



CLIMATE CHANGE & CARBON FINANCE

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Partners

/500+

Lawyers

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Practice Areas

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Industry Groups

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Offices

TozziniFreire was one of the first law firms in Brazil to form a practice group to assist clients in Climate Change matters, which has been active since 2001. The Climate Change & Carbon Finance practice area represents a natural extension of the firm's long-standing and extensive work on environmental law, agribusiness, timberland investments, energy regulatory law and policy, administrative law, capital markets, and banking regulation.

The range of international movements, such as the Kyoto Protocol and the Paris Agreement, aimed at mobilizing agents to reduce greenhouse gas emissions, given their proven impact on the environment and climate change, has led countries and companies to adopt an agenda focused on reducing their emissions. Accordingly, the demand for projects aiming at meeting these agendas will increase, based, mainly, on the preparation of inventories, which allow the accounting of gases emitted by an entity and the subsequent reduction of the inventoried emissions, either by implementing projects for reduction or by offsetting through the purchase of carbon credits. Given this scenario, emission reductions have become a tradable asset, symbolized by carbon credits and demanded by companies and countries seeking to achieve their reduction targets, thus generating a carbon market, which is supported by the environmental agenda of countries and companies, in which Brazil may position itself as a natural seller of carbon credits and attract investments for new projects.

In 2022, Decree No. 11,075/2022 was enacted in Brazil, establishing the procedures for the preparation of Sectoral Plans for Climate Change Mitigation and creating the Brazilian National System for the Reduction of Greenhouse Gas Emissions, initiative of national mobilization for the regulation of a domestic carbon market.

Currently, TozziniFreire Advogados is a local leader for the assessment of both private and public entities on greenhouse gas emissions reduction projects, either under the Kyoto Protocol, the Paris Agreement or the Voluntary Carbon Market Standards. To address the ever-expanding commercial ramifications of national and international climate change policies and regulations, the firm's current approach in this area represents a synthesis of our expertise drawn from the following practice areas:

- Timberland Investments;
- Agribusiness;
- Energy;
- Project Finance;
- Capital Markets;
- Environmental Law;
- Administrative Law (related to Regulatory Law);
- Banking & Finance.

The structuring of greenhouse gas emissions reduction projects requires specific knowledge and ability to navigate in those areas, whilst demanding from the experts great contractual flexibility, as several matters of interest to the parties have not been defined in specific regulations yet. Besides, one must pay attention to risk mitigation regarding the ownership, generation, and delivery of carbon credits, which may result in a potential increase in their market value.

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