



TERO CARBON GOVERNANCE STRUCTURE, V1.0
TERO GOVERNANCE
TERO CARBON AVALIAÇÕES E CERTIFICAÇÕES S.A.



TERO CARBON GOVERNANCE STRUCTURE

– DC.GOV.001 –

VERSION 1.0

TERO GOVERNANCE

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IDENTIFICATION

ID	DC.GOV.001
DOCUMENT	Tero Carbon Governance Structure
VERSION	1.0
INTEGRAL PART OF	Tero Governance
STATUS	Published
PUBLICATION DATE	06/16/2025
STANDARD	Tero Carbon Avaliações e Certificações S.A. (contato@terocarbon.com)
SOLUTION	All
SECTOR	All
TYPE	All

LIST OF ACRONYMS

CEO	Chief Executive Officer
CIM	Inter-ministerial Committee on Climate Change (of the SBCE)
COI	Conflict of Interest
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
ICROA	International Carbon Reduction and Offsetting Alliance
SBCE	Brazilian Greenhouse Gas Emissions Trading System (<i>Sistema Brasileiro de Comércio de Emissões de Gases de Efeito Estufa</i>)
VVB	Validation/Verification Body



LIST OF PROGRAMS

ID	NAME
DC.CER.001	Certification Program
DC.MET.001	Methodologies Program
DC.REG.001	Asset Program

LIST OF SUPPORTING DOCUMENTS

ID	NAME	SOLUTION
DC.COM.001	Definitions	All
DC.COM.003	Stakeholder Consultation Procedure	All
DC.GOV.002	Tero Carbon Conflict of Interest Policy	All
DC.GOV.004	Grievance Management Procedure	All
DC.REG.003	Tero Carbon Registry Procedures	All
Lei nº 15.042/2024	Establishes the Brazilian Greenhouse Gas Emissions Trading System (SBCE)	All

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1. INTRODUCTION AND OBJECTIVE

The Governance Structure of Tero Carbon Assessments and Certifications, Inc. ("Tero Carbon") describes the organizational architecture, the responsibilities of its governing bodies, and the key decision-making processes that ensure the effective, transparent, and high-integrity operation of the Tero Programs (Certification, Methodologies, and Asset).

This document aims to provide clarity to stakeholders on who is responsible for the administration of Tero Carbon, how decisions are made, and how the organization ensures compliance with its principles, internal policies, and the requirements of international standards such as ICROA and CORSIA. Additionally, this governance structure is designed to meet the requirements for Tero Carbon to act as a "certifier of carbon credit projects or programs" within the scope of the Brazilian Greenhouse Gas Emissions Trading System (SBCE), as established by Law No. 15,042 of December 11, 2024, and its future regulations (see, especially, Art. 2, IV and Art. 26). The objective is to demonstrate a robust governance model that underpins Tero Carbon's credibility as a certifier of environmental assets.

2. SCOPE OF APPLICATION

This structure applies to all Tero Carbon operations, including the administration of its programs, the development and approval of methodologies, the management of the asset registry, interaction with stakeholders (project developers, proponents, VVBs, consultants, etc.), and the general oversight of certification activities.

3. ORGANIZATIONAL AND LEGAL STRUCTURE

Tero Carbon Assessments and Certifications, Inc. is a privately held corporation registered under the laws of Brazil. Its primary governance structure is composed of the following bodies (see Appendix 1 for an illustrative organizational chart):

- **Executive Directorate:** Responsible for operational and administrative management.
- **Steering Committee:** A collegiate body with responsibility for strategic oversight and key final approvals.
- **Advisory Board:** A support body with a strictly advisory function, providing technical and strategic expertise.

4. GOVERNANCE BODIES AND RESPONSIBILITIES

4.1. Executive Directorate (CEO)

- **Leadership:** Currently led by the CEO, Francisco Gasparetto Higuchi.
- **Responsibilities:**
 - Manage the day-to-day operations of Tero Carbon.
 - Implement the strategies and decisions approved by the Steering Committee.
 - Supervise the technical, commercial, and administrative teams.
 - Represent Tero Carbon before third parties.
 - Prepare proposals, budgets, and reports for the Steering Committee.
 - Ensure operational compliance with internal and external policies.

4.2. Steering Committee

- **Composition:** Composed of the Executive Directors of Tero Carbon. It receives recommendations and opinions from the Advisory Board.
- **Key Responsibilities:**
 - Define and approve the strategic direction of Tero Carbon.
 - Approve new versions of the Tero Programs and their associated policies (including COI, Asset Integrity, etc.).
 - Approve new methodologies or substantial revisions, following technical recommendation and public consultation ("Methodologies Program (DC.MET.001)").
 - Rule on complex or serious cases of grievances ("Grievance Management Procedure" (DC.GOV.004)) and conflicts of interest ("Tero Carbon Conflict of Interest Policy" (DC.GOV.002)) that cannot be resolved at lower levels.
 - Oversee the integrity and security of the Tero Carbon Registry ("Tero Carbon Registry Procedures (DC.REG.003)").
 - Approve the accreditation, suspension, or cancellation of VVBs.
 - Appoint the members of the Advisory Board.
 - Approve the annual budget and operational plans.
 - Evaluate and approve strategies for the accreditation of Tero Carbon as a certifier and of its methodologies with the SBCE (as per Art. 25 and Art. 26 of Law No. 15,042/2024).
 - Ensure that Tero Carbon's governance structure remains aligned with the requirements for certifiers in the SBCE (as per Art. 2, IV and Art. 26 of Law No. 15,042/2024 and other relevant provisions of Law No. 15,042/2024 and subsequent SBCE regulations).

- **Decision-Making Process:** Decisions are preferably made by consensus. In the absence of consensus, decisions can be made by a majority vote of the members present. Key deliberations and decisions are recorded in internal minutes.
- **Frequency:** Meets ordinarily on a monthly basis and extraordinarily whenever necessary.

4.3. Advisory Board

- **Role:** A **strictly advisory body** with no voting or final decision-making power. Its purpose is to provide independent strategic, technical, and market advice to the Executive Directorate and the Steering Committee.
- **Composition:** Composed of external experts with renowned expertise in relevant areas such as climate science, carbon markets, environmental law, sustainable development, blockchain technology, sustainable finance, and social and indigenous issues. Members are selected and invited by the Steering Committee based on their expertise, reputation, and independence (free from relevant COIs). The updated list of Advisory Board members is available on the official Tero Carbon website (www.terocarbon.com).
- **Operation:** Meets ordinarily on a quarterly basis, and extraordinary meetings may be convened at the request of the Executive Directorate or the Steering Committee. Meetings can be held in person, online, or in a hybrid format to discuss strategic topics, review market trends, analyze new proposals for methodologies or policies, and offer recommendations. It may issue technical or advisory opinions.

5. DECISION-MAKING PROCESSES AND TRANSPARENCY

5.1. Development and Approval of Standards and Methodologies

- The development or revision of Programs, policies, and supporting documents follows an internal workflow of drafting by the Tero team, technical review, and final approval by the Steering Committee. Substantial revisions undergo public consultation as per the “Stakeholder Consultation Procedure (DC.COM.003)”.
- New methodologies or revisions follow the process detailed in the “Methodologies Program (DC.MET.001)”, which includes technical analysis, public consultation (“Stakeholder Consultation Procedure (DC.COM.003)”), final approval by the Steering Committee, and

consideration of the feasibility and requirements for accrediting the methodology within the SBCE, as per Art. 25 of Law No. 15,042/2024.

5.2. Management of Grievances and Conflicts of Interest

- Grievances are managed according to the “Grievance Management Procedure” (DC.GOV.004), with escalation to the Steering Committee in specific cases.
- Conflicts of Interest are managed according to the “Conflict of Interest Policy (DC.GOV.002)”, with the Compliance Officer reporting to the Steering Committee.

5.3. Communication and Public Disclosure

- Tero Carbon is committed to transparency, making the following publicly available on its website (www.terocarbon.com/en/):
 - This Governance Structure document.
 - The “Tero Carbon Conflict of Interest Policy (DC.GOV.002)”.
 - The Tero Programs (Certification, Methodologies, Asset) and their applicable supporting documents.
 - Approved methodologies.
 - List of registered projects and their status (via integration with the Registry).
 - List of accredited VVBs.
 - Results of public consultations on standards and methodologies.
- Key decisions by the Steering Committee that impact external stakeholders are communicated through updates to the relevant documents or official announcements. Minutes of Steering Committee meetings are not public.

6. ACCOUNTABILITY

Tero Carbon is accountable to its stakeholders through:

- **Transparency:** Publication of its rules, procedures, and results (as per Section 5.3).
- **Engagement:** Formal processes for public and local consultation (“Stakeholder Consultation Procedure” (DC.COM.003)).
- **Grievance Mechanism:** A channel to receive and respond to concerns and complaints (“Grievance Management Procedure” (DC.GOV.004)).

- **Independent Audit:** Requirement for validation and verification by independent VVBs for certified projects and assets.
- **Compliance:** Adoption of internal policies (COI, Integrity) and pursuit of alignment with external standards (ISO, ICROA, CORSIA).
- **Alignment with SBCE:** Proactive pursuit of Tero Carbon's accreditation as a certifier of carbon credit projects or programs (Art. 26 of Law No. 15,042/2024) and of its methodologies (Art. 25 of Law No. 15,042/2024) with the SBCE managing body, and continuous adaptation of its processes to ensure compliance with said Law and its full regulation.

7. REVIEW OF THE GOVERNANCE STRUCTURE

This Governance Structure will be reviewed by the Steering Committee at least every two years, or sooner if significant changes in the organization or regulatory environment occur, including the full implementation and regulation of the SBCE, to ensure its continued suitability and effectiveness.



VERSION HISTORY

VERSION	DATE	NOTES
1.0	06/16/2025	Initial version published, detailing the structure and responsibilities of Tero's governance bodies. Inclusion of considerations and references to Law No. 15,042/2024 (SBCE) and Tero's role as a potential certifier in the regulated system. Standardization of references and IDs.

APPENDIX 1: FUNCTIONAL ORGANIZATIONAL CHART

