

CAPABILITIES

DECARBONIZATION

With a predominantly renewable energy matrix and abundant natural resources, Brazil is uniquely positioned to spearhead the production of sustainable fuels, advance carbon capture and storage (CCS) technologies, and implement innovative nature-based solutions. This strategic advantage enhances Brazil's role in the global energy landscape and also underscores its commitment to sustainability and environmental responsibility



The establishment of a regulated carbon market, aligned with the Paris Agreement guidelines, presents a significant opportunity for the growth of low-emission sectors. This regulatory framework encourages investment in sustainable practices and enables businesses to capitalize on evolving market dynamics. However, substantial challenges persist, including the high costs of implementation and international uncertainties surrounding the Carbon Border Adjustment Mechanism (CBAM)

OUR TAKE ON INDUSTRY TRENDS

Decarbonization is central to global efforts to combat climate change, and Brazil is poised to play a decisive role in this transformation.



With its predominantly renewable energy matrix and abundant natural resources, Brazil has the potential to lead in the production of sustainable fuels, carbon capture and storage (CCS) technologies, and nature-based solutions. Initiatives such as reforestation, ecosystem restoration, and sustainable land management present effective strategies for carbon removal and generating carbon credits, positioning Brazil as a key player in the global carbon market.

The establishment of a regulated carbon market, which is currently under legislative consideration, alongside the implementation of Article 6 of the Paris Agreement, expands opportunities for the growth of sectors focused on low-emission fuels, low-carbon hydrogen, and natural solutions that mitigate emissions. Industries traditionally viewed as difficult to decarbonize, including steel, cement, and chemicals, are beginning to explore innovative technologies such as Carbon Capture, Utilization, and Storage (CCUS). Meanwhile, nature-based solutions complement these advancements by providing sustainable avenues for carbon sequestration.

Nonetheless, significant challenges remain. Clear regulations for the carbon market are essential, and the Brazilian industry must navigate the high implementation costs of technologies like CCS while addressing uncertainties regarding competitiveness in light of international environmental regulations such as the Carbon Border Adjustment Mechanism (CBAM). Additionally, scaling up nature-based solutions requires robust economic incentives and the integration of these projects at a larger scale to ensure measurable impacts on emissions mitigation.

Brazil can lead the transition to a low-carbon economy while fulfilling its climate commitments upon effectively combining technological innovations with nature-based strategies.

The synergy of public policies, technological advancements, and the sustainable management of its vast natural resources will enable the nation to harmonize economic growth with environmental preservation, reinforcing its position as a global leader in decarbonization efforts.

OPPORTUNITIES

- Development of the regulated carbon market
- CCUS: Projects in intensive industries
- Brazil as a global hub for hydrogen production
- Integrating nature-based solutions with mitigation technologies such as BECCS
- New international markets

CHALLENGES

- Lack of predictability regarding the structuring of the carbon market
- Pricing in the industrial sector vs competitiveness
- Pressure on exporters, with taxes and environmental barriers, such as CBAM
- Regulatory vacuum, notably CCUS, regulated market, and Hydrogen
- High cost of implementation and decarbonization infrastructure
- Scalability of natural solutions and their economic impacts

MACROTRENDS

- Setting climate targets focused on mitigating GHG emissions through regulated markets
- Growth in demand for carbon credits from the voluntary market
- Accelerated adoption of carbon capture technologies in hard-to-abate sectors
- Expansion of Brazilian projects for nature-based solutions
- Regenerative practices and bioenergy with carbon capture

WORK HIGHLIGHTS

- ▼ Identifying opportunities and challenges in the Brazilian Emissions Trading System

We provide ongoing strategic support to our clients to identify business opportunities, regulatory barriers, and carbon market impacts in various sectors, such as the production of low-emission fuels, hydrogen, and projects aimed at generating carbon credits. Our work is focused on ensuring that the company is well positioned in the face of new regulations and requirements of the carbon market
- ▼ Contracts and agreements: facilitating the generation of carbon credits

We offer specialized support in the preparation and negotiation of contracts and memorandums of understanding aimed at the generation and commercialization of carbon credits. Our work ranges from the structuring of projects to the closing of commercial agreements, ensuring that all legal, regulatory, and commercial aspects are duly aligned to maximize the value of the credits generated
- ▼ Due Diligence on carbon credits, ensuring compliance and certification

We provide specialized support in due diligence of areas for projects that aim to generate carbon credits, ensuring compliance with the requirements necessary for credit certification. Our work also includes the evaluation of contract drafts, ensuring alignment with regulatory and environmental standards. In addition, we carry out an in-depth analysis of the legal requirements present in the voluntary carbon market methodologies, ensuring that these requirements are adequately reflected in the project structure
- ▼ Education

We provide specialized support in training and literacy for internal teams of various clients, preparing them to understand and navigate the challenges and opportunities of the carbon market. Training aimed at developing skills that enable strategic alignment with regulations and maximizing opportunities within an increasingly regulated market
- ▼ Advocacy

We offer specialized support in monitoring, evaluating, and preparing contributions in public consultations involving the development of carbon credit projects, whether at the national or international level, in voluntary market programs and methodologies, or contributions to the regulation of Article 6 of the Paris Agreement
- ▼ Structuring and development of sustainable fuel and carbon credit projects

We provide legal and strategic support for the structuring and development of sustainable fuel production projects, with the expectation of issuing carbon credits. Our work includes specialized support in Due Diligence of the areas to be used, ensuring compliance with the requirements necessary for the certification of carbon credits. We also assist in the evaluation of draft contracts, ensuring that they are aligned with regulatory and environmental standards. In addition, we carry out an in-depth analysis of the legal requirements present in the methodologies of the voluntary carbon market, ensuring that these requirements are adequately reflected in the structure of the projects, promoting compliance and maximizing opportunities in the carbon credit market
- ▼ Carbon capture and geological storage

Our team worked on an innovative carbon capture and geological storage project, focused on biogenic capture sources, addressing the technical and regulatory challenges of this type of operation. We provided full support in building the project's risk matrix, covering aspects such as technical, regulatory, and financial uncertainties, in addition to developing risk mitigation strategies. We also provided advice on drafting and negotiating several legal instruments necessary to make the project viable, including investment agreements between different stakeholders and the development of Brazil's first Joint Operating Agreement (JOA) for the injection of CO₂ into geological reservoirs

AREAS OF PRACTICE

A cross-sector and multidisciplinary team specialized in the sector

Leading practice in commercial contracts, government affairs, regulatory, policy issues, and compliance



- | Commercial Contracts | Environmental | Government Affairs | Real Estate |
- | Regulatory, Policy Issue, and Compliance | Tax |

GET TO KNOW OUR PARTNERS



Isabela Morbach
Partner
São Paulo



Alexandre Calmon
Partner
Rio de Janeiro



Marcelo Frazão
Partner
Rio de Janeiro



Vilmar Gonçalves
Partner
Rio de Janeiro