

Edition #10 | March 2025

THE BRAZIL DECARBONIZATION REPORT



GAIA SILVA GAEDE
ADVOGADOS



YOU CAN
EXPECT THE
FOLLOWING IN
THIS REPORT:



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CIRCULAR ECONOMY:

*The next frontier of
decarbonization*

The transition to a low-carbon economy requires a paradigm shift. **We must rethink how we extract, consume, and dispose of goods.** This is where the circular economy emerges as a key element, transforming supply chains and reshaping markets.

GET READY: THE FUTURE IS CIRCULAR...

LINEAR CYCLE

For decades, the global economy has followed a straightforward logic: extract, produce, consume, and discard. This linear model has driven growth but also increased dependence on raw materials, led to resource depletion, heightened waste generation, and contributed to high levels of greenhouse gas (“GHG”) emissions.

CIRCULAR ECONOMY

The new economy is strategic. This model redefines production and consumption by emphasizing reuse, repair, remanufacturing, and recycling. The goal is to make efficiency the standard, keeping materials and products in circulation for as long as possible, reducing impacts, and creating a sustainable cycle.

AND ALIGNED WITH SUSTAINABLE DEVELOPMENT

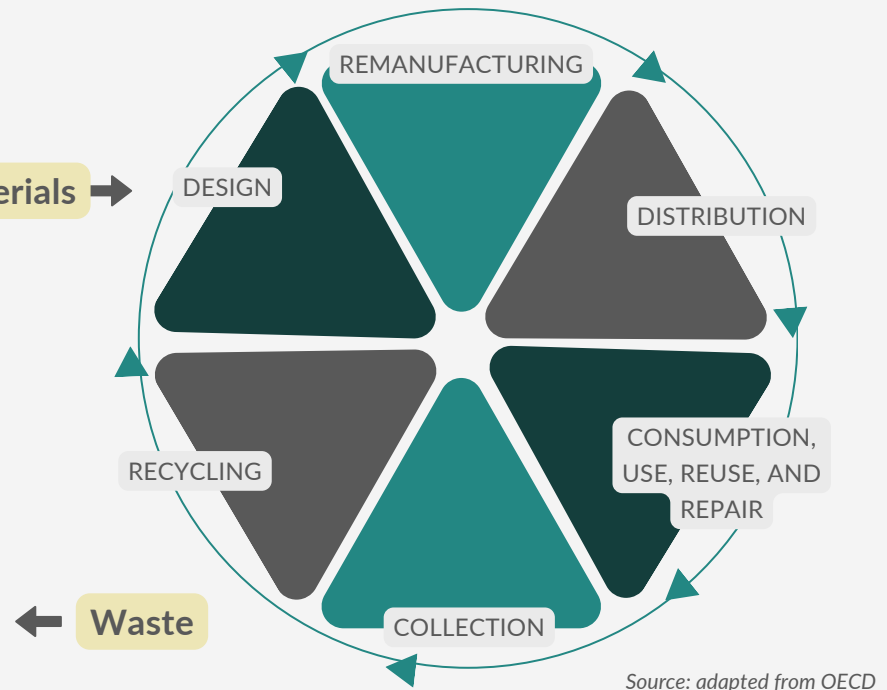
1 Reduces dependence on raw materials, avoiding emissions associated with extraction and processing.

3 Promotes prolonged product use, extending their lifespan.

2 Supports environmental regeneration by reducing pressure on ecosystems.

4 Encourages the use of waste as inputs for new production chains.

STAGES OF THE CIRCULAR ECONOMY



HEADS UP!

This model goes far beyond recycling - it's a complete rethinking of industrial processes and business models, making it possible to reintegrate used materials into the production chain.

WHY IS THE CIRCULAR ECONOMY AT THE HEART OF THE CLIMATE AGENDA?

The way we manage waste has a direct impact on the climate. The decomposition of organic waste in landfills and illegal dump sites releases methane (CH₄), a greenhouse gas up to 80 times more potent than CO₂ in the short term. Meanwhile, improper waste burning and mismanagement further increase emissions and accelerate environmental degradation.

But the problem starts long before disposal: production without circular strategies intensifies raw material extraction and consumes large amounts of energy, leading to higher emission levels.

THE CIRCULAR ECONOMY GOES BEYOND WASTE MANAGEMENT - IT IS A STRATEGY FOR REDUCING EMISSIONS AND STRENGTHENING CLIMATE RESILIENCE.



Supports energy transition by extending the lifespan of materials rather than replacing them.



Facilitates climate adaptation and mitigation by reducing the demand for resource extraction.



Drives business innovation by creating value from waste and by-products.

BRAZIL IS IN THE GAME!



SHARED RESPONSIBILITY

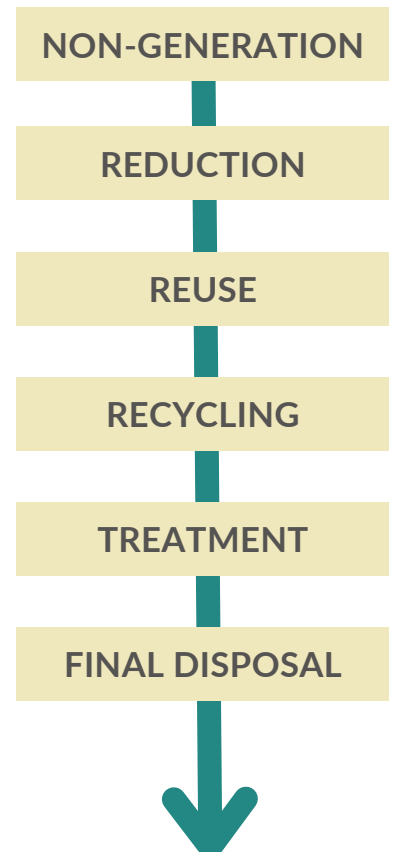
The National Solid Waste Policy (“PNRS”), established by Federal Law No. 12,305/2010 and regulated by Federal Decree No. 10,936/2022, outlines **shared responsibility for the product life cycle**. This policy requires the entire value chain to adopt solutions for the proper disposal of waste.

FROM PNRS TO ENEC

While the PNRS laid the foundation for the circular economy, it was Federal Decree No. 12,082/2024 that officially established the **National Circular Economy Strategy** (“ENEC”). This initiative promotes the efficient use of natural resources and sustainable practices throughout the production chain, driving the development of the circular economy in Brazil.

However, there is still much to discuss. Brazil is on the verge of launching its **National Circular Economy Plan, which is currently under public consultation**. The consultation, available here, is open until March 19, 2025.

PRODUCT LIFECYCLE UNDER PNRS



REVERSE LOGISTICS: THE KEY ALLY OF THE CIRCULAR ECONOMY

One of the main instruments of the PNRS is **reverse logistics**, through which manufacturers, importers, distributors, and retailers must implement measures for the **collection and return of solid waste to the business sector for reuse**, either in their own production cycle or in other production cycles, or for environmentally appropriate final disposal, independently of public services.



*For more information on reverse logistics systems, visit the [National Information System on Solid Waste Management \("SINIR"\)](#).

INNOVATION

According to [Federal Decree No. 11,413/2023](#), companies participating in reverse logistics systems may:

- Acquire the Reverse Logistics Recycling Credit Certificate ("[CCRLR](#)") to show compliance with established targets;
- Issue the Certificate of Structuring and Recycling of General Packaging ("[CERE](#)") if they invest in structural projects for the recovery of recyclable materials;
- Issue the Future Mass Credit Certificate if they implement structured systems.

MARK YOUR CALENDAR!

Entities managing collective models or companies operating individual models must submit **an annual reverse logistics results report to the Ministry of the Environment and Climate Change ("[MMA](#)") by [July 30, 2025](#)**. For more information, access our article on the subject [here](#).

HOW CAN THE PRIVATE SECTOR DIVE THE CIRCULAR ECONOMY?

Companies that adopt circular models tend to reduce costs, mitigate regulatory risks, create new revenue opportunities, and enhance their reputation - all while contributing to global emissions reduction and minimizing environmental impact.

But in practice, how can business accelerate this transition?



Adopt **sustainable models and designs**, creating modular and repairable products.

Optimize internal processes and resource use, implementing measures that enhance efficiency and reduce dependence on raw materials.

Reevaluate business models, investing in remanufacturing, reuse, and product resale to create new revenue streams.

Integrate **reverse logistics** into the supply chain, contributing to the efficient collection and separation of reusable waste.

Leverage incentives and regulations, ensuring regulatory compliance, access to tax benefits, and embedding the circular economy into ESG and decarbonization strategies.

Our Corporate Sustainability team is ready to assist you!

THIS MONTH'S INSIGHTS



Fonte: International Energy Agency

OUR COVERAGE

ANEEL APPROVES ADDENDUM TO DISTRIBUTION CONCESSION CONTRACTS

ENERGY TRANSITION

On February 25, 2025, the National Electric Energy Agency (“[ANEEL](#)”) approved the draft Addendum to the Concession Contracts for public electricity distribution services. This measure allows a 30-year extension for 19 distribution companies whose contracts are set to expire between 2025 and 2031. The addendum introduces modern provisions on service quality, enhances grid resilience against climate events, and reinforces concessionaires’ commitment to the financial and economic sustainability of the concession.

Read the full article [here](#).

ANEEL OPENS PUBLIC CONSULTATION ON 2025 CAPACITY RESERVE AUCTION

ENERGY TRANSITION

On February 27, 2025, ANEEL launched the Public Consultation No. 010/2025 to gather feedback on the bidding guidelines for the 2025 Capacity Reserve Auction (“[LRCAP 2025](#)”). Schedules for June 27, 2025, the auction aims to contract electric power capacity from hydropower plants, natural gas thermal plants, and biofuel-based power plants. Suggestions for the bidding document can be submitted until April 14, 2025.

Access the consultation page [here](#).

PUBLIC CONSULTATION ADDRESSES RULES ON CONSTRAINED-OFF FOR UFV PLANTS

ENERGY TRANSITION

The ANEEL board of directors has authorized Public Consultation CP 009/2025 to discuss market rules related to the constrained-off of photovoltaic plants (“[UFVs](#)”). The proposal aims to regulate Title II-A of Regulatory Resolution No. 1,030/2022, detailing criteria for calculation, payment, and risk allocation for non-delivered energy. The discussion covers transmission unavailability limits, ungenerated power, and contractual compensations. Contributions can be submitted until April 11, 2025.

Access the consultation page [here](#).

NATIONAL

COMMISSION APPROVES PROPOSAL TO RESTRICT THE USE OF HAZARDOUS SUBSTANCES IN ELECTRONICS

ENVIRONMENT

On February 25, 2025, the National Chemical Safety Commission approved a proposal to limit the use of hazardous substances in electronic and electrical products. Developed by the Temporary Working Group on Hazardous Substance Restrictions, the proposed resolution now moves forward for review by the National Environmental Council.

Read the full article [here](#).

STATE OF SANTA CATARINA ESTABLISHES COMPENSATION CRITERIA FOR PERMANENT PRESERVATION AREAS IN URBAN ZONES

ENVIRONMENT

On January 21, 2025, the Environmental Institute of the State of Santa Catarina (“[IMA](#)”) published Ordinance IMA No. 013/2025, setting minimum criteria for compensation the use of Permanent Preservation Areas (“[APPs](#)”) in urban zones that were occupied, utilized, or altered before July 22, 2008. Compensation should preferably be direct, requiring the purchase of an area by the developer and its donation to the IMA, with a mandatory ratio of 1:2. If direct compensation is unfeasible, monetary compensation may be applied, based on the environmental restoration cost of the Atlantic Forest biome.

Access the ordinance [here](#).

STATE OF PARANÁ ISSUES TECHNICAL GUIDANCE ON ENVIRONMENTAL AUTHORIZATION IN EMERGENCES

ENVIRONMENT

On February 7, 2025, Technical Guidant IAT No. 1 was published, regulating environmental authorization for emergency or disaster-related construction projects. The guidance states that no prior environmental authorization from the Institute for Water and Land (“[IAT](#)”) will be required for urgent works aimed at preventing and mitigating accidents in urban and rural areas for a period of 180 days in municipalities officially declared to be in a state of emergency or public calamity under a municipal decree. The measure covers gravel road reinforcement and other emergency interventions necessary to prevent and mitigate accidents, minimizing the impacts of natural disasters or similar situations.

Access the full guidance [here](#).

NATIONAL

IBAMA LAUNCHES ENVIRONMENTAL FINE CONVERSION PROGRAM

ENVIRONMENT

On February 28, 2025, IBAMA Ordinance No. 25/2025 was published, establishing the IBAMA Environmental Fine Conversion Program ("PCMAI 2025"). The program aims to effectively allocate resources from converted administrative fines, focusing on the promotion of environmental services aligned with Brazil's public environmental policies and international commitments.

Access the ordinance [here](#).

2025 A-5 NEW ENERGY AUCTION BREAKS RECORD FOR REGISTERED PROJECTS

ENERGY TRANSITION

The Ministry of Mines and Energy ("MME") has completed the registration of hydropower projects for the 2025 A-5 New Energy Auction. A total of 225 hydropower projects were registered, amounting to 2,883 MW - a record in both capacity and the number of hydropower projects submitted for New Energy Auctions. Additionally, through Ordinance No. 101/2025, the MME postponed the auction - originally scheduled for July 25, 2025 - to August 22, 2025.

Access the full article [here](#) and the ordinance [here](#).

MINISTRY OF FINANCE OPENS PUBLIC CONSULTATION ON BRAZIL'S SUSTAINABLE TAXONOMY

ENVIRONMENT**CLIMATE CHANGE**

On February 17, 2025, the second phase of the public consultation on the definition of Brazil's Sustainable Taxonomy was launched to deepen discussions on key technical aspects. This phase focuses on setting quantitative thresholds for climate mitigation and adaptation criteria, as well as discussing sector-specific safeguards across different economic activities. Contributions can be submitted through the Participa+ Brasil Platform until March 31, 2025.

Access the consultation page [here](#).

MMA LAUNCHES THE ADPTACIDADES INITIATIVE

CLIMATE CHANGE

On February 12, 2025, MMA launched the AdaptaCidades initiative, aimed at supporting states and municipalities with technical and financial resources to develop local and regional climate adaptation strategies and plans. Eleven states and the Federal District have signed a letter of interest to join the project.

Read the full article [here](#).

MARKET LIBERALIZATION ADVANCES WITH NEW ANEEL PUBLIC CONSULTATION

ENERGY TRANSITION

ANEEL has approved Public Consultation CP No. 7/2025 to improve the regulation of energy distribution in light of the liberalization of the electricity market for Group A consumers, as outlined in MME Ordinance No. 50/2022. The measure aims to simplify the migration to the Free Contracting Environment ("ACL"), prevent anti-competitive practices, and reduce bureaucratic obstacles. The proposal also includes adjustments to regulatory resolutions and the creation of Open Energy, which will facilitate consumer access to and sharing of data. Contributions can be submitted until April 7, 2025.

Access the consultation page [here](#).

TCU LAUNCHES INITIATIVE TO EVALUATE ACTIONS AGAINST CLIMATE CHANGE

CLIMATE CHANGE

On February 18, 2025, the Federal Court of Accounts ("TCU") launched the ClimaBrasil Panel, an initiative aimed at mobilizing the Court of Accounts to evaluate actions against climate change in Brazil. The project seeks to integrate audits on this issue, ensuring greater efficiency and adaptation to local realities. This initiative strengthens external oversight and the transparency of climate policies.

Read the full article [here](#).

INTERNATIONAL

EU LAUNCHES CLEAN INDUSTRIAL DEAL

CLIMATE CHANGE

The European Commission introduced the Clean Industrial Deal, a plan designed to strengthen the competitiveness and resilience of the European Union's industrial sector by accelerating decarbonization and ensuring the future of manufacturing. The plan tackles challenges such as high energy costs, positioning emission reduction as a key driver of growth.

Read the full article [here](#).

BRAZIL AND PORTUGAL SIGN CLIMATE COOPERATION AGREEMENT

CLIMATE CHANGE

ENVIRONMENT

On February 19, 2025, Brazil and Portugal signed a memorandum of understanding for cooperation on climate change and ecosystem management. The agreement outlines joint actions in climate mitigation, biodiversity, recovery of degraded areas, and sustainable financing. It also strengthens their partnership for COP 30 in Belém and establishes a committee to monitor its implementation.

Access the full article [here](#).

EUROPEAN COMMISSION SIMPLIFIES SUSTAINABILITY REGULATIONS

ESG

ENVIRONMENT

The European Commission has adopted a package of proposals to simplify EU regulations, aiming to increase competitiveness and boost sustainable investments. The measures include a 25% reduction in administrative burdens and the mobilization of an additional 50 billion euros to support the ecological transition. The proposals will be reviewed by the European Parliament and the Council.

Read the full article [here](#).

SECOND GLOBAL AUCTION ALLOCATED UP TO €3 BILLION FOR GREEN HYDROGEN

ENERGY TRANSITION

Hintco, the company responsible for operating the H2Global initiative, announced the second global green hydrogen auction following European Commission approval. With a budget of up to 3 billion euros, the auction aims to boost the production and international trade of renewable hydrogen. The auction will be divided into five lots, including four regional lots (North America, South America and Australia, Asia, and Africa) and one global lot.

Read the full article [here](#).

EUROPEAN UNION EASES EMISSION RULES FOR COMBUSTION VEHICLES

CLIMATE CHANGE

The European Union has announced an adjustment to emission rules for combustion vehicles, giving automakers more time to comply with CO2 reduction targets set by regulatory bodies. The European Commission has maintained the ban on gasoline and diesel cars starting in 2035, but postponed the imposition of penalties for failing to meet emissions reduction targets until 2027, initially set for 2025.

Access the full article [here](#).

EUROPEAN UNION INVESTS €7.8 MILLION IN NEW ENERGY SYSTEM FOR SUSTAINABLE SHIPS

ENERGY TRANSITION

The European Union has granted 7.8 million euros for the development of a state-of-the-art energy system aimed at promoting sustainable maritime transport. Funded by the Horizon Europe program, the STEESMAT project seeks to create an innovative energy distribution solution for vessels, reducing ship emissions by up to 40%.

Read the full article [here](#).

SPECIAL EDITION!

GSGA ON THE ROAD TO COP 30

COP 30, which will take place in Belém (PA) from November 10 to 21, 2025, will be a landmark for the global climate agenda and solidify Brazil as a key player in international negotiations. As part of our commitment to bringing the climate agenda to our readers, we are launching this new section, providing strategic updates on key advances and challenges leading up to this major event!

OFFICIAL STATEMENT

During the 79th Session of the Informal Plenary Meeting on Priorities and Preparations for COP 30, Ambassador André Aranha Corrêa do Lago made his first formal statement as the Designated President for COP 30. In his speech, he emphasized that defending multilateralism and respecting science will be at the heart of his presidency. Read the full statement [here](#).



PRESIDENT'S LETTER

On March 10, 2025, the Designated President issued his first letter, highlighting the importance of COP 30 in the context of international negotiations. In addition to the role of multilateralism, he emphasized key themes that will be addressed at the conference, including the review of Nationally Determined Contributions (“[NDCs](#)”), the implementation of the Global Stocktake outcomes, the Just Transition Work Programme, and the climate adaptation goal. Read the full letter [here](#).



GUESS WHAT?

Brazil has been integrating circular economy as one of the pillars of its climate strategy. The [Brazilian NDC](#) reinforces that the [Ecological Transformation Plan](#) will prioritize the monitoring of the circular economy, aligning public policies and incentive mechanisms. Among the structural initiatives, the [Eco Invest Brazil Program](#) stands out, created to attract sustainable investments and promote projects aligned with circular economy, bioeconomy, and energy transition. **Our expectation is that this topic will also be discussed during COP 30!**





Source: Canva

TO KEEP IN SIGHT

NEWSLETTER

- [New rules for the capacity reserve energy auction](#)
- [ANEEL Public Consultation - Free Market - Electric Energy Distribution Services](#)
- [New Environmental Fine Conversion Program by IBAMA](#)
- [New Guidelines for the Reverse Logistics Report](#)

MATERIALS

- [Public Call for Business Plans for Investments in Strategic Mineral Transformation](#)

RECOMMENDED EVENTS

10 - 12 MAR

10th anniversary
Sustainability Week
London, UK

[Official Link](#)

16 - 21 MAR

Climate and Clean Air
Conference 2025
Brasília, Brazil

[Official Link](#)

25 MAR

NTI - Sustainability
Summit
Online

[Official Link](#)

25 - 26 MAR

Sustainable Supply
Chain Exhibition
Birmingham, UK

[Official Link](#)

31 MAR - **02** ABR

Sustainable Aviation
Futures
São Paulo, Brazil

[Official Link](#)

WHAT WE DO

CORPORATE SUSTAINABILITY

AT GAIA SILVA GAEDE ADVOGADOS

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 propose an innovative legal model by integrating, with our Corporate Sustainability team, the topics that will undoubtedly be on the agenda of any industry.

We are prepared to assist clients in understanding the new frontiers in governance, socioenvironmental compliance, climate change management, and the energy transition.

We work to encourage our clients to meet high standards of socioenvironmental integrity, qualifying their investments and supporting the skilled management of business risks.

*We are a law firm that integrates the areas of **Environmental Law, Climate Change, ESG, and Energy Transition.***

Meet our Corporate Sustainability team



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