VVB SELECTION AND ACCREDITATION CRITERIA

– DC.GOV.003 –

VERSION 2.1

TERO GOVERNANCE

TERO CARBON AVALIAÇÕES E CERTIFICAÇÕES S.A.

IDENTIFICATION

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LIST OF ACRONYMS

ART	Annotation of Technical Responsibility (*Anotação de Responsabilidade Técnica*)
CDM	Clean Development Mechanism
CRBio	Regional Council of Biology (*Conselho Regional de Biologia*)
CREA	Regional Council of Engineering and Agronomy (*Conselho Regional de Engenharia e Agronomia*)
CRVE	Verified Emission Reduction or Removal Certificate (*Certificado de Redução ou Remoção Verificada de Emissões*)
DOE	Designated Operational Entity
ER	External Reviewer
GHG	Greenhouse Gas
IAF	International Accreditation Forum
IPCC	Intergovernmental Panel on Climate Change
ISBN	International Standard Book Number
ISO	International Organization for Standardization
PDD	Project Design Document
Org./ Ind.	Organization / Individual
SBCE	Brazilian Greenhouse Gas Emissions Trading System (*Sistema Brasileiro de Comércio de Emissões de Gases de Efeito Estufa*)
SFI	Sample-based Forest Inventory
TRT	Term of Technical Responsibility (*Termo de Responsabilidade Técnica*)
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.COM.002	Fee Schedule	All
DC.COM.003	Stakeholder Consultation Procedure	All
DC.GOV.001	Tero Carbon Governance Structure	All
DC.GOV.002	Tero Carbon Conflict of Interest Policy	All
TP.GOV.001	[Template] Conflict of Interest Declaration	All
Law n° 15.042/2024	Institui o Sistema Brasileiro de Comércio de Emissões de Gases de Efeito Estufa (SBCE)	All

TABLE OF CONTENTS

1. INTRODUCTION AND OBJECTIVE

Tero Carbon Assessments and Certifications, Inc. (“Tero Carbon”), through this document, establishes the criteria and procedures for the selection and accreditation of Validation/Verification Bodies (VVBs) for projects and External Reviewers (ERs) for methodologies. These independent assessments are fundamental pillars for ensuring the integrity, credibility, and transparency of the environmental assets and methodologies under the Tero Programs. These criteria are aligned with the principles established in the “Tero Carbon Governance Structure (DC.GOV.001)”.

The engagement of VVBs for projects and ERs for methodologies plays an essential role, guaranteeing an impartial and objective assessment by a qualified third party. Recognizing the importance of democratization and equitable access to carbon markets, Tero Carbon adopts a flexible approach in defining its guidelines, adjusting requirements according to the nature of the assessment (methodology or project), the type of asset generated (VCU or VCSU), and the project's scale. This approach aims to foster broad and inclusive participation, promoting environmental and socioeconomic sustainability in a holistic manner and aligned with international best practices, such as the requirements of ICROA and CORSIA, as well as the likely requirements for conformity assessment bodies that will operate under the Brazilian Greenhouse Gas Emissions Trading System (SBCE), pursuant to Law No. 15,042/2024. This document defines the criteria for ERs of methodologies and VVBs of projects for the Tero Carbon voluntary standard, and establishes that, for activities in projects aiming for the SBCE, additional accreditation requirements imposed by the regulated system must be met.

The **objective** of this document is to provide clear and specific guidelines for:

- The accreditation process for VVB and ER candidates.
- The general eligibility criteria applicable to all candidates.
- The specific criteria, roles, and responsibilities for ERs of methodologies.
- The specific criteria, roles, and responsibilities for VVBs operating in the validation and/or verification of VCU projects (Small and Large Scale) and in the verification of VCSU projects.
- The operational rules governing the activities of accredited VVBs.

This document is intended to guide potential candidates (Individuals or Organizations) who wish to act as a VVB or ER within the scope of the Tero Programs, as well as Project Developers in understanding the applicable requirements for the VVBs they will contract, where applicable.

2. SCOPE OF APPLICATION

This procedure applies to:

- **Applicants to be an External Reviewer (ER) of Methodologies:** Individuals (Ind.) or representatives of Legal Organizations (Org.) seeking accreditation with Tero Carbon to conduct the independent technical review of new methodology proposals or revisions of existing methodologies, according to the "Methodologies Program (DC.MET.001)".
- **Applicants to be a Validation/Verification Body (VVB) for Projects:** Legal Organizations (Org.) or, in specific cases for small-scale projects as defined in this document, teams of Individuals (Ind.), seeking accreditation with Tero Carbon to:
    - Conduct the validation of Project Design Documents (PDDs) for Verified Carbon Units (VCUs).
    - Conduct the verification of Monitoring Reports for the issuance of VCUs.
    - Conduct the field verification of carbon stock for the certification of Verified Carbon Stock Units (VCSUs).
- **Tero Carbon:** In the administration of the accreditation process and the maintenance of public lists of accredited ERs and VVBs.
- **Project Developers and Methodology Proponents:** As a reference to understand the qualification and independence requirements of the ERs and VVBs with whom they will interact.

The criteria established herein are applicable to all sectors and types of projects and methodologies under the Tero Programs. The differentiation of requirements, especially for VVBs, considers the project scale (Small or Large Scale, according to the "Project Scale Analysis Tool") and the asset type (VCU or VCSU), as detailed in the "Certification Program (DC.CER.001)".

3. COMPLEMENTARY DEFINITIONS

For the purposes of this document, the definitions contained in the Tero Carbon "Definitions (DC.COM.001)" document apply, complemented by the following:

- **Validation/Verification Body (VVB) for Projects:** A Legal Organization (Org.) or, in specific contexts defined in this document (e.g., Small-Scale VCU projects where Tero Carbon handles the contracting, or Small-Scale

VCSU verification), a team of duly qualified Individuals (Ind.) accredited by Tero Carbon to conduct validation and/or verification activities for carbon projects in accordance with the Tero Carbon Programs and methodologies.

- **External Reviewer (ER) of Methodologies:** An Individual (Ind.) or representative of a Legal Organization (Org.) with renowned knowledge and proven experience, accredited by Tero Carbon to conduct the independent technical review of methodology proposals submitted to the "Methodologies Program (DC.MET.001)".
- **Tero Carbon Accreditation:** The formal process by which Tero Carbon assesses and recognizes the competence, impartiality, and compliance of a candidate (Ind. or Org.) to act as an RE for methodologies or a VVB for projects.
- **VCU Project Validation:** The ex-ante assessment process, conducted by an external and independent VVB, which confirms whether the design of a VCU project complies with the requirements of the applicable Tero Carbon methodology and the rules of the "Certification Program (DC.CER.001)".
- **VCSU Project Validation:** An internal documentary analysis process, conducted by the Tero Carbon team, focused on land tenure compliance, geographic boundaries, and initial methodological suitability for stock quantification. This VCSU validation step does not involve the hiring of an external VVB and is therefore not a direct part of the VVB criteria for this specific activity, but it is mentioned to contextualize the VVB's role in the subsequent verification.
- **Project Verification (VCU and VCSU):** The ex-post assessment process, conducted by an external and independent VVB, which confirms the results of a project (GHG reductions/removals for VCU; quantity of carbon stock for VCSU) in relation to the reported data and methodological requirements, according to the "Certification Program (DC.CER.001)".
- **Verified Carbon Unit (VCU):** An environmental asset representing one tonne of carbon dioxide equivalent (tCO_2e) in GHG emissions reduced or removed from the atmosphere, verified in accordance with the Tero Programs.
- **Verified Carbon Stock Unit (VCSU):** An environmental asset representing one tonne of carbon dioxide equivalent (tCO_2e) stored in biomass in a specific area and on a specific date, verified in accordance with the Tero Programs.

4. ACCREDITATION

4.1 Submission and Assessment for Accreditation

Accreditation as a project VVB or methodology ER by Tero Carbon is a mandatory step. Interested parties (Individuals for RE; Legal Organizations or teams of Individuals for VVB, according to the specific criteria in this document) must express their interest and submit the necessary documentation through an application form available on the Tero Carbon webpage. For activities in projects aiming to generate Verified Emission Reduction or Removal Certificates (CRVEs) for the SBCE, VVBs must also meet the specific accreditation requirements for verifiers established by the SBCE's managing body or the competent national accreditation body (as per Art. 32, sole paragraph, and Art. 44, II of Law No. 15,042/2024).

Tero Carbon will analyze the submitted documentation against the criteria established in this document. This process may involve requests for additional information, interviews, and verification of credentials. The decision on accreditation rests with Tero Carbon, based on the candidate's demonstrated competence, independence, and compliance.

4.2 Public Lists and Disclosure

Tero Carbon will maintain updated public lists on its website of:

- Accredited External Reviewers (ERs) of Methodologies, indicating their areas of expertise.
- Accredited Validation/Verification Bodies (VVBs) for Projects, specifying the scopes for which they are qualified (e.g., Small-Scale VCU - Forestry Sector; Large-Scale VCU - All Sectors; VCSU Verification - Forestry Sector).

These lists aim to ensure transparency and facilitate the selection of ERs/VVBs by Project Developers or by Tero Carbon itself, as applicable.

4.3 Invitation Letters

For VVBs and ERs already accredited and registered in the Tero Carbon database, invitation letters may be sent for participation in specific methodology or project review processes, based on experience and credentials relevant to the demand. The invitations will detail the opportunity, including the scope of service, deadlines, specific selection criteria (if any), and procedures

for submitting proposals. The sending of an invitation letter does not guarantee a contract, which will depend on the applicable selection process.

5. GENERAL ACCREDITATION CRITERIA (Applicable to VVBs and ERs)

A candidate must possess a combination of specific qualifications and experience to perform the work effectively.

5.1 Legal and Organizational Compliance

The candidate (whether an Individual for ER, or an Org./team of Individuals for VVB) must:

- Be a legally constituted entity (for Orgs.) or a duly registered self-employed professional (for Individuals, where applicable), in their country of operation.
- Be in good standing with all legal, tax, and regulatory obligations applicable to their activity.
- Possess an adequate organizational structure and resources (human, financial, technical) to perform the intended functions with quality and consistency. For Orgs., this includes quality and information management systems.

5.2 Independence and Impartiality

Independence and impartiality are fundamental to the credibility of the assessment processes. All candidates and accredited bodies must:

- Act free from any undue influence that could compromise their professional judgment.
- Fully comply with the "Tero Carbon Conflict of Interest Policy (DC.GOV.002)".
- Submit the "Conflict of Interest Declaration (TP.GOV.001)" at the time of accreditation, annually for renewal, and before each assignment to a specific activity (methodology review, project validation, or verification).
- Demonstrate organizational, technical, financial, and market independence in relation to the activities they assess and the parties involved (developers, proponents, investors). This includes, but is not limited to:

- Having no direct financial interest in the outcome of the assessed methodology or project.
- Not having provided consulting services for the development of the methodology or project they will assess (except in clearly defined and Tero Carbon-approved circumstances, ensuring the assessment is performed by a team distinct from the consulting team).
- Implementing measures to identify, mitigate, and manage any potential, actual, or perceived conflicts of interest.

5.3 General Technical Capacity, Professional Ethics, and Conduct

All candidates and accredited bodies must demonstrate:

- **Analytical Skills:** Ability to critically review and assess complex technical information, identify non-conformities, gaps, and areas for improvement, and form evidence-based judgments.
- **Effective Communication:** Ability to communicate clearly, concisely, and objectively, both verbally and in writing, with all interested parties (Developers, Tero Carbon), and to present findings in an understandable and auditable manner.
- **Professional Ethics:** Operate with the highest standards of integrity, objectivity, confidentiality, and professionalism. Adhere to relevant professional codes of conduct and the "Tero Carbon Conflict of Interest Policy (DC.GOV.002)".
- **Management Systems (for Orgs.):** Organizations (Orgs.) seeking accreditation as a VVB must demonstrate they have adequate quality management and personnel competency systems for validation/verification activities.
- **Performance Indicators:** Tero Carbon will monitor the performance of accredited VVBs/ERs based on the quality of reports, adherence to deadlines, user feedback, and other relevant indicators, and may request corrective actions or, in cases of recurrent unsatisfactory performance, suspend or cancel the accreditation.

5.4 Participation in Tero Carbon Trainings

It is essential that accredited VVBs and ERs participate in periodic trainings and updates offered or indicated by Tero Carbon. These trainings aim to ensure a full understanding of Tero Carbon's Programs, methodologies, tools, and requirements, promoting the standardization and quality of assessment services and contributing to the integrity of the environmental assets.

5.5 Capacity to Issue ART or Similar Documents (Brazil Context)

For VVBs and ERs located in Brazil, whose scope of work involves technical activities regulated by professional councils (such as CREA, CRBio), the technical responsible for the assessment must issue the Annotation of Technical Responsibility (ART) or an equivalent document (e.g., Term of Technical Responsibility - TRT) for the service provided. For organizations or professionals based abroad, they must present similar documentation from their country of origin that attests to professional responsibility for the service, if applicable, or demonstrate adherence to recognized professional responsibility standards.

6. SPECIFIC CRITERIA, ROLES, AND RESPONSIBILITIES

In addition to the general criteria, the following specific criteria apply depending on the role (ER or VVB) and the scope of work.

6.1 External Reviewer (ER) of Methodologies

6.1.1. Specific Qualifications and Experience

A candidate for methodology ER must possess:

- **In-depth Technical Knowledge:** Proven command of the principles and practices of GHG quantification and monitoring, baseline methodologies, additionality, and risk assessment (permanence, leakage) relevant to the methodology sector(s) to be reviewed. Familiarity with IPCC guidelines, ISO standards (such as ISO 14064), and, if applicable to the methodology's scope, familiarity with the requirements for methodologies creditable under the SBCE. Indicators of proof may include: official academic publications (scientific articles in recognized journals; publication of books and/or book chapters with ISBN registration; publication of master's dissertations and/or doctoral theses; publication of manuals and technical bulletins; and the like).
- **Practical Experience in Methodologies:** Demonstrable experience in the development, implementation, validation, or review of GHG methodologies in recognized carbon programs (CDM, VCS, Gold Standard, etc.) or in applied academic/research contexts. Indicators of proof may include: published and available methodologies; Annotation of

Technical Responsibility (ART) or Term of Technical Responsibility (TRT), registered with specific Regional Councils (e.g., CREA for forest engineers and CRBio for biologists); signed contracts and certificates of work completion issued by the contracting party.

- **Professional and Academic Qualifications:** Higher education degree (bachelor's, master's, doctorate) in areas relevant to the methodology's theme (e.g., Forestry, Agronomy, Environmental Engineering; Environmental, Biological, Agrarian Sciences; Economics with a focus on the Environment, etc.). Active registration with the corresponding professional council, if applicable. Indicators of proof may include: Diplomas; Confirmation of registration with Regional Councils (CREA, CRBio, and similar); Certificates from specific training courses, issued by recognized entities or by Tero Carbon itself.

6.1.2. Role and Responsibilities

The ER is contracted by Tero Carbon to:

- Conduct the independent technical review of proposals for new methodologies or revisions of existing methodologies, according to the "Methodologies Program (DC.MET.001)".
- Assess the scientific robustness, clarity, applicability, conservativeness, and compliance of the methodology with the principles and requirements of Tero Carbon and international best practices.
- Prepare a detailed review report, identifying strengths, weaknesses, non-conformities, and providing recommendations for improvement or for Tero Carbon's decision.

6.2 Validation/Verification Body (VVB) for Projects

6.2.1. General Requirements for Project VVBs

Every project VVB must:

- Have an assessment team with at least two qualified and competent individuals for the project's scope, ensuring the principle of peer review in all validations and verifications. One individual must act as team leader and another as an internal technical reviewer or specialist.
- Demonstrate specific knowledge of the principles and practices related to GHG mitigation, low-carbon technologies, emission quantification methods, and monitoring procedures relevant to the project types it will audit. Indicator: Academic background and experience of the team.

- Possess proven practical experience of the team in conducting validations and/or verifications of carbon projects or GHG inventories. Indicators: ARTs/TRTs, contracts, certificates of service completion.
- **Knowledge of SBCE (Recommended):** For VVBs intending to audit projects aiming to generate CRVEs for the SBCE, knowledge of Law No. 15,042/2024 and its future regulations is mandatory, especially regarding MRV and verification requirements for the SBCE. Additionally, such VVBs must hold the specific accreditation required by the SBCE regulation.

6.2.2. VVB for Small-Scale VCU Projects

- Must meet the requirements of section 6.2.1.
- Tero Carbon is responsible for the selection, contracting, and remuneration of the VVB for the validation and verification of these projects, according to the "Certification Program" (DC.CER.001) and "Fee Schedule" (DC.COM.002).
- Tero Carbon may accredit Legal Organizations or teams of Individuals who demonstrate the necessary competencies, even without formal accreditation by international bodies (such as ISO 14065), provided that individual expertise and the ability to follow Tero procedures are proven. Tero Carbon may establish additional supervision requirements or the use of specific tools for these cases.
- Logistical costs for VVB field visits remain the responsibility of the Project Developer.

6.2.3. VVB for Large-Scale VCU Projects

- Must meet the requirements of section 6.2.1.
- **Recognized Credentials:** Must be a Legal Organization accredited under ISO 14065 by a member of the International Accreditation Forum (IAF), or be a Designated Operational Entity (DOE) under the Clean Development Mechanism (CDM) or the Paris Agreement Article 6.4 Mechanism, or possess accreditation under another GHG program considered relevant and equivalent by Tero Carbon. For activities in projects aiming for CRVEs for the SBCE, the VVB must additionally possess specific accreditation as a carbon project verifier as required by the SBCE regulation (Art. 44, II of Law No. 15,042/2024).
- **Experience in Large-Scale Projects:** Must have proven experience in validating or verifying large-scale carbon projects in different sectors.
- The Project Developer is responsible for selecting, contracting, and remunerating the VVB, which must be previously accredited by Tero Carbon.

6.2.4. VVB for Verification of VCSU Projects (All Scales)

- Must meet the requirements of section 6.2.1.
- **Inventory Expertise:** The VVB team must possess proven and specific expertise in conducting field inventories for the type of carbon stock to be verified (e.g., Sample-based Forest Inventory - SFI for forestry projects; soil sampling methodologies for agricultural soil carbon, etc.). The professional qualifications of the team (e.g., Forest Engineer, Agronomist, Biologist, and similar) must be compatible with the scope.
- **Credentials:**
    - For Large-Scale VCSU projects: It is strongly recommended that the VVB be a Legal Organization with formal accreditation (as per item 6.2.3) or demonstrate equivalent quality management and impartiality systems, with a scope relevant to inventory/measurement activities.
    - For Small-Scale VCSU projects: Tero Carbon may accredit Individuals with the required qualifications and expertise to conduct the field verification, even if they are not part of an accredited Org., or smaller Orgs. that demonstrate technical capacity for the specific scope. The use of professionals with ART/TRT is fundamental.
- The Project Developer is responsible for selecting, contracting, and remunerating the VVB, which must be previously accredited by Tero Carbon for the VCSU scope.

6.2.5. Role and Responsibilities of the VVB in the Validation of VCU Projects

As detailed in the "Certification Program (DC.CER.001)", the VVB is responsible for:

- Auditing the Project Design Document (PDD).
- Assessing the project's compliance with the applicable Tero methodology, additionality, baseline, monitoring plan, risk analysis (permanence, leakage), social and environmental safeguards, and land tenure compliance (for NBS projects).
- Issuing a Validation Opinion.

6.2.6. Role and Responsibilities of the VVB in the Verification of VCU Projects

As detailed in the "Certification Program (DC.CER.001)", the VVB is responsible for:

- Auditing the Monitoring Report and the collected data.
- Verifying the net GHG reductions or removals achieved.

- Assessing the management of permanence (buffer), leakage, and the continued implementation of safeguards.
- Conducting field visit(s) (*in loco*).
- Issuing a Verification Opinion.

6.2.7. Role and Responsibilities of the VVB in the Verification of VCSU Projects

As detailed in the "Certification Program (DC.CER.001)", the VVB is responsible for:

- Verifying in the field the carbon stock in the Project Area on a reference date, using robust methods (e.g., SFI) in accordance with the applicable Tero methodology.
- Confirming the maintenance of basic land tenure compliance and the observance of minimum environmental safeguards.
- Issuing a Verification Report and Opinion attesting to the quantity of carbon stocked.
- Note: The VCSU Project Validation step is an internal documentary process of Tero Carbon and does not involve an external VVB.

7. ADDITIONAL OPERATIONAL RULES FOR PROJECT VVBS

7.1 Separation of Functions between Validation and Verification (VCU Projects)

For VCU projects, the VVB that conducts the validation of a project must be independent from and different to the VVB that conducts the first verification of that same project. This separation of functions aims to ensure an additional layer of objectivity and scrutiny, guaranteeing the integrity and reliability of the emission mitigation results. Exceptions to this rule may be considered by Tero Carbon only for Small-Scale VCU projects, upon justification and risk analysis, if Tero Carbon is responsible for contracting both stages and guarantees internal mechanisms of independence between the teams or reviews.

7.2 Sequential Reviews and VVB Rotation

After the successful conclusion of the initial validation of the project (if VCU) and the first verification by an independent VVB, up to 2 (two) subsequent

verifications may be carried out by the same verifying VVB (totaling a maximum of 3 consecutive verifications, including the first). For VCU projects, if verifications are annual, this corresponds to a maximum of 2 (two) consecutive years of verification by the same VVB after the first verification (i.e., VVB1 does the 1st verification; VVB1 can do the 2nd and 3rd verifications in the following years).

After this cycle of 3 verifications (or 2 sequential annual verifications after the first), the project must, mandatorily, be verified by a new VVB, different from the validating VVB (if VCU) and the VVB of the previous verifications.

This approach promotes a continuous assessment of the project's implementation while periodically introducing a new independent perspective, reinforcing the objectivity and impartiality of the verification process and ensuring the continued credibility and integrity of the project. Tero Carbon may, at its discretion, define shorter rotation periods for specific projects or based on market requirements.

8. EXCEPTION FOR PILOT PROJECTS

For pilot projects that aim to test the initial application of a new Tero Carbon methodology, the selection of VVBs for validation and/or verification may follow a differentiated process, to be defined by Tero Carbon on a case-by-case basis. This flexibility considers the need for a more specific and collaborative approach, which may involve additional criteria or closer monitoring by the Tero team, seeking to ensure technical rigor, continuous learning, and the feasibility of the assessment in an innovative context.

9. DOCUMENT REVIEW

This document will be reviewed by Tero Carbon periodically, at least every 2 (two) years, or as necessary to reflect changes in best practices, market requirements, lessons learned, or updates to the Tero Programs. Substantial revisions that significantly alter the criteria or processes established herein will be submitted for public consultation, according to Tero's "Stakeholder Consultation Procedure (DC.COM.003)". Revisions will also consider the evolution of accreditation requirements for conformity assessment bodies and verifiers under the SBCE (Law No. 15,042/2024).

VERSION HISTORY

VERSION	DATE	NOTES
2.1	06/16/2025	Complete restructuring of the document. Clear distinction between criteria for ERs of methodologies and VVBs of projects. Detailing of VVB requirements according to asset type (VCU/VCSU) and project scale. Inclusion of Complementary Definitions and Review Section. Alignment with Certification and Methodologies Programs. Standardization of IDs and references. Inclusion of considerations and references to Law No. 15,042/2024 (SBCE) on VVB accreditation.
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 the Directorate and launched for public consultation.