



ASSETS PROGRAM, V2.0
ASSET GOVERNANCE PROCESS
TERO CARBON AVALIAÇÕES E CERTIFICAÇÕES S.A.



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Dear customers,

It is with great pleasure that I present to you our Assets Program. This program has been developed with the goal of providing a robust and transparent framework for managing environmental assets, ensuring that all operations are conducted in accordance with international best practices and the most rigorous compliance standards.

At the heart of this program are our commitments to integrity, transparency, and security. At Tero Carbon, we believe that the credibility of the carbon market depends on clear and reliable processes. Therefore, we have established strict policies for asset issuance, transfer, and retirement, using Polygon's blockchain technology to ensure traceability and immutability of all transactions. Additionally, we issue Digital Certificates (NFTs) that are stored on IPFS and published on OpenSea, promoting accessibility and public transparency. Furthermore, we are the first and only Brazilian certifier to report records to the CAD Trust metadata platform.

Our program also includes strict measures to prevent double counting of assets and the re-kenization of retired assets, ensuring that each environmental asset maintains its integrity and unique value. We reaffirm our policy of not allowing the retirement of carbon stocks to offset greenhouse gas (GHG) emissions, ensuring that emissions offsets are always based on real and verifiable reductions.

By publicly reporting records on external and international platforms, we are preparing Tero Carbon to comply with future regulations, such as the Brazilian Emissions Trading System (SBCE). This additional effort reinforces our commitment to providing the highest level of transparency and security for our clients and partners.

We are confident that Tero Carbon's Assets Program will meet your expectations and contribute significantly to the integrity and efficiency of the carbon market. We appreciate your trust and continued partnership, and we are available for any clarification or support you may need.



Brazil, Manaus, August 19, 2024.

Yours sincerely,

A handwritten signature in black ink that reads "Francisco Higuchi". The signature is written in a cursive, flowing style.

Francisco Gasparetto Higuchi, PhD.
CEO, Tero Carbon

IDENTIFICATION

DOCUMENT	Assets Program
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PROGRAM	All
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LIST OF ACRONYMS

CAD	Climate Action Data
GHG	Greenhouse Gas
IPFS	InterPlanetary File System
NFT	Non-Fungible Token
SBCE	Brazilian Emissions Trading System, In Portuguese, <i>Sistema Brasileiro de Comércio de Emissões</i>



LIST OF COMPLEMENTARY PROGRAMS

Certification Program
Methodologies Program



LIST OF SUPPORTING DOCUMENTS

NAME	PROGRAM
Definitions	All
Tokenization Process	All
Asset Integrity Policy	All
Fee Schedule	All

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1. INTRODUCTION

The Tero Carbon Asset Program was designed to provide a solid and transparent framework for the governance of environmental assets. By leveraging cutting-edge technology such as the Polygon blockchain and decentralized storage on IPFS, we ensure the traceability, immutability, and public accessibility of all our operations. This program covers all stages, from asset minting to transfer and retirement, ensuring that each transaction is conducted with the highest standards of integrity and security.

Our commitment to transparency is reflected in the issuance of Digital Certificates (NFTs) for each operation, which are published on OpenSea and CAD Trust, allowing for public verification. Additionally, we implement strict measures to prevent practices that compromise market integrity, such as double counting and re-tokenization of retired assets. By publishing operations on international platforms, Tero Carbon is preparing to comply with future regulations, such as the Brazilian Emissions Trading System (SBCE), ensuring that our clients and partners can fully trust our processes.

2. OBJECTIVE

The Tero Carbon Assets Program aims to ensure the transparent and secure management of all environmental assets, adhering to international best practice principles. This involves implementing clear procedures for asset issuance, transfer, retirement, and cancellation, a robust system for unit identification and tracking, a transparent definition of the legal nature and ownership of assets, and strict measures to prevent duplication in trading and usage.

3. PROCESS FLOW (STEP BY STEP)

The process of registering asset operations at Tero Carbon follows a sequential flow of macro-activities, as illustrated in **Figure 1**, with average times indicated for each stage.

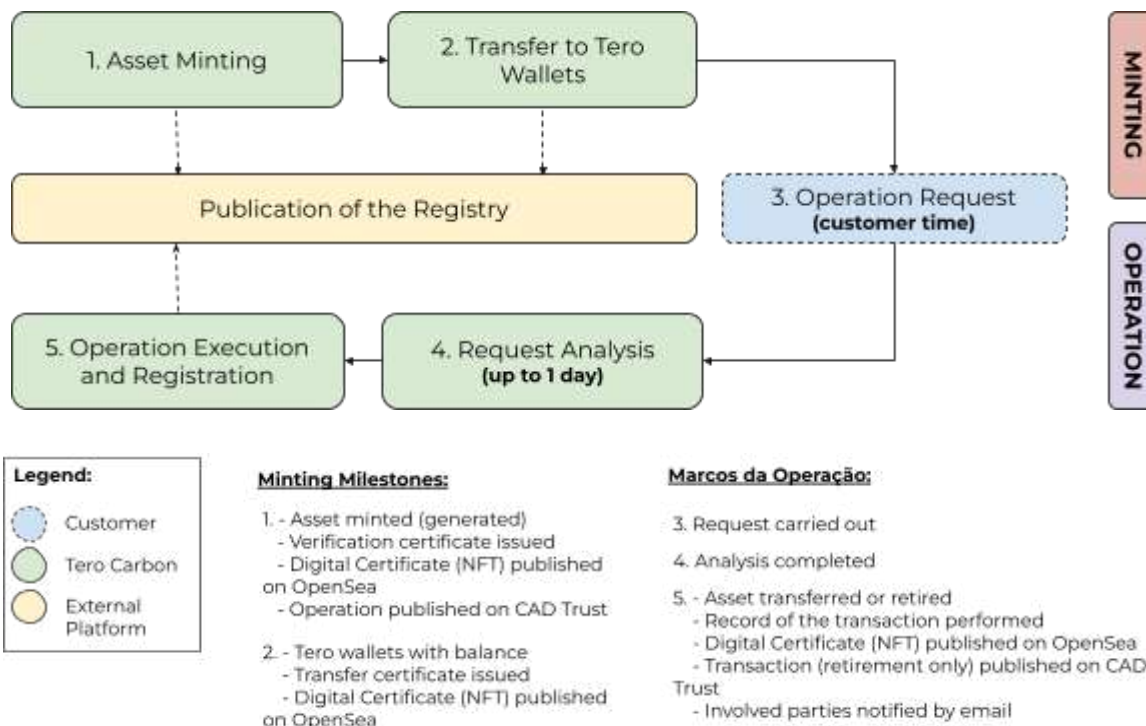


Figure 1: Flowchart of the stages and processes for registering asset operations at Tero Carbon.

4. STAGES OF ASSET MINTING

4.1 Asset Minting

The asset minting stage at Tero Carbon is a detailed process that involves generating an environmental asset through the registration of a non-fungible token (NFT) on the public Polygon blockchain. Initially, the key project data recorded in the Tero Platform, which includes essential information about the carbon credit or carbon stock, is securely and permanently stored in the InterPlanetary File System (IPFS). The use of IPFS ensures that the data remains immutable and is accessible in a decentralized manner, enhancing transparency and reliability.

During blockchain registration, a unique identification code (hash) is generated to exclusively represent the environmental asset. This hash is crucial for ensuring the traceability and integrity of the asset. Then, the key project data is securely stored in IPFS, and the generated hash is linked to this data. This process ensures that the information remains immutable and is accessible

in a decentralized manner, providing an additional layer of transparency and security.

4.2 Transfers to Tero Wallets

After the environmental asset is minted, if the project has multiple quota holders with pre-defined participation percentages in the Tero Platform, Tero Carbon automatically transfers the assets to each quota holder according to their respective shares. This operation updates the balance of environmental assets in the quota holders' Tero Accounts transparently and accurately.

Each transfer is recorded on the Polygon blockchain, ensuring traceability and security. A unique hash is generated for each transaction, guaranteeing its integrity and authenticity while facilitating asset auditing. Additionally, for each transfer performed, Tero Carbon issues Digital Certificates (NFTs) that represent the asset movement to the quota holders.

5. STAGES OF ASSET OPERATION REGISTRATION

5.1 Operation Request

Tero Carbon clients can request operations directly through the Tero Platform at any time, provided they have sufficient balance in their wallets. The available operations include the transfer and retirement of environmental assets, each serving different client needs and objectives.

5.2 Request Analysis

Once an operation request is submitted on the Tero Platform, the Tero Carbon team conducts a detailed review to ensure compliance and transaction security. This step is crucial to validate all provided information and guarantee that operations are executed in accordance with established policies and standards.

During the analysis, Tero Carbon may request additional information from the client to complete the request, such as contracts, agreements, or confirmations from involved parties—especially in cases of asset transfers or large-scale retirements. These additional details are essential to verify the legitimacy of the request and ensure alignment among all parties.

Once all necessary information is received and verified, the operation is approved. If the request does not meet the established criteria or lacks sufficient information, Tero Carbon informs the client of the reasons for rejection and, whenever possible, provides guidance on the necessary steps for correction or completion.

This rigorous analysis process not only ensures the integrity and security of operations but also strengthens client trust in Tero Carbon as a transparent and reliable entity in environmental asset management.

5.3 Operation Execution and Registration

During the Operation Execution and Registration stage, Tero Carbon processes the settlement of environmental asset transfer and retirement operations, ensuring the correct update of balances in the involved Tero Accounts. This critical phase guarantees that all transactions are completed securely, transparently, and with full traceability.

Once the request is reviewed and approved, Tero Carbon executes the operation according to the specified type:

- Transfers: assets are sent to the Tero Accounts of the recipients designated by the client.
- Retirements: assets are permanently removed from circulation and marked as retired on the Polygon blockchain.

Each operation is immutably recorded on the blockchain, ensuring total transparency and transaction integrity.

Additionally, Tero Carbon issues Digital Certificates (NFTs) for Transfers or Retirements for each completed operation. The metadata is stored on IPFS, ensuring the permanence and decentralized accessibility of records. Moreover, they are published on the OpenSea Platform, providing public and verifiable proof of the operation's execution.

To keep all involved parties informed, automated email notifications are sent as soon as the operation is completed. This communication process ensures that all participants are aware of the transaction and can quickly verify its details.

5.4 Registration Publication

The registration publication aims to comply with Article 6 of the Paris Agreement. Once the registration NFT is generated for the minting, transfer, or retirement of an asset, the operation is published on the OpenSea¹ and CAD Trust² platforms.

OpenSea, one of the world's largest NFT marketplaces, serves as a means for viewing the public information of the project and the operation. It allows anyone to consult the details of the environmental asset, reinforcing the transparency of the process. On OpenSea, the NFT is associated with the generated hash and the data stored on IPFS, providing a comprehensive and public view of the project's information.

CAD Trust, on the other hand, is a metadata layer that aggregates and harmonizes carbon credit program data from around the world, enabling efficient and reliable markets for the future.

By publicizing the registration of its operations on external platforms, Tero Carbon adheres to the highest international standards of tracking and compliance. These external platforms provide an additional layer of independent verification, increasing the credibility and trust in the transactions performed. Moreover, this approach prepares Tero Carbon to comply with the future Brazilian Emissions Trading System (SBCE), where it will be required to communicate and register environmental asset operations in official systems.

This step is essential to comply with the principles of Offset Credit Issuance and Retirement Procedures, ensuring that all issuance, retirement, and cancellation procedures are clearly documented and publicly disclosed. The identification and tracking of units are enhanced by the use of unique serial numbers and publication on robust, secure platforms. Tero Carbon clearly defines the legal nature and ownership of the assets, ensuring that each operation is transparent and traceable, preventing double counting, and ensuring the integrity of the carbon credit system.

¹ Tero Carbon Verification Certificates Area.
<https://opensea.io/collection/tero-carbon-verification-certificates>. Accessed in March 2025.

² CAD Trust Data Dashboard: <https://climateactiondata.org/data-dashboard/>. Accessed in March 2025.

6. CHAIN OF CUSTODY

The Environmental Asset Chain of Custody at Tero Carbon is a rigorous process that ensures the integrity, traceability, and legal compliance of all managed environmental assets. From minting to retirement, each step is designed to align with international best practices and regulatory requirements, ensuring transparent and secure asset management.

1. Minting and Initial Registration:

The process begins with the minting of the environmental asset. After verifying and approving the project data, key information is securely stored in the InterPlanetary File System (IPFS). A non-fungible token (NFT) is then minted on the public Polygon blockchain, generating a unique identification code (hash). This hash is linked to the IPFS data, ensuring asset immutability and traceability. Each project stakeholder receives their proportional share of the asset in their Tero Wallet (Tero Platform Account), allowing them to manage their operations.

2. Asset Transfers

For asset transfers, the owner (user) submits a request through the Tero Platform, specifying the recipient (third-party user) and the number of assets to be transferred. Tero Carbon reviews the request and, upon approval, executes the transfer. The transaction is recorded on the Polygon blockchain, automatically updating balances in the Tero Accounts of the parties involved. Digital Transfer Certificates (NFTs) are issued and published on external platforms, ensuring transparency and traceability.

3. Asset Retirement

For asset retirement, the owner (Tero Platform user) can retire assets on behalf of their organization or a third party by providing the necessary information. After submission, Tero Carbon conducts a review and, if approved, records the operation on the blockchain. The assets are permanently removed from circulation and marked as retired, preventing any future use. Digital Retirement Certificates (NFTs) are issued and published on external platforms to reinforce transparency and ensure transaction traceability.

4. Record Publication

In addition to internal registration on the Polygon blockchain, Tero Carbon publishes its operations on external platforms such as OpenSea and CAD Trust.

This practice enhances transparency, security, and reliability, enabling broad verification of transactions. By leveraging internationally recognized platforms, Tero Carbon strengthens the acceptance of its assets in global markets and prepares for compliance with the upcoming Brazilian Emissions Trading System (SBCE).

5. Ensuring Integrity and Transparency

Tero Carbon implements robust security mechanisms to safeguard the integrity of environmental assets. Each unit is uniquely identified, and all transactions are immutably recorded on the blockchain. Decentralized IPFS storage ensures the permanence and accessibility of project data. From issuance to retirement, all operations are publicly disclosed, reinforcing trust in the system.

6. Compliance with International Standards and Principles

Tero Carbon's chain of custody is designed to adhere to the highest international standards, including:

- **Offset Credit Issuance and Retirement** Procedures: Clear processes for credit issuance, retirement, and cancellation.
- **Identification and Traceability:** Unique serial numbers and robust security measures to ensure asset authenticity and tracking.
- **Legal Nature and Unit Transfers:** Transparent ownership definition and secure transfer procedures.
- **Double Counting Prevention:** Strict measures to prevent double counting and maintain the integrity of assets.

Through an innovative approach that integrates blockchain technology, regulatory compliance, and transparency, Tero Carbon ensures that its chain of custody is secure, reliable, and efficient, meeting the demands of global carbon markets and stakeholders' expectations.

7. ASSET STATUS (UNITS)

When assets are minted, they initially receive the Held status. However, a portion of the total amount may be automatically allocated as Buffer for risk management purposes. Below are the different statuses that an asset may assume:

- **Held:** Units that are active on Tero Carbon and available for transactions, cancellations, retirements, or other status changes.
- **Retired:** Units that have been permanently retired by the owner and cannot be transferred or sold.
- **Cancelled:** Units that have been invalidated by the owner and cannot be transferred or sold.
- **Expired:** Units that are no longer valid for use due to expiration.
- **Buffer:** Units held in a reserve account for risk management purposes.
- **Exported:** Units that have been transferred to another registry or account and are no longer available on Tero Carbon.
- **Pending Export:** Units awaiting transfer to another registry or account and not yet available for transactions.

8. TOKENIZATION PROCESS

The tokenization of environmental assets in the Tero Carbon Asset Program follows a structured set of procedures that ensure transparency, traceability, and operational integrity. The "**Tokenization Process**" document outlines the guidelines and practices adopted, serving as a reference for audits and ensuring compliance with the tokens minted by Tero Carbon.

9. ASSET INTEGRITY POLICY

Tero Carbon adheres to strict integrity standards to ensure the transparency, traceability, and reliability of environmental assets registered in the Assets Program. The guidelines and rules that guarantee the compliance and credibility of these assets are detailed in the "**Asset Integrity Policy**" document, which should be consulted for complete information on applicable regulations and restrictions.

10. FEES

Refer to Tero Carbon's "**Fee Schedule**" for information on the applicable fees for operation registration.

11. CLAIMS

Claims represent an essential channel for participants to express concerns, suggestions, and feedback on various aspects of the program. 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.

12. 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.

13. PROGRAM REVISIONS

Reviews of the Tero Carbon Assets Program are an ongoing activity, where improvements can be identified and proposed periodically. These reviews involve a detailed analysis of all aspects of the program, from its initial objectives to its practical implementation and achieved results. During these processes, those responsible for the program assess its performance against the best practices of the international carbon market, identify areas for improvement, and adjust strategies as needed to ensure the program remains aligned with the expectations of participants and stakeholders. These reviews not only promote the program's continuous excellence but also ensure its relevance and effectiveness in the dynamic context of the global carbon market, strengthening its credibility and trust among those involved.

Support:

The development of this document was supported by the Inova Amazônia Program - Traction Module - SEBRAE/CONFAP Notice N. 01/2023.



VERSION HISTORY

VERSION	DATE	NOTES
2.0	04/01/2025	Layout update and text adjustments to align with the new documentation standard, inclusion of the tokenization process (for audit purposes), and separation of the Integrity Policy into a standalone document.
1.0	08/19/2024	Initial version approved by the Management and released for public consultation.