



ASSET INTEGRITY POLICY, V1.1
ASSET PROGRAM
TERO CARBON AVALIAÇÕES E CERTIFICAÇÕES S.A.



ASSET INTEGRITY POLICY

– DC.REG.002 –

VERSION 1.1

ASSET PROGRAM

TERO CARBON AVALIAÇÕES E CERTIFICAÇÕES S.A.

IDENTIFICATION

ID	DC.REG.002
DOCUMENT	Asset Integrity Policy
VERSION	1.1
INTEGRAL PART OF	Asset Program
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

CIM	Inter-ministerial Committee on Climate Change (SBCE)
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 - SBCE</i>)
GHG	Greenhouse Gas
ITMOs	Internationally Transferrable Mitigation Outcomes
NBS	Nature-based Solutions
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



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.004	Grievance Management Procedure	All
DC.REG.003	Tero Carbon Registry Procedures	All
FR.CER.004	Non-Permanence Risk Analysis and Guarantee Mechanism Tool	NBS
TP.REG.001	[Future-Template] Host Country Attestation Request	All
Law nº 15.042/2024	Establishes the Brazilian Greenhouse Gas Emissions Trading System (SBCE)	All



TABLE OF CONTENTS

1. INTRODUCTION AND OBJECTIVE	7
2. SCOPE OF APPLICATION	7
3. REFERENCE TO ENVIRONMENTAL ASSETS	7
4. SPECIFIC INTEGRITY GUIDELINES	7
4.1. Prohibition of VCSU Retirement for Emissions Offsetting	7
4.2. Prevention of Double Counting and Misuse	7
4.3. Cancellation of Assets due to Fraud or Irregularities	8
5. RESILIENCE MEASURES (BUFFER)	8
6. GRIEVANCES	9
7. STEERING COMMITTEE	9
8. POLICY REVIEWS	9

1. INTRODUCTION AND OBJECTIVE

Tero Carbon is committed to maintaining the highest standards of integrity and transparency in the management of environmental assets. This “Asset Integrity Policy (DC.REG.002)”, an integral part of the “Asset Program (DC.REG.001)”, establishes the fundamental rules and guidelines that prevent practices that could compromise the credibility of the Tero Programs and the carbon market, including alignment with the integrity principles of the Brazilian Greenhouse Gas Emissions Trading System (SBCE), as per Law No. 15,042/2024. The objective is to define clear norms to ensure the traceability, reliability, and legal compliance of the assets, whose technical and operational application is detailed in the “Tero Carbon Registry Procedures (DC.REG.003)” document. This policy operates under the principles of the “Tero Carbon Governance Structure (DC.GOV.001)”.

2. SCOPE OF APPLICATION

This policy applies to all VCUs and VCSUs issued and managed by the Tero Carbon Registry and to all Account Holders and other participants who interact with these assets.

3. REFERENCE TO ENVIRONMENTAL ASSETS

The types of assets (VCU and VCSU), their definitions, and fundamental purposes are established in the Tero Carbon “Asset Program (DC.REG.001)”. This policy reinforces the rules applicable to both.

4. SPECIFIC INTEGRITY GUIDELINES

4.1. Prohibition of VCSU Retirement for Emissions Offsetting

As defined in the “Asset Program (DC.REG.001)” and technically implemented in the “Tero Carbon Registry Procedures (DC.REG.003)”, **VCSUs cannot be retired for the purpose of offsetting GHG emissions.**

4.2. Prevention of Double Counting and Misuse

1. **Prohibition of Tokenization by Third Parties of Tero Carbon Assets:**
Tero Carbon does not permit its assets (VCUs or VCSUs), once issued in its

registry, to be de-tokenized by it to be subsequently tokenized by a marketplace or any other third-party platform. Any integration with marketplaces for the trading of Tero Carbon assets will use the original smart contracts of Tero Carbon, maintaining Tero Carbon as the primary registry.

2. **Prohibition of Retokenization of Retired/Cancelled Assets:** Assets with Retired or Cancelled status are permanently invalid for future transactions. Re-issuance or re-tokenization is prohibited.
3. **Prevention of Double Issuance and Double Use:** The Tero Carbon Registry has systemic mechanisms (unique serialization, blockchain) detailed in the “Tero Carbon Registry Procedures (DC.REG.003)” to prevent the duplicate issuance or multiple use (retirement/cancellation) of the same unit. This is in line with Art. 2, IX of Law No. 15,042/2024, which prohibits double counting.
4. **[Future] Prevention of Double Claiming:** For VCUUs that may be intended in the future for specific markets that require prevention of double claiming with national targets (e.g., CORSIA or as ITMOs under Art. 6 of the Paris Agreement), Tero Carbon will prepare to follow the “Host Country Attestation Request (TP.REG.001)” and the procedures of the “Procedure for Host Country Attestations (DC.REG.005)” to mitigate the risk of double claiming with national targets, aligning with the requirements of Art. 51 of Law No. 15,042/2024 and the future Act of the Inter-ministerial Committee on Climate Change (CIM).

4.3. Cancellation of Assets due to Fraud or Irregularities

Tero Carbon reserves the right to cancel VCUUs or VCSUUs if serious frauds or irregularities that compromise their integrity are proven. The investigation and cancellation process follows what is defined in the “Tero Carbon Registry Procedures (DC.REG.003)”.

5. RESILIENCE MEASURES (BUFFER)

For VCUUs from NBS projects with non-permanence risk, a reserve mechanism (buffer) is applied, as detailed in the “Non-Permanence Risk Analysis and Guarantee Mechanism Tool (FR.CER.004)” referenced in the “Certification Program (DC.CER.001)”. The management of the Buffer status is carried out by the Tero Carbon Registry (“Tero Carbon Registry Procedures (DC.REG.003)”). These mechanisms seek to align with the principles of protection against the reversal of GHG removals, as mentioned in Art. 21, § 1, V of Law No. 15,042/2024.

6. GRIEVANCES

Grievances represent an essential channel for participants to express concerns, suggestions, and feedback on various aspects of the policy. The grievance process is designed to be transparent, accessible, and responsive to the needs of those involved. When a grievance is submitted, it undergoes a careful evaluation by the Steering Committee, as detailed in the “Grievance Management Procedure (DC.GOV.004)”. If an irregularity is identified or a suggested improvement is considered valid, the Committee will take the appropriate measures to correct the situation or implement the necessary changes. This process demonstrates the commitment of the Tero Carbon Certification Program to ensuring equity, quality, and continuous improvement, while promoting an environment where the voices of participants are heard and valued.

The grievance form is available online through Tero Carbon's main communication channels. It can be anonymous and receive suggestions, complaints, or claims.

7. STEERING COMMITTEE

The Tero Carbon Steering Committee, according to its “Tero Carbon Governance Structure (DC.GOV.001)”, is the body responsible for overseeing the application of this Asset Integrity Policy. Its functions include the final deliberation on serious cases of violation of this policy, the approval of corrective or sanctioning measures (such as the cancellation of assets), and the review and approval of updates to this policy to ensure its continued effectiveness and alignment with the best market practices and regulatory requirements.

8. POLICY REVIEWS

This policy will be reviewed periodically to ensure its adequacy to the evolutions of the carbon market and international regulatory requirements. The review will include:

- **Regulatory Updates:** Incorporation of new legal and normative requirements.
- **Continuous Improvement:** Review and enhancement of audit, verification, and monitoring processes based on lessons learned and

stakeholder feedback, as well as to ensure continuous alignment with the integrity requirements of the SBCE and other relevant regimes".

- **Conflict Resolution Mechanisms:** Update of procedures for resolving disputes and handling irregularities.



VERSION HISTORY

VERSION	DATE	NOTES
1.1	06/16/2025	Added references to the procedures detailed in “Tero Carbon Registry Procedures”. Reinforced guidelines on tokenization and marketplaces. Aligned with the publication date of the other Asset Program documents. Standardization of references and IDs. Inclusion of considerations and references to Law No. 15,042/2024 (SBCE) on double counting and asset integrity.
1.0	04/01/2025	Initial version approved by the Directorate and launched for public consultation.