



VVB SELECTION CRITERIA, V2.0
TERO PROGRAMS
TERO CARBON AVALIAÇÕES E CERTIFICAÇÕES S.A.



VVB SELECTION CRITERIA

VERSION 2.0

TERO PROGRAMS

TERO CARBON AVALIAÇÕES E CERTIFICAÇÕES S.A.

IDENTIFICATION

DOCUMENT	VVB Selection Criteria
VERSION	2.0
INTEGRAL PART OF THE	Tero Programs
STATUS	Under Public Consultation
PUBLICATION DATE	04/01/2025
STANDARD	Tero Carbon Avaliações e Certificações S.A. (contato@terocarbon.com)
PROGRAM	All
SECTOR	All
TYPE	All

LIST OF ACRONYMS

ART	Technical Responsibility Note, in Portuguese, <i>Anotação de Responsabilidade Técnica</i>
CDM	Clean Development Mechanism
CRBio	Regional Biology Council, in Portuguese, <i>Conselho Regional de Biologia</i>
CREA	Regional Engineering and Agronomy Council, in Portuguese, <i>Conselho Regional de Engenharia e Agronomia</i>
ER	External Reviewer
GHG	Greenhouse Gas
ISBN	International Standard Book Number
ISO	International Organization for Standardization
VVB	Validation/Verification Body



LIST OF PROGRAMS

Certification Program
Methodologies Program
Assets Program



LIST OF SUPPORTING DOCUMENTS

NAME	PROGRAM
Definitions	All

TABLE OF CONTENTS

1. INTRODUCTION	7
2. OBJECTIVE	7
3. ACCREDITATION	7
3.1 Accreditation of VVBs for Projects	7
3.2 Invitation Letters and Public Disclosure	7
4. SELECTION CRITERIA	8
4.1 Methodology Reviewer	8
4.2 Small Scale Projects	9
4.3 Large Scale Projects	10
4.4. Legal Compliance	10
4.5. Separation of Duties / Impartial Assessment	10
4.6 Sequential Reviews	11
4.7 Program Independence	11
4.8 ART Issuance Capacity (if applicable)	12
4.9 Participation in Tero Carbon Training	12
4.10 Exception for Pilot Projects	13

1. INTRODUCTION

This document aims to establish the criteria and procedures for the selection of Validation/Verification Bodies (VVBs) or External Reviewers (ERs) for the methodologies and projects managed by Tero Carbon. Hiring a VVB plays an essential role in the process of validating methodologies and projects, ensuring an impartial and objective evaluation by a third party. Recognizing the importance of democratization and equitable access to carbon markets, Tero Carbon takes a flexible approach in defining guidelines for VVBs, adjusting its requirements according to the scale of the project. This allows for broader and more inclusive participation of small and large-scale initiatives, promoting environmental and economic sustainability holistically.

2. OBJECTIVE

The objective of this document is to establish clear and specific guidelines for the selection of VVBs, outlining the necessary requirements for candidates wishing to be considered for the validation of carbon projects. The criteria that differentiate the selection of VVBs for small and large-scale projects are presented, as well as the procedures for registering and qualifying candidates.

3. ACCREDITATION

3.1 Accreditation of VVBs for Projects

Accreditation by the Validation/Verification Body (VVB) is a mandatory step within the process of selecting external reviewers for projects. To this end, Tero Carbon provides a registration form for interested parties, available on our page *web*.

3.2 Invitation Letters and Public Disclosure

For VVBs already registered with Tero Carbon, invitation letters are sent to pre-selected VVBs based on their experience and credentials, inviting them to participate in the selection process to review methodologies or projects. Invitations highlight the details of the opportunity, including the scope of service, deadlines, selection criteria, and proposal submission procedures.

4. SELECTION CRITERIA

4.1 Methodology Reviewer

A methodology-independent External Reviewer (ER) candidate must possess a combination of specific qualifications and experience to perform the work effectively.

Listed below are the characteristics that the candidate must have:

- **Technical Knowledge:** Must have proven knowledge of the principles and practices related to the mitigation of greenhouse gas (GHG) emissions and the validation or verification processes of carbon reduction projects. Proof indicators can be: official academic publications (scientific articles published in recognized scientific journals; publication of books and/or book chapters with ISBN registration; publication of dissertations and/or master's and/or doctoral theses, respectively; publication of manuals and technical bulletins; and the like). If possible, you should also be familiar with international standards and guidelines, such as those from the International Organization for Standardization (ISO).
- **Practical Experience:** Have participated as author and/or co-author in the development, implementation or review of methodologies used in greenhouse gas mitigation projects. Proof indicators can be: published and available methodologies; Technical Responsibility Note (ART), registered with specific Regional Councils (e.g. CREA for forestry engineers and CRBio for biologists); Signed contracts and Certificates of completion of work issued by the contractor.
- **Professional Qualifications:** Must have academic credentials relevant to the topic of the methodology, such as: For the methodology review focused on “Nature-Based Solutions”, whose central object is “forest”, have a background in forestry, agronomic, environmental engineering, environmental sciences and agrarian or related areas. Proof indicators can be: Diplomas; Confirmation of registration with Regional Councils (CREA, CRBio and similar); Certificates of specific training courses, issued by recognized entities or by Tero Carbon itself.
- **Analytical Skills:** Must have analytical skills to review and critically evaluate proposed methodologies, identifying possible gaps, inconsistencies or areas for improvement. Indicators will be monitored after the candidate is accredited.

- **Professional Ethics:** Must operate with high ethical standards, demonstrating impartiality, integrity and objectivity in their work. It must adhere to the principles of confidentiality and protection of the interests of the parties involved in the validation or verification process. Indicators will be monitored after the candidate is accredited.
- **Effective Communication:** Must have effective communication skills to interact with all stakeholders, explain findings clearly, and respond to any questions or concerns raised. Indicators will be monitored after the candidate is accredited.

4.2 Small Scale Projects

To review a Small Scale carbon project, the VVB applicant must have technical skills and specific knowledge that allow for an effective and accurate assessment of the project. Here are some important characteristics for a candidate.

- **Accreditation at Tero Carbon:** Must be listed on the Tero Carbon page as an accredited VVB, demonstrating your qualification and approval by the organization to perform carbon project reviews.
- **Specific Knowledge:** Must have an understanding of the principles and practices related to reducing carbon emissions in small-scale projects, including low-carbon technologies, emissions quantification methods and monitoring procedures. Indicator: Corresponding academic training; certificate of specific training courses.
- **Practical Experience:** Have proven experience and work with projects, in areas corresponding to the project to be reviewed. Indicator: Technical Responsibility Note (ART), registered with the corresponding Regional Council; Contract and Certificate of Completion signed.
- **Analytical Skills:** Ability to analyze project data and documents in detail, identifying inconsistencies, gaps or errors that may affect the integrity or accuracy of estimates of reductions and/or removals of GHG emissions. Indicators will be monitored after the candidate is accredited.
- **Clear and Effective Communication:** Ability to clearly communicate your findings and recommendations in an accessible manner to all stakeholders, providing constructive feedback and useful guidance to improve project implementation. Indicators will be monitored after the candidate is accredited.

- **Professional Ethics:** Must adhere to the highest ethical standards, maintaining impartiality, integrity and confidentiality when reviewing the project, ensuring that the validation or verification process is conducted in a fair and objective manner. Indicators will be monitored after the candidate is accredited.
- **Peer Review:** At least two individuals involved in the validation and/or verification of each project.

4.3 Large Scale Projects

To review a Large Scale carbon project, a VVB (Validating or Verifying Entity) must possess a combination of specific skills, experience and credentials that ensure its ability to conduct a comprehensive and accurate review.

In addition to the characteristics already described in item 4.2., the necessary characteristics for the accreditation of VVB for large-scale projects they are:

- **Internationally Recognized Credentials:** Must hold credentials internationally recognized by the voluntary carbon market (such as ISO 14065, CDM/A6.4 accreditation program or any other accreditation program considered relevant by the Program); and
- **Experience in Large Scale Projects:** Must have experience in reviewing and validating or verifying large-scale projects to reduce carbon emissions in different sectors, such as energy, industry, transport, forestry, agriculture, among others.

4.4. Legal Compliance

The candidate for External Reviewer (ER/VVB) must meet the necessary legal requirements.

4.5. Separation of Duties / Impartial Assessment

The VVB validator must be independent and different from the project verifier. The project verifier, responsible for verifying project implementation and the accuracy of emission reduction data, must also be an independent entity or professional and different from the project validator. This separation of functions ensures an impartial and objective assessment at all stages of the

process, guaranteeing the integrity and reliability of carbon emissions mitigation results.

4.6 Sequential Reviews

After successful completion of the initial validation of the project by an independent validator, up to 3 (three) sequential verifications may be carried out by an independent verifier, or, in the case of multiple annual verifications, up to 2 (two) consecutive years. After these two sequential verifications (or years), the project must be verified by a new VVB, different from the validator and previous verifiers. This approach allows for continuous assessment of project implementation, ensuring that emission reduction measures are effective and comply with established methodologies and standards. The introduction of a new VVB after two sequential verifications adds an additional layer of objectivity and impartiality to the verification process, ensuring the ongoing credibility and integrity of the project."

4.7 Program Independence

The VVB of projects must prove the independence of the program, market according to the following criteria:

- **Organizational Independence:**
 - The VVB must be an independent entity or professional, without any direct link or affiliation with project stakeholders, such as developers, investors or sponsors.
 - Must not have a direct financial interest in the outcome of the project, such as equity participation or compensation based on project performance.
- **Technical Independence:**
 - The VVB must have the necessary technical expertise and professional capacity to conduct objective and impartial reviews and verifications, without external influence that could compromise its integrity or objectivity.
 - You should not be subject to external pressures that could affect your ability to make independent decisions during the review and verification process.

- **Independence from Conflicts of Interest:**
 - You must declare any potential conflict of interest that could compromise your independence, such as personal or professional relationships with project stakeholders, or financial interests in companies related to the project.
 - You must implement appropriate measures to avoid or mitigate any conflicts of interest identified during the review and verification process.
- **Market Independence:**
 - It must not have a direct interest in influencing the carbon credits market or in promoting certain technologies or methodologies to the detriment of others.
 - It must conduct its review and verification activities in an impartial and objective manner, based on established technical and scientific criteria, without favoring or discriminating against projects based on commercial considerations.
- **Independence of Related Programs and Initiatives:**
 - You must ensure that your participation in programs or initiatives related to the mitigation of carbon emissions does not compromise your independence when reviewing and verifying specific projects.
 - Any association that could generate conflicts of interest or the perception of bias in relation to the projects being evaluated must be avoided.

4.8 ART Issuance Capacity (if applicable)

For the case where the ER/VVB is located in Brazil, the technician responsible will need to issue a Technical Responsibility Note (ART), or similar, registered with a competent entity, referring to the service provided.

4.9 Participation in Tero Carbon Training

It is essential that the VVB participates in periodic training offered by Tero Carbon to understand the programs and methodologies used. This practice ensures the standardization of results, aiming to meet the highest international integrity standards for environmental assets.

4.10 Exception for Pilot Projects

For pilot projects of methodologies, the selection of VVBs may follow a differentiated process, considering the need for a more specific approach for these cases. Since it involves the initial application of a methodology, the choice of the validating and verifying entity may take into account additional criteria that ensure an appropriate assessment of the innovative nature of the project. This process will be defined based on the complexity and challenges inherent to the pilot, aiming to ensure technical rigor and continuous learning.

VERSION HISTORY

VERSION	DATE	NOTES
2.0	04/01/2025	Layout update to meet the new standard, in addition to the inclusion of the exception rule for pilot projects.
1.0	08/19/2024	Initial version approved by Management and released for public consultation.