



Brazilian
Initiative

**for the Voluntary
Carbon Market**

Public Consultation about proposed accreditation process for Legal Firms in the Project Repository

July 2023



Objective of the Public Consultation

The Brazilian Initiative for the Voluntary Carbon Market proposes through its sponsors a public consultation to collect **inputs on the suggested accreditation process for Legal Firms** to join the Brazilian Project Repository

**We aim to test
the proposed
accreditation
process with a
broader audience**

What this public consultation is...



Validation of proposed **accreditation criteria** for Legal Firms to participate in the Project Repository

... and what it is not



Call for applications for Legal Firms to participate on the Repository's MVP

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Disclaimer and general instructions

Brief context on the BR VCM Initiative and the Project Repository

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Public Consultation – Disclaimer (1/2)

Disclaimer

This document offers general information only and is not intended to provide policy, regulatory, legal, accounting, or financial advice, but only to collect inputs and feedbacks from the general public about the mechanisms proposed by the Brazilian Initiative for the Voluntary Carbon Market.

The highest levels of transparency will be ensured: all answers will be published at the end of the public consultation period (August 07, 2023), along with the identity of each respondent.

We reserve the right to disregard any answers that are unrelated to the scope of this consultation, or that use inadequate language.

The legal framework of the carbon market in Brazil is based on several pieces of legislations:

- Federal Decree No.9073/2017 - It ratified the Paris Agreement
- Brazilian NDC
- Warsaw Framework for REDD+ UNFCCC
- Brazilian National Strategy for REDD+ Projects
- National Policy on Climate Change (Federal Law No. 12,187/2009) and Decree No.9,578/2018 that regulates the Law
- Forestry Code (Federal Law No. 12,651/2012)
- Federal Decree No. 10,144/2019 (Institutes the National Commission for the REDD+ - CONAREDD+)
- CONAREDD+ Resolutions No. 01,02 and 03 / 2020
- Programs Floresta+ and Floresta+ Carbono
- National Policy of Payments for Environmental Services (Federal Law No. 14,119/2021)
- Federal Decree No. 11,075/2022 - Creates the National System for Reduction of Emissions of GHG (SINARE) and the Sectoral Plans for Climate Change Mitigation

Public Consultation – Disclaimer (2/2)

Disclaimer

On behalf of the Brazilian Initiative for the Voluntary Carbon Market, led by Amaggi, B3, Bayer, BNDES, Dow, Equinor, Itau, Natura, Rabobank, Vale, Systemica, and McKinsey & Company, Inc. do Brasil Consultoria Ltda., as knowledge partner, will process the responses and data submitted in the public consultation described herein according to the terms and conditions described below.

McKinsey & Company is committed to protecting your personal information and data. McKinsey will use this information only for analyzing and improving the proposed appointment process and give responses to the feedbacks received. Your data will be handled in accordance with applicable data privacy laws, our internal policies and our [Privacy Policy](#). Because McKinsey is a global organization, your information may be stored and processed by McKinsey and its affiliates in countries other than your place of residence. However, regardless of location, we will apply the same level of care and respect for your privacy.

The role of McKinsey will be to collect information and conduct an independent analysis, which can be used by the Initiative to develop its own recommendations. In this sense, McKinsey is not responsible for defining selection criteria or making any decisions.

How to Participate in the Public Consultation

- Read through the reference material first in order to get all the details on what the Initiative is proposing for the appointment process



On specific content pages you will find a green box at the top right corner indicating how this topic will be tested in the public consultation

- To access the public consultation and give your feedback on the mechanisms, visit the [Initiative's website](#) or scan the QR code below



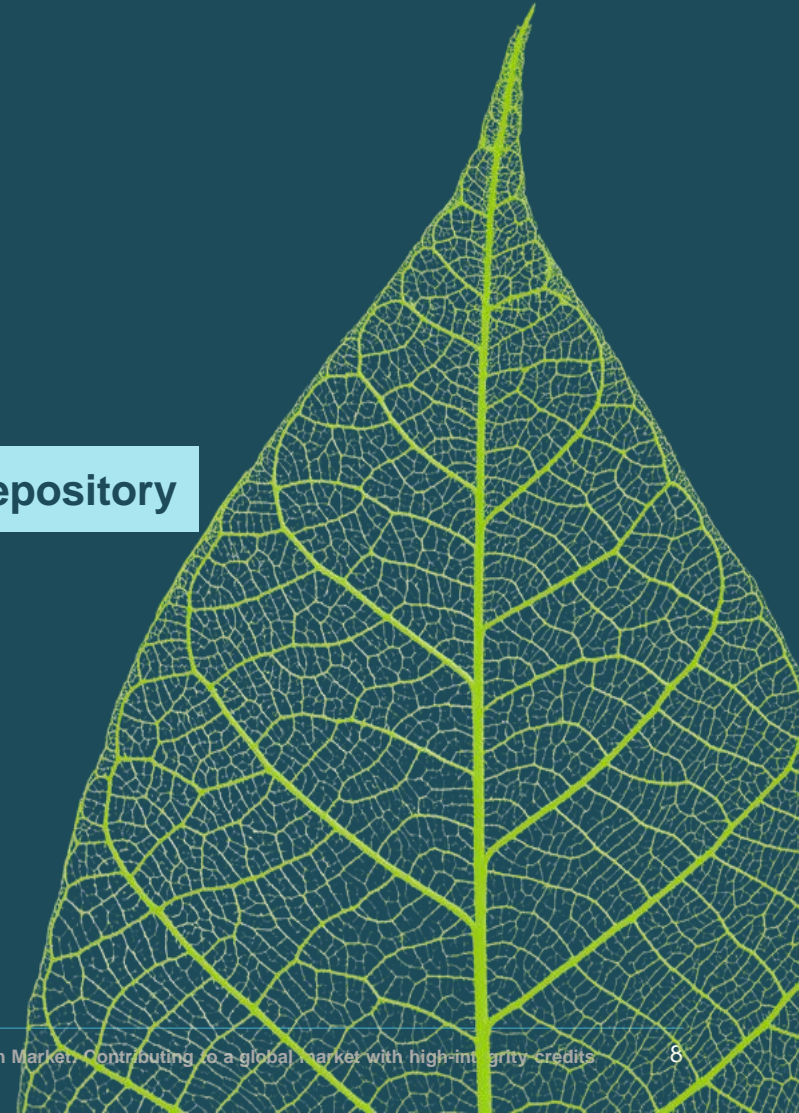
- ! You are not required to give feedback on all the questions - feel free to manifest only on the topics that are most relevant to you with as much detail as possible
- ! The proposals in these documents will be updated/revised in response to the feedback obtained from the public consultation

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The “Brazilian Initiative for the VCM” aims to increase the Brazilian contribution to a global VCM with high-integrity credits

Initiative Mission



Unlock Brazil’s potential to support the world in achieving the net zero target



Develop a **high-integrity Voluntary Carbon Market (VCM)** as an instrument to attract **substantial financial flows** to unravel Brazil’s climate finance potential and its co-benefits (e.g., biodiversity protection, water security, socioeconomic development)



Recognize the **primary need to decarbonize value chains/operations**, leveraging carbon credits to **compensate emissions on the journey to net zero** and then neutralize hard-to-abate emissions at the point of net zero and subsequently

Guiding Principles



Seek a **dual ambition goal**: **scale** the Brazilian voluntary carbon market with **high-integrity carbon credits**



Promote a **collective agenda** that can **unlock the market** by creating a **common powerful voice** (versus individual interests)



Build a **fact-based perspective** that reflects the multiple views of participants and other entities



Develop **action-driven and tactical actions** (the diagnosis is done, it’s time for action!)

Our current efforts are focused on 4 mechanism prioritized for development in the current phase

Detailed next

01 BR VCM Council



Proposed mechanism

Umbrella organization to support BR VCM to scale with high integrity



02 Project repository



Voluntary national project repository with key information to optimize diligence process

03 Impact of CC legal nature



Assessment of the impact of legal nature definition on several dimensions, including accounting, tax and capital allocation impacts

04 Impact of global discussions



Review of current global discussions and potential impact on Brazilian voluntary carbon market (e.g., GHG protocol)

Other mechanisms

Financial solutions

Reference contracts







Reference data set

Methodology review

Scan QR code or go to brvcm.org to learn more about the mechanisms proposed by the Brazilian Voluntary Carbon Market Initiative

Why building the Repository? On the local level, the current VCM has little to no specifications on local bylaws and context

 Detailed next

Level of impact	Description	Examples	Status
 <p>Global Integrity Guidelines</p>	<p>Global benchmark for high-integrity carbon credit projects that is widely discussed in the global market</p> <p>Detailing of methodology and processes to ensure compliance and adherence to principles are under definition</p>	<p>Core Carbon Principles (CCP) by IC-VCM</p>	<p> Articles on principles published in Apr/23</p> <p>Discussions on key international conventions</p>
 <p>Project level certification</p>	<p>Standards and methodologies adopted by developers that are certified and monitored by Validation and Verification Bodies (VVBs)</p> <p>Highly applicable at the global level, with land-related topics overseen lightly (e.g.: common approach across geographies)</p>	<p>Verra Gold Standard</p>	<p> Most buyers require certification on with a VVB to attest to integrity</p>
 <p>Jurisdic. Integrity</p>	<p>When in the local level, there is country-specific idiosyncrasies (e.g., land ownership, social environmental regulation) that require verification in order to ensure project integrity</p> <p>Each stakeholder follows different processes and guidelines, with limited standard/framework to verify or monitor the integrity of them and limited transparency</p>	<p>VVBs have started to require specific documents</p>	<p> N/A</p>

How does the Repository aim to address pain points? Three pillars structure the Repository and its value proposition



Availability of Brazilian VCM data

Consolidation and organization of Brazilian carbon credit projects, from already certified projects to new projects that are still being structured, giving users a complete view of the Brazilian market

Integrity of Brazilian projects

Structuring and standardization of the diligence process, giving interested parties mechanisms to certify integrity (e.g. cross-check information from different bases, access to the memo made by a legal firm accredited by the Repository)

Education about VCM and Brazilian specificities

Relevance of the information validated by the platform, disseminating knowledge about the Brazilian context as well as about the project in question

How is the platform being built to respond to each pillar? There are several features per pillar that form the platform proposal

 Topic of the consultation



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The accreditation process is vital to ensure the Repository's and the projects' integrity

Do you have any considerations on the accreditation process?

Role of the Legal Firm

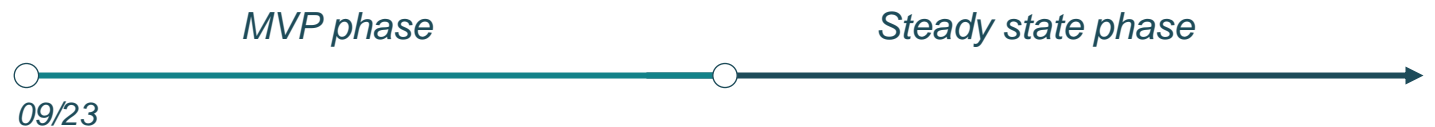
Legal Firms will be hired by buyers and developers to **run due diligences** on carbon projects following the Repository's **standard diligence protocol**

The Legal Firm will have access to project documentation, **identifying potential risks** and collaborating for a **high-integrity market**

The diligence process does not aim to be an additional standard certification and will not represent rework since it will **focus on project specific topics and jurisdictional aspects**



How will the accreditation process take place?



There will be a **specific number of seats for legal Firms** and the Initiative will invite Firms that **already collaborate to the BR VCM** and that meet the minimum requirements

Any legal firm that meets the minimum requirements threshold can sign up for accreditation – to be approved in the Repository, **3 buyers and 3 developers must endorse** the firm's application

Minimum requirements for accreditation

- Ranked in at least one of the following categories in Chambers Brazil: ESG; Environmental; Real Estate; Agribusiness
- More than 5 diligences executed for carbon-related projects in the last 3 years
- Minimum of 10 years of Firm's existence or 10 years of experience in the field from Firm's partners

