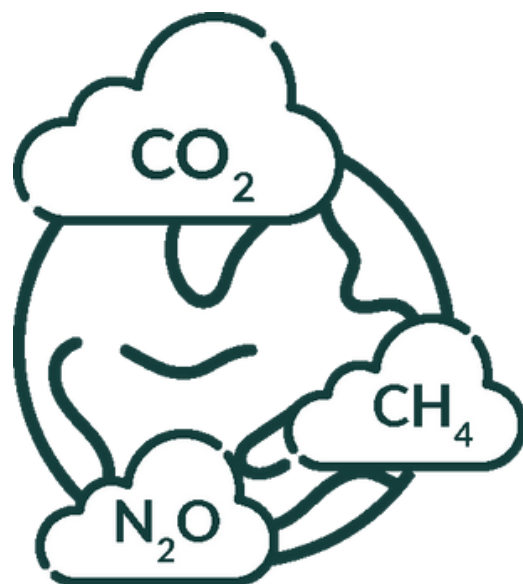


Brazilian Emissions Trading System is established!



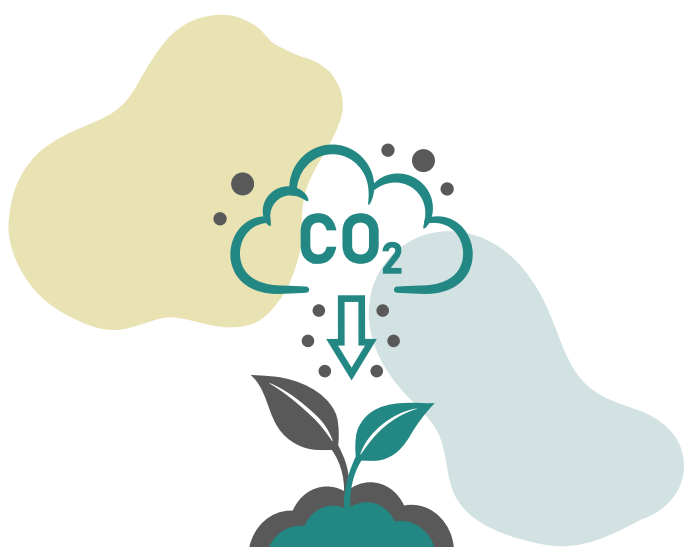
What will change with the new law?



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The Federal Law 15.042/2024 was published, establishing the Brazilian Emissions Trading System (SBCE, in portuguese).



The SBCE adopts the 'cap and trade' model, which sets a **maximum emissions cap** with the possibility of pricing Greenhouse Gases (GHG) emissions.

WHO DOES THE LAW APPLY TO?

- ❧ Operators, whether individuals or legal entities
- ❧ Activities, sources, and facilities within national territory
- ❧ That emit or may emit GHGs within the emission limits established by law

EMISSION LIMITS

Above 10,000 tCO₂e/year

Submit a monitoring plan and a GHG emissions and removals report.

Above 25,000 tCO₂e/year:

Beyond the obligations aforementioned, offset their emissions, within the compliance period, and submit a periodic reconciliation report.

The limits may be increased by the Managing Body of the SBCE.

CO₂ x CO₂e
Both measure the global warming potential, but the last one includes GHGs other than CO₂.

Brazilian Emission Allowances (CBEs)

Allowance to emit 1 ton of CO₂e.

Verified Emission Reduction or Removal Certificates (CRVEs)

Reduction or removal of 1 ton of CO₂e.

*The allowances will be distributed according to the National Allocation Plan.



Assets part of the SBCE and carbon credits will be considered securities when traded in the financial and capital markets.

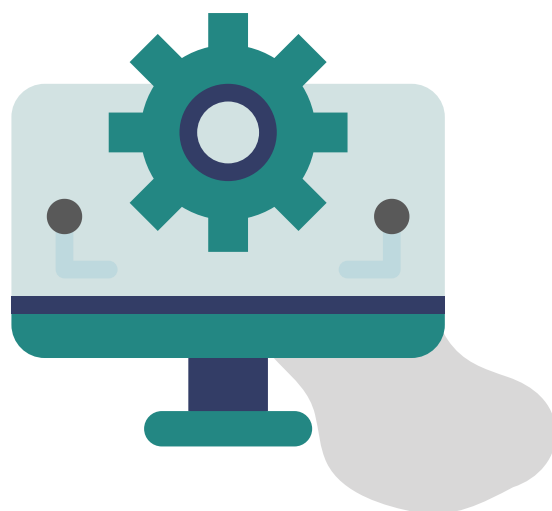




SBCE TAXATION

- 🌿 The sales of SBCE assets will be taxed under IRPJ/CSLL according to: (a) the tax regime of the issuer; (b) net gains in the stock market; or (c) capital gains rules.
- 🌿 Revenues from the sale of assets are not subject to Pis/Pasep or Cofins.
- 🌿 Expenses related to the issuance and maintenance of CRVEs are considered deductible for IRPJ purposes.

The **SBCE Central Registry**, a digital platform to be implemented, will receive and consolidate information on GHG emissions and removals, and guarantee assets traceability.



GOVERNANCE OF SBCE

Interministerial Committee on Climate Change
General Guidelines and National Allocation Plan

SBCE Managing Body
Market regulation and Implementation

Permanent Technical Advisory Committee
SBCE's Technical Advisory Body





SBCE IMPLEMENTATION

PHASE
01

12 to 24-month period

Regulatory development by the Managing Body

PHASE
02

+ 12-month period

Emission reporting instruments implementation

PHASE
03

+ 24-month period

Submission of monitoring plans and GHG emissions and removals reports

PHASE
04

Commencement of the first National Allocation Plan and Launch of the SBCE asset market

PHASE
05

Full implementation of the SBCE at the end of the first National Allocation Plan



In short, what is the difference in carbon markets?

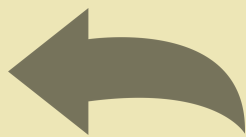


REGULATED MARKET (CAP AND TRADE)

Establishment of an **emission cap** for specific sectors of the economy. This cap is gradually reduced as an incentive for decarbonization.

Allocation of **emission allowances** that can be traded between operators.

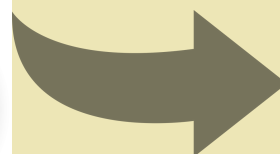
Trading to identify an **equilibrium point** in emissions.



VOLUNTARY MARKET

Voluntary initiative by companies and organizations, without direct government intervention, with the primary objective of enabling emission offsetting.

Carbon credits generated from the voluntary market can be traded with agents seeking to offset their emissions.



[Check out our article on the SBCE here!](#)



OUR CORPORATE SUSTAINABILITY TEAM IS READY TO ASSIST YOU!

We support our clients in integrating corporate sustainability practices into their strategy, based on their level of ambition and the qualified management of sector-specific risks and opportunities.

We are the first law firm in Brazil to integrate the Environment, Climate Change, ESG, and Energy Transition departments..



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