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# ESG trends shaping Brazil's capital market in 2025

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We are starting a new year with, as always, renewed expectations for regulatory innovations and trends in the capital markets. In fact, 2025 could be a big year for ESG measures in the Brazilian capital market. Companies will be preparing to disclose sustainability-related financial information, under the terms of CVM Resolution 193/2023; the Eco Invest Brasil Program is expected to attract significant new investment; Brazil's regulated carbon market will be structured under Law 15.042/2024; and a sustainable taxonomy may be implemented this year. A highlight of the year is COP30 in November, when Brazil will consolidate its position in the climate change agenda, as host of the conference in Belém (PA).

Although disclosure of sustainability-related financial information is only mandatory for publicly-traded Brazilian companies for fiscal years beginning on or after January 1, 2026, Brazilian companies will need to start preparing for future compliance, based on the standards established by the International Sustainability Standards Board (ISSB).[1] Some companies, such as Renner and Vale, have opted to start voluntarily disclosing this information.

With CVM Resolution 193/2023, Brazil was the first country to officially adopt the global standard created by the ISSB for disclosure of sustainability-related financial information. The Resolution is evidence of the CVM's strong commitment to advancing the ESG agenda, especially with regard to disclosure of information by publicly-traded companies.[2]

In another area of the economy, the Program for Mobilization of Foreign Private Capital and Exchange Protection – Eco Invest Brasil, launched in February 2024 by the National Treasury under Law 14.995/2024, represents an important tool for attracting foreign investment in sustainable projects from 2025 on. One of the main highlights of the Eco Invest Program is the line of credit available for currency hedging, which aims to reduce the costs of long-term currency hedging, which is currently in short supply or offered at high cost. The low supply, high cost scenario represents a major obstacle to attracting foreign investment to Brazil for long-term sustainable projects. As it rolls out over 2025 and beyond, the program has potential to attract a significant amount of foreign capital to sustainable projects.

The year 2025 will also see the cornerstone laid for Brazil's regulated carbon market. In December 2024, Law 15.042/2024 was published, establishing the Brazilian Greenhouse Gas Emissions Trading System (SBCE – *Sistema Brasileiro de Comércio de Emissões de Gases de Efeito Estufa*). The SBCE will set limits on GHG emissions, allowing emissions to be converted into tradable financial assets.[3] With this new legislation, Brazil joins the circle of countries that have a regulated GHG emissions trading system, reinforcing its position on promoting sustainability. According to the Ministry of Finance, the Brazilian carbon market is expected to be fully operational by 2030.[4]

Another issue that could heat up debate on ESG topics in the Brazilian capital market is the implementation of a sustainable taxonomy in Brazil, which is under public consultation until March 31, 2025. The sustainable taxonomy is a tool for classifying economic activities and investments according to their alignment with sustainability objectives and combatting climate change.[5]

Among the benefits of implementing a sustainable taxonomy are (i) greater transparency on companies' sustainability practices, as a clearer classification of sustainable activities and investments will promote more accurate disclosure of information, enabling investors to better interpret and evaluate that information, and (ii) making it easier to attract investments aimed to ecological transformation, as one of the major challenges at present is knowing what businesses and activities are (or are not) effectively sustainable.

One event that promises to put Brazil in the ESG spotlight is the 30th United Nations Conference on Climate Change (COP30), which will take place in Belém in the state of Pará in November this year. The COP is an annual global meeting that brings together world leaders, scientists, non-governmental organizations and representatives of civil society to discuss the reduction of greenhouse gas emissions, and to study and debate solutions to environmental issues.[6] Among the issues to be addressed at the upcoming meeting are climate finance and the new national decarbonization plans that countries must present.

The fact that Brazil is hosting the next COP is a great opportunity to reaffirm our country's commitment to sustainability, and to present concrete solutions for reducing deforestation and GHG emissions. Moreover, the choice of Belém as host city reinforces the importance of the Amazon for the world's environmental agenda, allowing global leaders to have direct contact with the challenges faced by native populations and riverside communities, and deepening the debate on sustainable development.

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**NOTES**

1. As provided for in CVM Resolution 193 of October 20, 2023. More information is available at .

2. Federal Government. "Brasil é 1º país no mundo a adotar relatório de informações financeiras relacionadas à sustentabilidade emitidas pelo ISSB". Available at .

3. Federal Government. "Sancionada a lei que estabelece as bases para um mercado regulado de carbono no Brasil". Available at .

4. Valor Econômico. "Brasil dá largada no mercado regulado de créditos de carbono". Disponível em: .

5. Governo Federal. "Fazenda inicia consulta pública para definir Taxonomia Sustentável Brasileira". Available at .

6. Federal Senate. “COP”. Available at .

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