

## Green Bond Fact Sheet

Neoenergia			Date: 27/07/2019
Issue date: 23-07-2019 Maturity date: 15-06-2029 Tenor: 10			
Issuer Name	Neoenergia	Amount Issued	BRL1.294bn (USD343m)
Country of risk	Brazil	CBI Database	Included
Issuer Type <sup>1</sup>	Non-financial corporate	Bond Type	Senior unsecured
Green Bond Framework	N/A	Second party opinion	N/A
Certification Standard	Not certified	Assurance report	N/A
Certification Verifier	N/A	Green bond rating	N/A
Use of Proceeds			
<input checked="" type="checkbox"/> Energy	<input type="checkbox"/> Solar <input checked="" type="checkbox"/> Onshore wind <input type="checkbox"/> Offshore wind <input type="checkbox"/> Geothermal <input checked="" type="checkbox"/> Hydro	<input type="checkbox"/> Tidal <input type="checkbox"/> Biofuels <input type="checkbox"/> Bioenergy <input type="checkbox"/> District heating <input checked="" type="checkbox"/> Electricity grid	<input type="checkbox"/> Energy storage <input type="checkbox"/> Energy performance <input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input type="checkbox"/> Buildings	<input type="checkbox"/> Certified Buildings <input type="checkbox"/> HVAC systems <input type="checkbox"/> Energy performance	<input type="checkbox"/> Water performance <input type="checkbox"/> Energy storage/meters <input type="checkbox"/> Other energy related	<input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input type="checkbox"/> Transport	<input type="checkbox"/> Electric vehicles <input type="checkbox"/> Low emission vehicles <input type="checkbox"/> Bus rapid transit <input type="checkbox"/> Passenger trains <input type="checkbox"/> Urban rail	<input type="checkbox"/> Freight rolling stock <input type="checkbox"/> Coach / public bus <input type="checkbox"/> Bicycle infrastructure <input type="checkbox"/> Energy performance	<input type="checkbox"/> Transport logistics <input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input type="checkbox"/> Water & wastewater	<input type="checkbox"/> Water distribution <input type="checkbox"/> Water treatment <input type="checkbox"/> Wastewater treatment <input type="checkbox"/> Water storage	<input type="checkbox"/> Storm water mgmt <input type="checkbox"/> Flood protection <input type="checkbox"/> Desalination plants <input type="checkbox"/> Erosion control <input type="checkbox"/> Energy performance	<input type="checkbox"/> Infrastructure <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience
<input type="checkbox"/> Waste management	<input type="checkbox"/> Recycling <input type="checkbox"/> Waste prevention <input type="checkbox"/> Pollution control	<input type="checkbox"/> Landfill, energy capture <input type="checkbox"/> Energy performance <input type="checkbox"/> Infrastructure	<input type="checkbox"/> Waste to energy <input type="checkbox"/> Industry: components <input type="checkbox"/> Adaptation & resilience

<input type="checkbox"/> Land use & agriculture	<input type="checkbox"/> Afforestation/parks <input type="checkbox"/> Land remediation <input type="checkbox"/> Sustainable agriculture <input type="checkbox"/> FSC Forestry <input type="checkbox"/> Energy/water efficiency <input type="checkbox"/> Adaptation & resilience <input type="checkbox"/> FSC Cellulose & paper
<input type="checkbox"/> Other	<input type="checkbox"/> Adaptation & resilience <input type="checkbox"/> ICT <input type="checkbox"/> Industry: process
<b>Issue details</b>	
<b>Reporting</b>	<p>The issuer will confirm the allocation of proceeds (as expected and disclosed at issuance) annually until these are fully allocated. It will also report annually on the environmental impacts of the projects, including on energy generation and GHG emissions avoidance, until maturity. These reports will be provided to the fiduciary agent (not specified).</p>
<b>Company information</b>	<p>Neoenergia is Iberdrola’s subsidiary in Brazil. It is an integrated energy company operating in the four segments of the electricity sector: generation, transmission, distribution and trading. It operates in Brazil since 1997, currently in 18 states. With four distributors - Coelba (BA), Celpe (PE), Cosern (RN) and Elektro (SP) – the company serves 14m customers (34m people), making it the second largest energy provider in Brazil by number of consumers.</p>
<b>Firsts, records and certifications</b>	<p>First issuance from Brazil in H2 2019! Also the largest issuance in BRL this year.</p>
<b>Proceeds description</b>	<p>The proceeds will be used to finance and refinance investments in several projects, including hydro and onshore wind power as well as energy transmission (from renewable sources). 1 hydro, 15 wind and 10 transmission projects are planned to be funded, respectively representing 32%, 16% and 52% of proceeds. Some are under construction, others planned, and others already operational.</p>
<b>Climate Bonds view</b>	<p>As the most funded use of proceeds category, we are not surprised to see further issuance in the sector. Not many transmission projects have been funded in Latin America, so it is especially positive to see some investment to green the grid in the region (although a significant share of these has been in Brazil, e.g. Taesa’s earlier in the year).</p> <p>Furthermore, this deal signals Iberdrola’s commitment to expanding its green investments outside of Europe, which is also positive. Curiously, no solar projects were funded. Perhaps Iberdrola will issue more bonds under the Neoenergia subsidiary, as well as in other countries in which it operates – we certainly hope so. As a final point, the disclosure channel(s) for post-issuance reporting on the use of proceeds and impacts is not clear. We would encourage the issue to provide reporting clearly and publicly, if possible on its website.</p>
<b>Underwriters</b>	
<b>Deal comments</b>	
<b>Credit Rating</b>	
<b>Pricing summary</b>	
<b>Investors summary</b>	

<sup>1</sup> Issuer categories: ABS, development bank, financial corporate, government-backed entity, loan, local government, non-financial corporate, sovereign