



TERO CARBON CONFLICT OF INTEREST POLICY, V1.0
TERO GOVERNANCE
TERO CARBON AVALIAÇÕES E CERTIFICAÇÕES S.A.



TERO CARBON CONFLICT OF INTEREST POLICY

– DC.GOV.002 –

VERSION 1.0

TERO GOVERNANCE

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SOLUTION	All
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LIST OF ACRONYMS

COI	Conflict of Interest
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
CRVE	Verified Emission Reduction or Removal Certificate (<i>Certificado de Redução ou Remoção Verificada de Emissões</i>)
ICROA	International Carbon Reduction and Offsetting Alliance
PDD	Project Design Document
SBCE	Brazilian Greenhouse Gas Emissions Trading System (<i>Sistema Brasileiro de Comércio de Emissões de Gases de Efeito Estufa</i>)
VCSU	Verified Carbon Stock Unit - Carbon Stock Asset
VCU	Verified Carbon Unit - Carbon Credit Asset
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.GOV.001	Tero Carbon Governance Structure	All
DC.GOV.003	VVB Selection and Accreditation Criteria	All
TP.GOV.001	[Template] Conflict of Interest Declaration	All
Lei nº 15.042/2024	Establishes the Brazilian Greenhouse Gas Emissions Trading System (SBCE)	All



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1. INTRODUCTION AND OBJECTIVE

Tero Carbon Assessments and Certifications, Inc. ("Tero Carbon") is committed to conducting its operations with the highest levels of integrity, impartiality, objectivity, and transparency. The trust of our stakeholders—including project developers, proponents, credit buyers, regulatory bodies (such as ICAO/CORSIA and the future managing body of the SBCE created by Law No. 15,042/2024), and market alliances (such as ICROA)—is fundamental to our mission.

This Conflict of Interest (COI) Policy establishes the principles and procedures to identify, declare, manage, and mitigate potential and actual conflicts of interest that may arise in the activities of Tero Carbon and its personnel, leadership, consultants, accredited validation/verification bodies (VVBs), and other partners involved in the Tero Programs.

The objective of this policy is to ensure that all decisions and actions taken within the scope of the Tero Programs are free from undue bias, safeguarding the integrity of the certification processes, methodology reviews, asset registration, and the credibility of the issued environmental assets (VCUs and VCSUs). This policy is a key component of the "Tero Carbon Governance Structure (DC.GOV.001)". This policy also aims to ensure the impartiality required of certifiers operating under the SBCE, in accordance with the principles of Law No. 15,042/2024.

2. SCOPE OF APPLICATION

This policy applies to:

- **Tero Carbon Personnel:** All employees, directors, and members of internal committees, including the Steering Committee and the Advisory Board.
- **Consultants and Service Providers:** Individuals or organizations contracted by Tero Carbon who perform functions that could influence the outcomes of the Tero Programs (e.g., technical reviewers of methodologies, internal auditors).
- **Validation/Verification Bodies (VVBs):** Entities accredited by Tero Carbon to perform validation and/or verification of projects and methodologies.
- **Tero Carbon Registry Operators:** Individuals or teams responsible for the administration and operation of the Tero Carbon asset registry platform (including blockchain functionalities).

- Members of External Committees: Individuals participating in technical or advisory committees established by Tero Carbon.

3. DEFINITION OF CONFLICT OF INTEREST (COI)

A Conflict of Interest (COI) arises in a situation where the personal, financial, professional, commercial, fiduciary, or other interests of an individual or organization could compromise, or appear to compromise, their objective judgment and their ability to act in the best interest of Tero Carbon and the integrity of its programs.

Interests may include, but are not limited to:

- **Financial Interests:** Equity interest, stock options, variable compensation, loans, gifts, or other direct or indirect financial benefits in projects, project developers, credit buyers, VVBs, or competitors of Tero Carbon.
- **Professional/Commercial Interests:** Current or past employment relationships, consulting, commercial partnerships, or other professional relationships with entities involved in projects or the carbon market that could influence objectivity.
- **Personal/Familial Interests:** Close family relationships (spouse, children, parents, siblings) or other significant personal relationships with individuals who have financial or professional interests in activities related to Tero Carbon.
- **Fiduciary Interests:** Fiduciary responsibilities to another organization whose interests may conflict with those of Tero Carbon.

A distinction is made between:

- **Potential COI:** A situation where the possibility of a conflict may arise in the future.
- **Actual COI:** A situation where a conflict of interest already exists.
- **Perceived COI:** A situation where, although an actual conflict may not exist, it would appear to a reasonable observer that an individual's or organization's judgment could be compromised.

All types (Potential, Actual, and Perceived) must be declared and managed in accordance with this policy.

4. RESPONSIBILITIES

- **Individuals Covered by the Policy:** Are responsible for:
 - Understanding this policy.
 - Proactively declaring all potential, actual, or perceived COIs to the Tero Carbon Compliance Officer as soon as they become aware of them.
 - Submitting the "[Template] Conflict of Interest Declaration" (TP.GOV.001) upon engagement/appointment and annually thereafter, or whenever a relevant change in their circumstances occurs.
 - Complying with the determined COI management measures.
- **Tero Carbon Managers/Supervisors:** Are responsible for:
 - Promoting awareness of this policy among their teams.
 - Conducting an initial assessment of COIs declared by their team members and forwarding them to the Compliance Officer.
- **Tero Carbon Compliance Officer:** (Or designated Ethics/Steering Committee) Is responsible for:
 - Administering this policy.
 - Receiving and reviewing all COI declarations.
 - Conducting the final analysis and determining the existence and severity of a COI.
 - Developing and implementing COI management plans.
 - Maintaining confidential records of all declarations and management plans.
 - Providing guidance on the policy.
 - Coordinating training.
 - Reporting anonymized summaries on COI management to the Steering Committee.
 - Ensuring that COI management is aligned with the requirements of independence and prevention of conflicts of interest for certifiers of carbon credit projects or programs, as established or to be detailed by Law No. 15,042/2024 and SBCE regulations (see Art. 26 of Law No. 15,042/2024).
- **Tero Carbon (Organization):** Is responsible for:
 - Ensuring this policy is communicated and accessible to all relevant parties.
 - Making this policy publicly available on its website.
 - Providing adequate resources for the implementation and management of this policy.

- Reviewing and updating this policy periodically.

5. COI DECLARATION PROCEDURE

1. **Timing of Declaration:** A COI declaration must be made:
 - a. At the beginning of the relationship with Tero Carbon (hiring, appointment, accreditation).
 - b. Annually, as part of a review process.
 - c. Promptly, whenever a new potential, actual, or perceived COI arises, or when there is a significant change in previously declared circumstances.
2. **Form:** Use the standardized "[Template] Conflict of Interest Declaration" (TP.GOV.001).
3. **Submission:** The completed and signed form must be submitted to the Tero Carbon Compliance Officer. For VVBs, the declaration is part of the accreditation and renewal process.
4. **Content of the Declaration:** Must include sufficient detail about the nature of the interest, the parties involved, the relationship to Tero Carbon's activities, and any potential impact on objectivity.

6. COI REVIEW AND MANAGEMENT PROCEDURE

1. **Receipt:** The Compliance Officer receives and records the declaration.
2. **Preliminary Analysis:** The Compliance Officer (or designated committee) reviews the declaration to determine if a potential, actual, or perceived COI exists and assesses its materiality and risk.
3. **Consultation (if necessary):** May consult the declarant for more information or clarification. May consult the Steering Committee or legal counsel if needed.
4. **Determination:** The Compliance Officer determines if a COI exists and its severity.
5. **Management Plan:** If a COI is confirmed, the Compliance Officer develops a management plan, which may include one or more of the following measures (non-exhaustive list):
 - a. **Recusal:** The individual is recused from participating in the specific activity where the conflict resides (e.g., review of a specific project, participation in a decision).

- b. **Disclosure:** The COI is disclosed to relevant parties (e.g., Steering Committee, other stakeholders, publicly if appropriate and agreed upon).
 - c. **Independent Oversight:** An independent third party is appointed to oversee the activity or decision.
 - d. **Restriction of Access:** The individual's access to confidential information related to the conflict is restricted.
 - e. **Divestment:** The individual may be required to divest from the financial interest causing the conflict.
 - f. **Reassignment:** The individual may be reassigned to other duties or projects.
 - g. **Non-Engagement:** Tero Carbon may decide not to proceed with a contractual or accreditation relationship due to the inability to properly manage the COI.
 - h. **Termination:** In severe cases or for non-compliance with the management plan, the relationship (employment, contract, accreditation) may be terminated.
6. **Communication:** The Compliance Officer communicates the decision and management plan to the individual and, if necessary, to their supervisor or the relevant entity (e.g., VVB).
7. **Monitoring:** The Compliance Officer monitors the implementation of the management plan.
8. **Record-Keeping:** All declarations, analyses, determinations, and management plans are kept in a confidential record by the Compliance Officer for a minimum period of 7 years.

7. SPECIFIC PROVISIONS

7.1. Tero Carbon Leadership and Personnel

Must avoid any financial interest or relationship that could compromise their decisions regarding the approval of methodologies, validation/verification of projects, issuance of credits, or the general administration of the programs.

7.2. Consultants and Service Providers

Must declare any other clients or interests that could conflict with the work performed for Tero Carbon, especially if they involve competing projects, methodologies, or technologies being evaluated by Tero Carbon.

7.3. Validation/Verification Bodies (VVBs)

As detailed in the "VVB Selection and Accreditation Criteria (DC.GOV.003)":

- VVBs must demonstrate organizational, technical, and financial independence from the projects they validate/verify and from the proponents/developers of those projects.
- A VVB cannot validate or verify a project it has helped develop or for which it has provided consulting services.
- There must be a rotation of teams or VVBs according to the program rules.
- They must submit the VVB-specific "COI Declaration" before each validation/verification event.

Additionally, VVBs operating on projects seeking to generate Verified Emission Reduction or Removal Certificates (CRVEs) for the SBCE must observe any independence, impartiality, and COI prevention requirements that may be established by the SBCE managing body or the competent national accreditation body for verifiers under the SBCE (as per Art. 44, II of Law No. 15,042/2024).

7.4. Tero Carbon Registry Operators

The team responsible for the technical and administrative operation of the Tero Carbon asset registry must be free from COIs related to the registered projects or the credits transacted on the platform. They must not have financial interests in specific projects or in the price fluctuations of the credits.

7.5. Methodology Developers and Reviewers

External technical reviewers hired to assess new methodologies must be independent of the developers of the methodology in question and declare any potential COIs.

8. CONFIDENTIALITY

Information disclosed through COI declarations will be treated as confidential and shared only on a "need-to-know basis" for the assessment and management of the conflict, or as required by law. Anonymized summaries may be used for internal and external reporting purposes on COI management.



9. NON-COMPLIANCE

Failure to declare a known COI, or failure to comply with an established COI management plan, will be considered a breach of this policy and may result in disciplinary action, which may include a warning, suspension, or termination of employment, contract, or accreditation with Tero Carbon.

10. TRAINING AND AWARENESS

All individuals covered by this policy will receive training on its requirements at the beginning of their relationship with Tero Carbon and periodically (at least annually) thereafter. The policy will be made available on the Tero Carbon website.

11. POLICY REVIEW

This policy will be reviewed at least annually by the Compliance Officer and the Tero Carbon Steering Committee, and updated as necessary to reflect changes in best practices, regulatory, or operational requirements, including those that may arise from the regulation of the SBCE for certifiers.

12. CONTACT

Questions about this policy should be directed to the Tero Carbon Compliance Officer via email: compliance@terocarbon.com.



VERSION HISTORY

VERSION	DATE	NOTES
1.0	06/16/2025	Initial version published. Standardization of references and IDs. Inclusion of contextual considerations regarding alignment with integrity requirements for certifiers under the SBCE (Law No. 15,042/2024).