

Pará signs \$180m LEAF Coalition deal – first in Brazil

- *Pará set to receive finance to support efforts to tackle deforestation*
- *Landmark deal will provide investment to preserve critical forests and support communities in Brazil*
- *Buyers include Amazon, Bayer, BCG, Capgemini, H&M Group, Walmart Foundation and the governments of Norway, UK, and US*

New York 24th September: Pará is set to become the first state in Brazil to secure finance from the LEAF Coalition to support its efforts to reduce deforestation, following the signing of a landmark agreement worth an estimated \$180 million.

Pará, which will play host to COP 30 in its capital Belém, contains around 25% of the Brazilian Amazon. The state government will use the proceeds from the LEAF agreement to finance programs to further reduce deforestation and support traditional people's way of life and sustainable economic development. These programs will share economic benefits with Indigenous Peoples, traditional communities and family farmers on the front line in the battle against deforestation.

The LEAF Coalition is an international public-private initiative comprising a range of major corporations and the governments of Norway, the United Kingdom, the United States and the Republic of Korea, and aims to provide finance to support forest governments and local communities in their efforts to reduce deforestation and forest degradation.

The agreement, signed with Emergent, coordinator of the LEAF Coalition, sets out the commercial conditions for the purchase of up to 12 million high-integrity¹ forest carbon credits if and when they are issued. Each credit represents one metric tonne of carbon emissions reductions from cuts in deforestation. Under the terms of the contract, a transaction can only take place following the actual verification of emissions reductions and issuance of credits by standards body ART. Until issuance occurs there is no financial obligation between the parties.

Under the agreement, LEAF Coalition buyers, including Amazon, Bayer, BCG, Capgemini, H&M Group and Walmart Foundation, have committed to purchasing 5 million emissions reductions credits. The deal will also make a further 7 million credits available for additional

¹ Credits are independently verified and validated to ensure they meet the robust criteria of the Architecture for REDD+ Transactions (ART)'s standard TREES, which ensures the highest standards of environmental integrity and social safeguards. <https://www.artredd.org/trees/>

corporate buyers, with Emergent anticipating strong levels of demand. The agreement is backed by purchase guarantees from the governments of Norway, the UK and the US, covering a percentage of the credit volumes².

Emergent also announced Chanel and Zurich Insurance Group as LEAF Coalition participants, bringing the number of LEAF Corporations to over 30. Both have made a commitment to purchase high-integrity carbon credits from other forest governments working with the LEAF Coalition.

‘Being the first Brazilian state to sign an agreement with the LEAF Coalition is proof of the success of our policies to combat deforestation and transition to a more sustainable, inclusive and greener economic model,’ said Helder Barbalho, Governor of Pará. ‘Reaching a price of \$15 per tonne, well above current market levels, demonstrates buyers’ confidence in the effectiveness of our efforts and the high integrity of the credits we are generating. ‘Our jurisdictional REDD+ system is based on a robust model, anchored in strong social participation. Our population, including Indigenous Peoples, Quilombolas, Traditional Communities and Family Farmers, is not only heard but works together and shares the benefits. Along with other policies, our work to combat deforestation is already helping us build a prosperous, sustainable and inclusive economy for all. We hope that Pará, along with Ghana and Costa Rica, which have also signed LEAF agreements, can be an example for other forest governments – both in the Amazon and other territories – to follow.’

Home to about a quarter of the Brazilian Amazon, Pará is at a critical point in the fight against deforestation. In 2020, Governor Helder Barbalho implemented a new State Climate Change Policy, which sets the course for Pará’s transition to a low-carbon economy, with the goal of net-zero emissions from the land use and forestry sectors by 2036. The state has achieved significant results in forest protection. In the year to July 2024, Pará recorded a 42% reduction in deforestation alerts compared with the previous year, according to official data from Brazil’s National Institute for Space Research (INPE). This represents an estimated decrease of 1,200 km² in deforested area (subject to final verification), the largest reduction recorded in the entire Legal Amazon and the largest since 2020.

² LEAF sovereign donors will provide a purchase guarantee at \$15 per tonne for a portion of the volumes. If Emergent can find a private sector buyer for these volumes, the credits will be sold to that buyer with all extra proceeds above \$15 returned to the forest government, providing an opportunity to receive a higher price. If a buyer cannot be found, the sovereign donors pay for the credits in the form of a results-based payment to the forest government.

‘The agreement with Pará demonstrates the scalability of the LEAF public-private model to mobilize urgently needed finance for forests,’ said Eron Bloomgarden, CEO of Emergent. ‘The LEAF approach represents the best, and perhaps last, chance to halt and reverse tropical deforestation by 2030, channelling billions in climate finance to the Global South. It also ensures the full involvement of Indigenous Peoples and Local Communities in developing plans to fairly share the benefits. We have the proven tool. Let’s use it.

‘A key challenge now is scaling demand, principally from the private sector. That’s why we are delighted to announce that Chanel and Zurich Insurance Group have committed to LEAF. Our heartfelt congratulations go out to the Governor of Pará and his whole team. We will take a moment to mark our progress, then redouble our efforts to reach more agreements with forest governments and bring in public-private sector finance at the scale needed.’

The Pará REDD+ system is being developed with the active participation of a variety of communities and beneficiaries that continue to play an active role in reducing deforestation, including Indigenous Peoples, Quilombolas, Traditional Communities and Family Farmers in the state, to ensure that the funds from the credit sales are distributed fairly, according to the agreed-upon benefit-sharing arrangements. Funds from the LEAF Coalition agreement will be shared with these groups and other stakeholders, starting in 2025, following the completion of the Pará REDD+ Jurisdictional System.

The LEAF deal's funding will also support other government-led efforts to reduce emissions from deforestation, including Pará’s Amazônia Agora State Plan (PEAA), which includes initiatives like the State Bioeconomy Plan, the Native Vegetation Recovery Plan, and the Payment for Environmental Services Program.

Concita Sompré, Leader of the Federation of Indigenous Peoples of Pará (FEPIPA), said, ‘I personally believe we are on the right path, and I congratulate our Governor for having the courage and audacity to implement this, being the first to really bring this discussion to the territories, also considering our perception and participation. This is important in the process. We are being heard.’

Sompré, an Indigenous representative from the Mãe Maria territory, which is home to around 2,000 Indigenous People in the southeastern region of Pará, added, ‘The benefits of these carbon credit still need to be discussed, especially regarding how they will reach Indigenous Peoples, who have always fought for territory defense but never received anything, and now

we will receive something. That is still a challenge for us, but I believe we can establish this dialogue, build together, improve and propose. As Fepipa, we are concerned about being together, building and proposing how this resource will reach the community. This concern is to ensure that this benefit does not bring negative impacts but brings improvement for the community.'

All credits sold under the agreement with Pará will meet the Architecture for REDD+ Transactions (ART)'s The REDD+ Environmental Excellence Standard (TREES, ensuring the highest levels of environmental integrity and social safeguards.

Jurisdictional REDD+ credits represent emissions reductions and removals from large-scale programs at the national or subnational level. Along with the rigorous and independent ART TREES standard, this jurisdictional approach helps address many of the integrity issues associated with carbon credits in the past.

The agreement follows the first LEAF contracts with Costa Rica and Ghana, announced at COP 28 in December 2023. Emergent continues to work on signing agreements with forest governments, including Vietnam, the Brazilian state of Acre, Nepal and Ecuador.

Latham & Watkins LLP acted as US counsel for Emergent, and Mattos Filho acted as Brazil counsel for Emergent on the transaction.

'Amazon is proud to work alongside LEAF Coalition participants, governments of the United States, United Kingdom, and Norway, and the Brazilian State of Pará, on the first LEAF agreement in Brazil. As a co-founder of the LEAF Coalition, we know that halting and reversing tropical forest loss is scientifically necessary to address climate change,' said Kara Hurst, Chief Sustainability Officer at Amazon. 'Tropical forest governments and communities are leading these critical efforts, and through initiatives like LEAF the private sector has a role to play in providing resources they need to be successful.'

'Tropical forests are not only the best natural carbon stores we have but also one of the most biodiverse ecosystems existing on the planet. Supporting their protection is key to tackling both the climate and nature crises and constitutes a core element of our strategy,' said Matthias Berninger, EVP of Public Affairs, Sustainability and Safety at Bayer.

'There is an opportunity for the world to safeguard and restore nature's ability to remove carbon from the atmosphere. Within nature, our world's tropical forests are the most effective

carbon sinks we have,' said David Webb, Chief Sustainability Officer of BCG. 'BCG is proud to stand alongside other corporates and governments in the LEAF Coalition to finance the protection of the Amazon rainforest via high-integrity jurisdictional credits. Not only is this another tangible step towards BCG's climate commitments, but it will reduce emissions, protect biodiversity and support local communities.'

'We've laid out a clear ten-point plan to support our ambitions to reduce our carbon emissions by 90% to reach net zero by 2040,' said Cyril Garcia, Head of Global Sustainability Services and Corporate Responsibility at Capgemini and Group Executive Board Member. 'Our partnership with LEAF is a powerful complement to our decarbonization efforts. Supporting our internal decarbonisation and actions in our supply chain, we are investing in climate solutions, such as protecting tropical forests, which lock in vast stores of carbon. We are delighted to be a part of this agreement to support Pará, home to one quarter of Brazil's Amazon, in safeguarding its forests. Through collective action like this, with other LEAF corporates and governments, we can get closer to achieve the transformation needed to tackle climate change.'

'We are excited to be among the first companies to support the fight against deforestation in the Amazon with the LEAF Coalition and the deal with Pará, Brazil. At H&M Group, we recognize the deep connection between biodiversity and climate. This is why we follow a holistic approach working towards our goals to achieve net-zero emissions and contribute to the global goals of biodiversity. We are committed to do our part in fighting climate change and protecting nature. LEAF is a great example of scaling innovation and collaboration for progress. Protecting tropical forests offers one of the biggest opportunities for reducing emissions in the coming decade and we are proud to be a part of it,' said Leyla Ertur, Director of Sustainability, H&M Group.

'Walmart and the Walmart Foundation are committed to helping protect, restore, and/or more sustainably manage 50 million acres of land and 1 million square miles of ocean by 2030' said Julie Gehrki, President of the Walmart Foundation. 'As a participant in the LEAF Coalition, the Walmart Foundation looks forward to supporting Para in addressing deforestation in the Brazilian Amazon – thereby helping reduce emissions, preserve biodiversity, and support the livelihoods of local communities.'

UK Minister of Climate at the Department for Energy Security and Net Zero, Minister Kerry McCarthy said: 'The Brazilian state of Pará have clear strategies and are working hard to tackle the causes of deforestation and build sustainable economies. The UK is proud of the

role it has played in the development of the LEAF Coalition and to work with partners to protect forests and ecosystems. We look forward to many more governments following the lead of Pará and accessing LEAF funding to protect and restore their forests.'

Tore Sandvik, Minister of Climate and Environment, Norway. 'I congratulate the state of Pará on this landmark agreement with the LEAF Coalition. We are impressed by Pará's reductions in deforestation and its political drive to go further. This agreement will benefit the people of Pará, including Indigenous Peoples and local communities, and be an important tool in the toolbox for Pará to meet its ambitious goals. We are excited to see that Pará is accessing international carbon finance. We hope that other states and countries will be inspired to follow Pará's example.'

Mark Kenber, Executive Director of VCMI, said, 'The LEAF Coalition's third and biggest deal to date demonstrates the confidence of the private sector in investing in high-integrity climate solutions via the voluntary carbon market. As the VCM reforms, we can harness its full potential to increase the flow of private sector finance to climate action, supporting the conservation of ecosystems and the livelihoods of forest-based communities, and delivering real impact at the scale required.'

Fred Krupp, President of Environmental Defense Fund, said, 'If carbon credits for jurisdictional reductions in deforestation work for the peoples of the forest and for the forests, they will work for the world. This is why the first LEAF Coalition agreement in the Amazon potentially represents a step forward in efforts to conserve one of the world's greatest tropical forest biomes. High-integrity, jurisdictional REDD+ programs can unlock funding at pace and scale, bringing further momentum to global efforts to halt and reverse deforestation by 2030. EDF looks forward to continuing to work with Indigenous Peoples organizations as well as the LEAF Coalition to deliver real and lasting impacts.'

- Ends -

Notes to Editors

The LEAF Coalition

Launched during President Biden's Leaders Summit on Climate in April 2021, the LEAF Coalition aims to build a market for high-integrity REDD+ emissions reductions credits from large-scale schemes operated by national or subnational governments (known as the jurisdictional approach). LEAF ensures the highest environmental and social integrity of REDD+ results by only purchasing credits issued by ART as verified to meet requirements of its TREES standard for jurisdictional REDD+ emissions reductions and removals. This builds buyer confidence and trust by ensuring the highest levels of environmental integrity and social safeguards, particularly for Indigenous peoples and local communities.

Emergent

Emergent is a US non-profit that serves as a transactions platform engaging between tropical forest countries and the private sector to mobilize finance to support emissions reductions in deforestation. It does this by developing and bringing practical, credible and large-scale forest protection solutions to market. Emergent serves as the coordinator of the LEAF Coalition.

ART TREES

ART is a standalone, independent program that develops and administers standardized procedures for crediting emissions reductions and removals from national and large subnational REDD+ programs. ART's standard for the measurement, monitoring, reporting and verification of emissions reductions and removals from the forest sector — The REDD+ Environmental Excellence Standard, known as TREES — represents the next step in the evolution of global efforts to protect and restore tropical forests. TREES supports transformational climate action at scale, while upholding rigorous social and environmental integrity.

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