

Conflicts of interest policy

BeZero Carbon



BeZero

Introduction

The purpose of this policy is to protect the integrity and independence of BeZero Carbon's decision-making process as regards its ratings.

All staff including senior management of BeZero Carbon Ltd. (BeZero) will strive to avoid any conflict of interest between the interests of BeZero on the one hand, and personal, professional, and business interests on the other. This includes avoiding actual conflicts of interest as well as the perception of conflicts of interest.

BeZero Carbon has institutionalised robust processes to ensure it identifies, manages and mitigates any actual and or potential conflict of interest as regards its ratings.

These processes include pre-employment checks, in-employment declarations, conflicts register, pre-rating checks, off-boarding checks, segregation of duties between analytical and commercial functions, processes around all rating actions, prohibition of the sales of carbon credits, and restrictions and disclosure on financial interest in carbon markets.

Policy and processes

BeZero business activities

1. BeZero Carbon does not engage in developing, investing, or transaction services for carbon projects. We do not provide any recommendations or consulting services, including on our ratings. We do not advise clients on any part of the auditing, accreditation or Monitoring, Reporting and Verification processes. We do not facilitate introductions between buyers and sellers of credits through our platform or otherwise. We do not sell data that could otherwise be used in the design of a project or methodology. We do not commercialise access to employees and/or advisors, or other insights, from public or private bodies which could be a source of material non-public information.

Disclosure of personal conflicts and how we handle them in the analytical process

2. Upon appointment each staff member shall make a full, written disclosure of interests, such as relationships, and posts held, that could potentially result in a conflict of interest. This includes any carbon projects they have been involved in in a personal or professional capacity. This disclosure shall be updated for any changes as soon as such changes come into force. This written disclosure will be kept on file and will be updated as appropriate.
3. In the course of meetings or activities, staff members will disclose any interests (e.g. financial interests, or close business or personal relationships) in a transaction or rating decision where there may be a conflict between the organisation's interests and their personal interests.
4. BeZero Carbon's COO in consultation with the CEO shall determine:
 - a. If the disclosed interest would constitute a potential conflict for BeZero as per this policy. If not, then such staff members could continue with those engagements.

- b. If the disclosed interest could constitute a potential conflict for BeZero, then such staff member would be required to
 - i. vacate/dis-engage from such association as could potentially cause the conflict;
 - ii. recuse themselves from any involvement or participation in any discussions or decisions causing the conflict.
5. No analytical team member will participate in ratings or discussions pertaining to a carbon project in which they have had any current or recent personal, professional or financial involvement.
6. Employees are required to re-attest their conflicts list annually.

Ethical Wall

7. All analysts are firewalled from the commercial function and any commercial discussions. They are prohibited from participating in the negotiation of fees or payments.
8. Correspondingly, employees in the commercial team are prohibited from involving Ratings Scientists in direct commercial discussions (e.g. discussions regarding fees and payments) or influencing them or attempting to influence them on the basis of commercial considerations.
9. If the analytical team becomes involved in commercial discussions, the conversation should be stopped, and the incident reported to the regulatory oversight function.
10. Employees are required to attest annually to their understanding of and compliance with the Ethical Wall.
11. Breaches of this policy are considered under disciplinary processes.

Analytical team compensation and performance

12. The analytical function compensation is based on their professional and scientific experience. It is not linked in any manner to the number of or the level of ratings assigned. It is also not linked to revenues from any individual customer or the rating assigned to any individual project.
13. Assessment of performance is based on a robust performance framework that is not linked to ratings outcomes or decisions.

Ratings decisions and governance

14. BeZero's approach to carbon ratings draws on best practice from financial market bond ratings. We balance the need for consistent outcomes by having a sub-sector specific methodology, including an underlying analytical framework ("operating manual"), for all ratings with the reality that unique project-level conditions may require expert judgement to accurately

appraise project risks. A framework-only approach risks treating every carbon project as a “carbon copy”. A judgement-only approach risks a lack of consistency.

15. All final ratings are assigned only by a unanimous vote of the rating committee, composed of senior members of the analytical function who are not directly involved in conducting the detailed research on the project being rated/reviewed. The rating committees are formal meetings, with formal minutes. Open and free discussions amongst the members further ensures that no conflicts and bias can influence any rating decision. The Chief Ratings Officer is prohibited from direct involvement in individual ratings processes or decisions.

Analytical team offboarding

16. BeZero has measures in place to identify when departing analytical team members, or members of senior management, depart to join a developer they have recently rated a project from, and processes to ensure their work is reviewed for potential conflicts.
17. We require analysts and members of senior management to commit that they will not take up senior management positions in project developers within 9 months of involvement in a rating for that developer.

Investment compliance

18. BeZero Carbon employees are required to adhere to its Investment Compliance policy which prohibits them to invest in, hold or trade in carbon credits issued by individual projects during the course of their employment, or other financial instruments issued by rated entities (project developers).
19. Employees are required to re-attest annually to ensure their declarations are up to date, and affirm their understanding of the policy.

Updates and reviews

Version number	Date	Description
1.00	27/02/24	Initial release
1.01	01/07/24	Minor content updates
1.02	14/08/24	Minor content updates
1.03	17/04/25	Review
2.00	28/10/26	Review and ESMA update

Disclaimer

The BeZero Carbon Rating of voluntary carbon credits represents BeZero Carbon's current opinion on the likelihood that carbon credits issued by a project achieve a tonne of CO₂e avoided or removed. The BeZero Carbon Rating and other information made publicly available or available through the BeZero Carbon Markets platform ("Content") is made available for information purposes only. The Content and in particular the BeZero Carbon Rating sets out BeZero Carbon's opinion on a particular carbon credit or project based on publicly available information as at the date expressed and BeZero Carbon shall have no liability to anyone in respect of the Content, opinion and BeZero Carbon Rating. The Content is made available for information purposes only and you should not construe such Content as legal, tax, financial or investment advice. The Content is a statement of opinion as at the date expressed and does not constitute a solicitation, recommendation or endorsement by BeZero Carbon or any third party to invest, buy, hold or sell a carbon credit. The Content is not a statement of fact and should not be relied upon in isolation. The Content is one of many inputs used by stakeholders to understand the overall quality of any given carbon credit. BeZero Carbon shall have no liability to you for any decisions you make in respect of the Content. If you have any questions about BeZero Carbon, the BeZero Carbon Rating, the BeZero Carbon Rating methodology, qualifying criteria, rating process, any element of Content, the BeZero Carbon Markets platform or otherwise please contact us at: commercial@bezerocarbon.com.