



ASSET INTEGRITY POLICY, V1.0  
ASSETS PROGRAM  
TERO CARBON AVALIAÇÕES E CERTIFICAÇÕES S.A.



**ASSET INTEGRITY POLICY**

**VERSION 1.0**

**ASSETS PROGRAM**

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## IDENTIFICATION

<b>DOCUMENT</b>	Asset Integrity Policy
<b>VERSION</b>	1.0
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<b>PROGRAM</b>	All
<b>SECTOR</b>	All
<b>TYPE</b>	All



## LIST OF ACRONYMS

<b>GHG</b>	Greenhouse Gas
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## LIST OF PROGRAMS

Certification Program
Methodologies Program
Assets Program



## LIST OF SUPPORTING DOCUMENTS

NAME	PROGRAM
Definitions	All

## TABLE OF CONTENTS

<b>1. INTRODUCTION</b>	<b>7</b>
<b>2. OBJECTIVE</b>	<b>7</b>
<b>3. SPECIFIC INTEGRITY GUIDELINES</b>	<b>7</b>
3.1 Prohibition of Carbon Stock Retirement for GHG Emissions Compensation	8
3.2 Dispute and Conflict Resolution	8
3.2.1 Prohibition of Retokenization of Retired Assets	8
3.2.2 Prevention of Double Counting in Commercialization	8
3.2.3 Prohibition of Double Counting in Asset Utilization	8
3.2.4 Asset Cancellation Due to Fraud or Irregularities	9
<b>4. BUFFER POOL AND OTHER RESILIENCE MEASURES</b>	<b>9</b>
<b>5. CLAIMS</b>	<b>9</b>
<b>6. STEERING COMMITTEE</b>	<b>10</b>
<b>7. POLICY REVISIONS</b>	<b>10</b>

## 1. INTRODUCTION

Tero Carbon is committed to maintaining the highest standards of integrity and transparency in environmental asset management. Recognizing the importance of rigorous processes to ensure the traceability, reliability, and legal compliance of assets, this policy establishes clear guidelines to prevent practices that could undermine the credibility of our systems and the carbon market. Our approach is based on international best practices and the experience of leading certification bodies, ensuring the protection of stakeholders' interests and the robustness of the Asset Program.

## 2. OBJECTIVE

The objective of this Asset Integrity Policy is to define the standards and procedures that ensure transparency, traceability, and security in the issuance, transfer, retirement, and, when necessary, cancellation of environmental assets managed by Tero Carbon. Specifically, this policy aims to:

- Ensure that each asset unit is unique, traceable, and managed transparently;
- Prevent double counting, both in the commercialization and utilization of assets;
- Prohibit practices that could compromise asset integrity, such as the retokenization of retired assets and the use of carbon stock for GHG emissions compensation;
- Establish guidelines for asset cancellation in cases of fraud or irregularities, through investigation and auditing;
- Adopt reserve mechanisms (buffer pool) and other resilience measures to mitigate risks and ensure system robustness; and
- Define clear processes for conflict resolution and dispute management related to asset integrity.

## 3. SPECIFIC INTEGRITY GUIDELINES

This section establishes the specific guidelines that ensure the integrity of environmental assets managed by Tero Carbon. The practices described have been developed based on international best standards, aiming to guarantee traceability, transparency, and security at all stages of the asset lifecycle,

preventing irregularities and strengthening the credibility of the carbon market.

### **3.1 Prohibition of Carbon Stock Retirement for GHG Emissions Compensation**

Tero Carbon does not allow the retirement of carbon stock assets for the purpose of greenhouse gas (GHG) emissions compensation. Carbon stock represents the capacity for carbon sequestration and storage and should not be used as a direct substitute for carbon credits generated by emission reduction or removal projects. This policy ensures that GHG emissions compensation is based on real, verifiable, and additional reductions.

### **3.2 Dispute and Conflict Resolution**

To resolve potential disputes and ensure process transparency, Tero Carbon establishes the following mechanisms:

#### *3.2.1 Prohibition of Retokenization of Retired Assets*

To preserve the integrity of environmental asset records, Tero Carbon strictly prohibits the retokenization of retired assets. Once retired, an asset is permanently removed from circulation and marked as such on the blockchain, preventing its reuse or resale and ensuring that each retirement is definitive and irrevocable.

#### *3.2.2 Prevention of Double Counting in Commercialization*

Strict mechanisms are adopted to prevent double counting in the commercialization of environmental assets. Each unit is uniquely identified and tracked throughout its lifecycle, with all transactions recorded transparently and immutably on the blockchain, ensuring that the same asset cannot be sold or claimed more than once.

#### *3.2.3 Prohibition of Double Counting in Asset Utilization*

Beyond commercialization, Tero Carbon ensures that an environmental asset is not used for multiple claims of emission reductions or compensation, reinforcing the credibility of compensations made.



### *3.2.4 Asset Cancellation Due to Fraud or Irregularities*

If evidence of fraud, serious irregularities, or any other situation compromising asset integrity is identified—whether through data manipulation, non-compliance with verification protocols, or practices that may undermine the credibility of projects or methodologies—Tero Carbon reserves the right to cancel the affected assets. Before cancellation, a detailed investigation will be conducted, involving internal audits and, if necessary, independent verifiers. If the evidence confirms the occurrence of irregularities, the assets will be permanently canceled and removed from the market, protecting stakeholders' interests and ensuring that operations are based on real and verifiable data.

## **4. BUFFER POOL AND OTHER RESILIENCE MEASURES**

To mitigate risks and uncertainties inherent to the carbon market, Tero Carbon implements reserve mechanisms known as the Buffer Pool.

In this system, a fraction of the assets may be allocated to a buffer reserve, remaining in the user's wallet but blocked from transfer until they are released. This measure ensures that, in cases of instability or the need for compensation, the reserved assets can be used to safeguard the system's integrity and offset potential losses, reinforcing the resilience and reliability of asset records.

## **5. CLAIMS**

Claims represent an essential channel for participants to express concerns, suggestions, and feedback on various aspects of the policy. The claims process is designed to be transparent, accessible, and responsive to the needs of those involved. When a claim is submitted, it undergoes careful evaluation by the Steering Committee, which assesses its validity and relevance. If an irregularity is identified or a suggested improvement is considered valid, the Committee will take appropriate measures to correct the situation or implement the necessary changes. This process demonstrates the Tero Methodology Program's commitment to ensuring fairness, quality, and continuous improvement, while fostering an environment where participants' voices are heard and valued.

The claim form is available online through Tero Carbon's main communication channels. It can be submitted anonymously and may include suggestions, complaints, or reports.

## 6. STEERING COMMITTEE

The Steering Committee of Tero Carbon's programs plays a key role in ensuring the integrity and effectiveness of the program. Composed of the certifier's administrators and its Advisory Board, the Committee is responsible for reviewing and adjudicating irregularities, claims, and requests within the program. Its duties range from assessing non-compliance cases to reviewing and approving new initiatives and guidelines. This body is vital for maintaining the highest standards of quality and transparency, ensuring that the Tero Assets Program meets its objectives fairly and impartially. Additionally, the Committee plays a crucial role in communication with program participants, ensuring that their concerns are heard and addressed appropriately. Its expertise and commitment are essential to the ongoing success of the program and to strengthening the trust of all involved stakeholders

## 7. POLICY REVISIONS

This policy will be periodically reviewed to ensure its alignment with the evolving carbon market and international regulatory requirements. The review will include:

- **Regulatory Updates:** Incorporation of new legal and regulatory requirements.
- **Continuous Improvement:** Review and enhancement of auditing, verification, and monitoring processes based on lessons learned and stakeholder feedback.
- **Dispute Resolution Mechanisms:** Updates to procedures for dispute resolution and handling of irregularities.



## VERSION HISTORY

VERSION	DATE	NOTES
1.0	04/01/2025	Initial version approved by the Management and released for public consultation.