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FÓRUM DE AÇÃO EMPRESARIAL PELO CLIMA

OPEN LETTER TO BRAZIL ON CLIMATE CHANGE – 2015

The climate change challenge constitutes an opportunity to promote innovation, technologies and actions in Brazil that would generate a new phase in the country's development, promoting the creation of jobs, the preservation of natural resources, the reduction of inequalities and fostering social development.

Brazil will have comparative advantages in a low-carbon economy context and we can reach a higher proportion of renewable sources in our energy matrix, due to existing natural resources as well as through competitive productive processes.

In December 2015, in Paris, the 21st Conference of Parties of the United Nations on climate change (COP21) will take place. There, representatives of around 200 countries will establish a new global agreement defining actions directed to reduce emissions of greenhouse gases (GHG), aiming to limit the future increase in the global temperature to 2 degrees Celsius.

This new agreement is essential to create a favorable environment and accelerate the transition into a low-carbon economy. We understand that a leading role from Brazil in this transition process, associating innovation processes in the public sphere, in the private sector and the non-profit sector will be fundamental to the competitiveness and the positioning of the Brazilian economy in the global context.

Therefore, *Fórum Clima's*¹ corporations renew and broaden their commitments undertaken in the 2009 Open letter and propose to the public power a set of recommendations on positioning and actions at national and international levels concerning the climate change agenda.

Our commitments

As contribution to the global efforts to reduce the impacts of climate change, we commit ourselves to:

- A. Defining GHG emission reduction targets² and to increase energy efficiency³;
- B. Taking into account carbon pricing and favoring choices of options that promote the reduction of GHG emissions in our processes, products and services, as part of criteria for our investments;
- C. Pursuing development and innovation of our products and processes promoting the optimal use of resources and the reduction of GHG emissions;
- D. Acting in the value chain to reduce GHG emissions of suppliers and customers, in order to serve as reference in reducing emissions in our sectors;

¹ *Fórum Clima* or the Climate Forum in English consists of a group of corporations that made a series of GHG emission reductions commitments in 2009 through the signing of a previous Open Letter (<http://forumempresarialpeloclima.org.br/o-forum/carta-aberta-ao-brasil/>)

² References to reducing emissions in this document also generally include actions to capture/ remove greenhouse gases from the atmosphere.

³ For companies in sectors with highly dynamic activities, the reduction targets could be defined in relation to the highest or the lowest level of activities.

- E. Annually publishing the inventory of GHG emissions of our companies, as well as the actions for the mitigation of emissions and adaptation to climate change;
- F. Reducing continuously the specific GHG emissions and/or net balance of CO₂e through emission reduction actions in production processes, investment in renewable energy, capture/storage and re-use of carbon and/or supporting effort for preserving biomes;
- G. Engaging with the government, civil society and our business sectors in an effort to understand climate change impacts on the regions where we operate and to implement the respective adapting actions;
- H. Acting proactively by proposing instruments to promote a low-carbon economy;
- I. Eliminating the use of products deriving from deforestation and illegal exploitation from our production and commercial networks.

Proposals to the Brazilian Government

At the international level

Believing in the Brazilian leadership role on climate negotiation, we suggest to the government the following set of proposals:

- A. Advocating for the inclusion of a **limit to global emissions of GHG** that in the **long term** will contribute and enable reaching zero net emissions by 2050;
- B. Promoting the creation of a **multilateral mechanism for carbon pricing** that: (i) promotes the elimination of the implicit or explicit subsidies in the exploitation of fossil energy sources and from high-emission activities and (ii) expands the incentives for low-carbon economy practices, for renewable energy production, for achieving energy efficiency and for the maintenance and expansion of carbon stocks in forest biomass;
- C. Presenting the **Intended Nationally Determined Contributions (INDC) stating reduction targets or specific limits to emission for the post-2020 period**. Goals should take in consideration the aim of keeping Brazilian emissions per capita below the global average, in view of achieving zero net greenhouse gas emissions by 2050; and
- D. Advocating for the establishment of multilateral mechanisms to compensate the maintenance and restoration of forests.

At national level

Brazil needs to define, as part of its sustainable development strategy, how to build a society with zero net carbon emissions, which would be essential for the Brazilian economy competitiveness. This aspiration should guide the multi-annual investment plans and actions.

Public policies on regulation and incentives should encourage the competitiveness of the national economy and increase comparative advantages for Brazil. These policies should moreover be neutral from a fiscal point of view.

To proceed with this agenda, we propose the following guidelines and goals to guide

public policies:

A. Reverting the decline of renewable sources in the share of the Brazilian energy matrix and establishing as target the minimum stake of 50% by 2030.

- Define limits to the emissions of GHG related to the hiring of MWh at electricity auctions. Limits should be consistent with the objective of zero net emissions in Brazil by 2050;
- Enable universal access and the use of energy from non-fossil sources;
- Set bold targets for the increased use of energy sources such as solar, wind, biomass and hydro as well as to the micro generation from renewable sources, adopting the necessary procedures for its implementation;
- Establish a regulatory environment and public policies that encourage co-generation and self-generation of energy, including the use of waste heat from production processes;
- Eliminate direct or indirect subsidies related to the use of fossil fuel sources; and
- Resume and implement the target of increasing ethanol consumption in Brazil by 11% per year, as established in the National Climate Change Plan (2009-2020).

B. Fostering innovation and development of technologies for efficient production processes.

- Intensify educational programs to raise awareness and encourage the use of techniques, materials, products and services with low GHG emissions;
- Establish an innovation and technology incentive program aiming to reach a low-carbon economy;
- Expand and increase the participation of the flow of cargo network and logistics infrastructure that produce low GHG emissions;
- Create or improve public policies to encourage energy efficiency in the productive sectors, for example, encouraging the use of renewable energy.

C. Ensuring access to capital intended for the promotion of a low carbon economy.

- Simplify and expand access to financial resources for investment in reducing GHG emissions and adapting to climate change;
- Simplify and expand access to financial resources to be invested in innovation, research and development; and
- Take into consideration GHG emission reduction indicators in processes to hire services and in public procurement.

D. Establishing the National Emissions Control System, including a system that registers emissions and consultation mechanisms with the participation of

the civil society.

- Designate a unified and simplified regulatory body with regulatory instruments and incentives for a low-carbon economy;
- Publish Annual estimates of GHG emissions in Brazil;
- Implement a carbon pricing mechanism which: (i) promotes the elimination of the implicit or explicit subsidies in the exploitation of fossil energy sources and from high-emission activities and (ii) increase incentives to foster low-carbon economy practices, as well as to promote renewable energy production, the achievement of energy efficiency and maintenance and expansion of carbon stocks in forest biomass; and
- Implement the Brazilian Emissions Reduction Market designated under Law of the National Policy on Climate Change;

E. Encouraging mitigation and adaptation measures to climate change in Brazilian cities.

- Promote innovation in energy efficiency;
- Foster sustainable consumption;
- Meet the goals of the National Solid Waste Policy, ensuring proper disposal and waste treatment, the capture of gases in landfills and reverse logistics mechanisms; and
- Set targets for the reduction of GHG emissions for motor vehicles and create mechanisms to facilitate and encourage collective passengers transports and other urban mobility options that are low on greenhouse gas emissions.

The signatories of this *Open Letter to Brazil on Climate Change - 2015* manifest their support to national and international initiatives in line with the ambitions proposed in this document, highlighting the Brazilian Climate, Forests and Agriculture Coalition for its ability to articulate business associations, companies, civil society organizations and individuals to promote a new competitive, accountable and inclusive low-carbon economy.

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