a Mexican automobile components company, in connection with a EUR$500 million sustainability-linked senior bond offering, the proceeds of which were partially used to redeem a certain class of Nemak's outstanding debt (July, 2021);
- Represented Sacyr as guarantor in connection with a US$209 million (COP$760 billion) senior secured UVR indexed notes offering by ***Patrimonio Autónomo Montes de María*** (April 2021). The issuance was the first social bond tied to an infrastructure project in Latin America, guaranteed by the United States International Development Finance Corporation (DFC);
- Represented ***Metalsa S.A. de C.V.*** (April 2021), a manufacturer of automotive parts in Latin America and the United States, in connection with its US$300 million guaranteed sustainability-linked notes offering of which the proceeds were used to fund Metalsa's purchase of an outstanding class of its notes.

Paul Hastings' Securities & Capital Markets and ESG practice groups assist clients to navigate every stage of the capital raising process relating to sustainable finance, GSS and SLBs. We provide advice to issuers, underwriters, and other financial institutions on all types of sustainable securities.

We combine legal prowess and business acumen with an understanding of responsible and sustainable investing objectives, and a culture of strong corporate social responsibility. Our interdisciplinary team offers a strategic, comprehensive approach to pressing sustainability issues. Our global platform enables us to creatively address sustainability concerns and emerging regulatory schemes across the EU, Latin America, North America, Asia, and the Middle East.

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21 Offices — Across the Americas, Asia and Europe

1 Legal Team — To integrate with the strategic goals of your business

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