Beyond Carbon Risk Assessment methodology

BeZero Carbon Ratings



BeZero

Contents

Introduction to BeZero's Beyond Carbon Risk Assessments **3**
Beyond Carbon Risk Assessment analytical framework and process 3
BeZero's Beyond Carbon Risk Assessment 3
Beyond Carbon Risk Assessment definitions 4
Introduction to the risk factor framework **5**
Beyond Carbon risk drivers 6
Driver-level scoring 7
Weighting and aggregation 8
Calculating risk-factor levels 8
Calculating the overall Risk Tier 8
Safeguards effectiveness 9
Data sources and data processes 10
Data processing and source assessment 10
Unavailable information and contextual evidence 10
Engagement with the project 11
Data cut-off, time horizon, and updates 11
Analytical process **11**
How BeZero Uses AI in Beyond Carbon Assessments 12
Scientific evidence 13
Correspondence with external frameworks 13
Correspondence with European Sustainability Reporting Standards 13
International agreements and reference frameworks 14
Methodological limitations and verification 14
Appendix I: Methodology review policy **15**
Stakeholder consultation 15
Appendix II: EU ESG ratings regulatory disclosures **16**
Updates and reviews **17**

Introduction to BeZero's Beyond Carbon Risk Assessments

Beyond Carbon refers to the broader environmental and socioeconomic impacts—both positive and negative—that may arise from carbon credit projects. BeZero Carbon believes the risks associated with Beyond Carbon, which include reputational risks, are just as important as for carbon efficacy and that if not made transparent, they undermine confidence and investment in carbon markets.

BeZero assesses the negative and positive aspects of Beyond Carbon separately to adequately evaluate both a project's risk of harming communities and ecosystems (downside risk) and its likelihood of delivering co-benefits. As a result, BeZero has developed two distinct sets of Beyond Carbon offerings, each with its own methodology:

1. Beyond Carbon downside risk (Beyond Carbon Risk Assessment)
2. Co-benefits likelihood (Beyond Carbon Benefits Assessment)

This document outlines the analytical framework for Beyond Carbon Risk Assessments. BeZero Carbon has published a separate methodology for the Beyond Carbon Benefits Assessment.

Beyond Carbon Risk Assessment analytical framework and process

BeZero Carbon's Beyond Carbon Risk Assessment applies the concept of residual risk. Residual risk refers to a project's remaining risk after accounting for the efficacy of any safeguards designed and/or implemented to mitigate inherent socioeconomic and environmental risks. Inherent risks result from the project activities and exogenous factors (e.g., public policies, cultural norms), before any mitigation actions (safeguards) are undertaken.

BeZero's Beyond Carbon Risk Assessment



Inherent risk can vary widely from one project to another and dictates the need for safeguards. For example, a project in a country with a strong track record of enforcing labour laws may not need project-level safeguards to minimise the risk of forced labour, as the inherent risk is relatively low. However, a project in a country with evidence of forced labour will face higher inherent risk and, as a result, may have higher residual risk if it does not employ strong safeguards around labour practices.

The Beyond Carbon Risk Assessment applies an impact-materiality perspective to its assessment of potential adverse Socioeconomic and Environmental impacts on people and the environment. Public Sentiment is treated as a separate analytical dimension measuring the severity of external opposition to and media coverage of the project and also reflects an impact-materiality perspective. The assessment does not otherwise evaluate the financial materiality of environmental or socioeconomic matters for the project proponent or investor.

The Beyond Carbon Risk Assessment relies on a blend of qualitative and quantitative factors, socioeconomic and environmental impact assessment techniques, and primary and secondary data sources, like information from project documents, external sources (e.g., news articles and journal publications), and internal expertise. This internal expertise is informed by our experience with BeZero Carbon Ratings and safeguards data collected for over 600 pre- and post-issuance projects across all sub-sectors, coupled with in-depth assessments of safeguards for ex ante projects.

Our approach to assessing Beyond Carbon risk is fungible across the market. Like the BeZero Carbon Rating, it applies across all project types and sectors and can be used by all carbon market participants.

BeZero classifies projects by project type using the BeZero Carbon Sector Classification system, a hierarchical sector classification system for verified carbon markets. The classification is periodically reviewed and the BeZero Carbon Sector Classification Methodology is publicly available.

Beyond Carbon Risk Assessment definitions

A BeZero Carbon Beyond Carbon Risk Assessment represents BeZero Carbon's opinion on the residual socioeconomic and environmental risks associated with a carbon project and the severity of relevant stakeholder opposition and negative media coverage.

The Beyond Carbon Risk Assessment is expressed on a five-point numerical scale using tiers, where Tier 1 indicates lowest residual risk and Tier 5 indicates highest residual risk. The assessment is expressed on a relative, ordinal scale. The comparative reference is the population of projects assessed by BeZero under the Beyond Carbon methodology across sectors and geographies. Project activity and geographic context are considered when interpreting the project's residual risk relative to this population, but do not define separate or fixed peer groups or distributions. The assessment does not represent a numerical probability or measured quantity.

Table 1. BeZero Carbon Beyond Carbon Risk Tier scale and definitions.

Tier	Definition
Beyond Carbon Risk Tier **1**	The carbon project has **low** Beyond Carbon risk, reflecting residual socioeconomic and environmental risks and the severity of relevant Public Sentiment.
Beyond Carbon Risk Tier **2**	The carbon project has **moderately low** Beyond Carbon risk, reflecting residual socioeconomic and environmental risks and the severity of relevant Public Sentiment.
Beyond Carbon Risk Tier **3**	The carbon project has **moderate** Beyond Carbon risk, reflecting residual socioeconomic and environmental risks and the severity of relevant Public Sentiment.
Beyond Carbon Risk Tier **4**	The carbon project has **moderately high** Beyond Carbon risk, reflecting residual socioeconomic and environmental risks and the severity of relevant Public Sentiment.
Beyond Carbon Risk Tier **5**	The carbon project has **high** Beyond Carbon risk, reflecting residual socioeconomic and environmental risks and the severity of relevant Public Sentiment.

Table 2. What the Beyond Carbon Risk Assessment **IS** and **IS NOT.**

What the Beyond Carbon Risk Assessment is	What the Beyond Carbon Risk Assessment is not
An assessment of the non-carbon **downside risks** associated with a carbon project	An **evaluation** of the **likelihood** of a carbon project's **potential benefits**, which is covered by a **separate** benefit scoring **product**
A **relative assessment** informed by the best available data and subject matter expertise	An **absolute assessment** based on a single metric, due to complex topics that are highly dependent on context
An assessment that **reflects residual** Beyond Carbon **risk**	A **forecast** or **finding** of the **project's performance** on the ground
A **holistic assessment** that considers risk driven by both the **project** and **exogenous factors**	An assessment of risk focused purely on **safeguards**

Introduction to the risk factor framework

BeZero's Beyond Carbon Risk Assessment employs a framework organised by three primary risk factors:

Socioeconomic: The residual risk of adverse impacts on people in and/or near the project. This factor corresponds to the social component of ESG.

Environmental: The residual risk of adverse impacts on environmental attributes in and/or near the project. This factor corresponds to the environmental component of ESG.

Public sentiment: The severity of public opposition to and media coverage of the project in relation to its socioeconomic and/or environmental aspects. The concept of residual risk and safeguards is less applicable to public sentiment, so we have instead applied the concept of severity to represent the extent of the risk. Public Sentiment is treated as a separate assessment dimension and does not constitute a standalone ESG factor.

The Beyond Carbon Risk Assessment does not assess governance as a standalone risk factor. Governance-related information may nevertheless inform the assessment where it affects socioeconomic or environmental risks or the effectiveness of project safeguards.

The Beyond Carbon Risk Assessment does not assess EU Taxonomy alignment under Taxonomy Regulation (EU) 2020/852. Its driver scores, factor-level results and overall Risk Tier should not be interpreted as indicators of Taxonomy alignment.

Beyond Carbon risk drivers

BeZero assigns a qualitative risk level from 1 to 5 to each risk driver, where 1 represents Low risk and 5 represents High risk. Risk driver scores are aggregated within each of the three risk factors to produce Socioeconomic, Environmental and Public Sentiment risk levels. These risk levels are intermediate

analytical outputs. The overall Risk Tier is calculated directly from all 11 driver scores, as described below.

Table 3. Socioeconomic risk drivers and definitions.

Risk driver	Definition
Land and resource rights	Risks concerning land tenure, physical displacement, access to resources and/or cultural heritage
Labour and livelihoods	Risks concerning forced/unsafe working conditions and/or economic displacement
Diversity and equity	Risks concerning inclusiveness of gender, race, income, and/or other vulnerable or marginalised populations, including Indigenous Peoples and local communities
Benefit sharing	Risks concerning the sharing of project revenues with stakeholders impacted or involved in the project
Stakeholder engagement	Risks concerning the informing, accurate and proactive engagement of stakeholders before and during the project planning and operational phases
Health and education	Risks concerning the health and education of the involved stakeholders

Table 4. Environmental risk drivers and definitions.

Risk driver	Definition
Ecosystems and biodiversity	Risks concerning native habitat, species, and/or connectivity within or surrounding the project area.
Climate resilience	Risks concerning the availability and/or use of natural resources, such as water and soil, and the introduction or exacerbation of natural hazards, such as fire, drought, and flooding.
Pollution	Risks concerning the quality of environmental attributes such as air, soil, water, and noise.

Table 5. Public sentiment risk drivers and definitions.

Risk driver	Definition
Stakeholder commentary	Risks concerning public opposition to the project.
Media coverage	Risks concerning negative coverage by news organisations, either online or in print.

Driver-level scoring

BeZero assigns each of the 11 risk drivers one of five qualitative risk levels, expressed as an ordinal numerical score from 1 to 5.

For Socioeconomic and Environmental drivers, the score reflects residual risk: the risk remaining after considering inherent exposure arising from project activities and contextual factors, and the likely effectiveness of relevant safeguards. Analysts consider the likelihood and potential severity of adverse impacts, together with the efficacy of safeguards. Inherent risk and safeguards are considered jointly and are not separately scored or assigned fixed numerical weights.

For Public Sentiment drivers, the score reflects the severity of stakeholder opposition or negative media coverage. The residual-risk and safeguards approach is not applied to these drivers in the same way.

The following anchors guide driver-level score assignment.

Score	Risk level	Socioeconomic and Environmental drivers	Public sentiment drivers
1	Low	Adverse impacts are unlikely or limited due to low inherent exposure or effective safeguards.	No material opposition or negative coverage is identified; past concerns are resolved.
2	Moderately low	Limited residual exposure remains, with minor gaps or uncertainties in safeguards where needed.	Concerns or negative coverage are minor or isolated, with limited unresolved issues.
3	Moderate	Residual exposure is material, with gaps or uncertainties in how safeguards address inherent risks.	Documented stakeholder concerns remain outstanding, or negative coverage raises issues relevant to the project.
4	Moderately high	Residual exposure is substantial, with significant gaps in safeguard coverage or effectiveness.	Active opposition, unresolved formal complaints or repeated negative coverage concerns the project or closely related activities.
5	High	Residual exposure is high, with limited evidence that safeguards adequately address inherent risks.	Sustained opposition or extensive negative coverage involves ongoing disputes, investigations, or complaints concerning the project or closely related activities.

These anchors support analytical judgement rather than requiring every characteristic in a row to be present. Strong safeguards may coexist with elevated residual risk where inherent risks are difficult to mitigate. Conversely, low inherent exposure may justify a Low score without extensive project-specific safeguards.
Where a risk driver is not relevant because the project's activities and context do not create plausible exposure to the associated adverse impact, it is assigned Low risk, corresponding to a score of 1. It remains within the aggregation rather than being excluded.

Weighting and aggregation

The Beyond Carbon Risk Assessment does not assign separate weights to Environmental, Socioeconomic or Public Sentiment risk factor results. Each of the 11 risk drivers enters the overall calculation on an equal

basis. The risk driver set comprises six Socioeconomic risk drivers, three Environmental risk drivers and two Public Sentiment risk drivers. Governance is not assessed as a standalone factor and has no weighting.

The calculation uses a sum-of-squares approach: the sum of squared driver scores is divided by the sum of those driver scores. Each risk driver score therefore contributes its squared value, giving greater influence to higher-risk scores and reducing the extent to which they can be offset by lower-risk scores

Calculating risk-factor levels

For each risk factor, the aggregate score is calculated by dividing the sum of squared driver scores by the sum of driver scores:

$$R_f = \frac{\sum_{i \in f} r_i^2}{\sum_{i \in f} r_i}$$

where r_i is the numerical score assigned to a risk driver and f is the set of drivers within the relevant factor.

The calculation includes six drivers for Socioeconomic risk, three for Environmental risk and two for Public Sentiment. Each factor score is mapped to a qualitative risk level using the boundaries below.

Factor-level risk results are disclosed separately in the assessment report. They are intermediate analytical outputs and are not averaged or otherwise used as inputs to the overall Risk Tier calculation.

Calculating the overall Risk Tier

The overall aggregate risk score is calculated directly from all 11 driver scores:

$$R = \frac{\sum_{i=1}^{11} r_i^2}{\sum_{i=1}^{11} r_i}$$

The six Socioeconomic drivers, three Environmental drivers and two Public Sentiment drivers represent approximately 55%, 27% and 18% of the driver inputs respectively. These proportions describe the composition of the inputs, rather than fixed contributions to the overall score. The effective weighting depends on the scores assigned, with higher-scoring drivers receiving greater weight through the aggregation formula.

The overall score is mapped to a Risk Tier using the following boundaries. The same boundaries determine the qualitative risk level of each factor.

Aggregate risk score	Overall Risk Tier	Risk level
1 ≤ score < 1.75	Tier 1	Low
1.75 ≤ score < 2.55	Tier 2	Moderately low
2.55 ≤ score < 3.35	Tier 3	Moderate

3.35 ≤ score < 4.15	Tier 4	Moderately high
4.15 ≤ score ≤ 5	Tier 5	High

Safeguards effectiveness

The Beyond Carbon Risk Assessment considers the effectiveness of a project's safeguards in mitigating inherent risk. Safeguards are assessed at the risk-driver level, with reference to the specific risks they are intended to address. The analysis considers how targeted, verifiable and operationally embedded the measures are, alongside the inherent risk identified for the driver.

Safeguards effectiveness is discussed in the driver-level narrative and summarised using the classifications Substantial, Partial, Limited, Unknown or Not applicable within the safeguards table. These classifications describe the assessment of safeguards and inform the analyst's judgement of residual risk. They are not assigned numerical values or entered separately into the aggregation calculation, and there is no automatic correspondence between a safeguards classification and a risk level.

Table 6. Beyond Carbon Risk Safeguards Effectiveness levels.

Effectiveness	**Definition**
Substantial	Well-documented, targeted, and operationally embedded safeguards provide strong evidence of meaningful risk reduction, although residual risk may remain.
Partial	Safeguards meaningfully reduce the risk but have gaps in coverage, implementation, enforceability, or supporting evidence.
Limited	Safeguards are minimal, generic, or weakly evidenced, providing little confidence that they meaningfully address the specific risk driver.
Unknown	Insufficient information is available to determine whether relevant safeguards exist or how effectively they address the risk driver.
N/A	The risk driver is not applicable to the project, no safeguard is required, or the project has no safeguards relevant to the risk driver.

Data sources and data processes

The Beyond Carbon Risk Assessment uses qualitative and quantitative information from public and non-public sources. The evidence reviewed varies according to the project type, sector, geography, activities and risk drivers being assessed.

Public sources may include project documentation published by standards bodies, registries or project proponents; applicable laws and policies; government data and publications; peer-reviewed scientific literature; technical and industry research; civil-society publications; stakeholder statements; and media reporting. Non-public sources may include documents, data and written responses provided by the project proponent through the BeZero Carbon Rating process;

information obtained during meetings with the project proponent or other stakeholders; and information gained while on a project site visit associated with the rating, if applicable.

BeZero's preference is for information to be publicly available where possible, to reduce information asymmetries and promote transparency. However, non-public information may be considered where it improves the accuracy of the assessment and must remain confidential for legal, data-protection, commercial or other legitimate reasons. Where non-public information materially informs the assessment, the report explains its relevance without disclosing confidential details.

Information disclosed under Directive 2013/34/EU or Regulation (EU) 2019/2088 is not ordinarily used because the rated items are carbon projects rather than entities typically subject to those disclosure regimes. If relevant information is available through such disclosures, it may be considered as a public external source.

Data processing and source assessment

Analysts identify and organise information according to the Beyond Carbon risk factors and drivers. Sources are assessed based on their relevance to the project and risk driver under consideration, the credibility and traceability of the source, the date of the information, and its consistency with other available evidence. Material claims are corroborated using multiple sources where possible.

Project-provided and non-public information is assessed using the same principles as publicly available evidence. The assessment does not automatically give precedence to information provided by the project proponent. Where sources provide conflicting accounts, analysts consider the basis, relevance and credibility of each source and explain material uncertainty or disagreement in the assessment where relevant.

Internal subject-matter and geographic expertise is used to identify relevant risks, interpret the available evidence and support comparison with similar project types and contexts. Internal experts may have knowledge of specific topics, e.g., Indigenous Peoples, land rights, human rights, and geographies.

Unavailable information and contextual evidence

BeZero does not estimate or impute missing project information. Where project-specific information is unavailable, analysts may use relevant scientific, sectoral, national or local evidence to understand the project's context and identify risks associated with its activities or geography. Contextual evidence does not substitute for evidence that a project-specific safeguard has been designed or implemented. Material information gaps and their implications for the driver-level assessment are explained in the narrative.

The Beyond Carbon Risk Assessment reflects the information available at the time it is conducted. Limitations arising from unavailable, incomplete or inconsistent information are considered in the analyst's assessment of the relevant risk drivers and explained in the accompanying analysis where material.

Engagement with the project

As part of the information review, BeZero may request additional documents or written responses from the project proponent, or hold meetings with the project proponent or other stakeholders.

Information obtained through engagement with the proponent is considered alongside other available evidence and is subject to the same assessment of relevance, credibility and consistency.

Engagement does not give the project proponent approval or veto rights over the analytical opinion or the resulting Beyond Carbon Risk Tier.

Data cut-off, time horizon, and updates

The Beyond Carbon Risk Assessment is a point-in-time assessment. Each assessment is time-stamped and reflects the information available by the applicable data cut-off date. It is not subject to scheduled or ongoing data updates after publication. The assessment remains BeZero's opinion as at its assessment date and is not reviewed or reaffirmed thereafter unless a further review is commissioned. Where a client commissions a subsequent review, BeZero considers relevant new information and assigns a new assessment date and data cut-off.

The assessment is a forward-looking evaluation of residual risk, informed by relevant backwards-looking evidence of implementation to date. The analysis considers the relevant periods of project activities and risk mitigation, rather than individual carbon credit vintages. Public Sentiment reflects relevant opposition and negative media coverage identified by the data cut-off, including the status of earlier concerns.

Publication of a revised methodology does not itself retrospectively update previously issued driver scores, factor-level results or overall Risk Tiers. Where a subsequent review is commissioned, the assessment applies the methodology then in force, considers relevant new information and receives a new assessment date and data cut-off.

Analytical process

The analytical process for the Beyond Carbon Risk Assessment mirrors that of the BeZero Carbon Rating and involves four distinct steps.

Step 1: Information and data review
During the information and data review conducted for a carbon rating, BeZero reviews the information provided and requests any extra information that would reduce the Beyond Carbon information risk. The Beyond Carbon information and data review does not impose the same eligibility criteria and restrictions as the carbon rating data review.

Step 2: Information and data processing
Each Beyond Carbon Risk Assessment is led by a carbon ratings analyst who has been trained in the application of the methodology by a dedicated Beyond Carbon team with subject matter expertise. In some cases, a member of the Beyond Carbon team may instead lead the Beyond Carbon Risk Assessment. In such cases, the analysts leading the carbon rating and the Beyond Carbon Risk Assessment work closely together to align on information and risk drivers relevant to both the carbon rating (e.g., permanence) and the Beyond Carbon Risk Assessment for a given project.

Step 3: Risk driver assessment
BeZero conducts top-down and bottom-up analyses of a project's Beyond Carbon risk. For the top-down analysis, BeZero leverages internal knowledge of Beyond Carbon risks for specific

sub-sectors, project activities, and geographies. For the bottom-up analysis, BeZero assesses the risk level of each risk driver to formulate a view of the Beyond Carbon risks for a specific project. Limitations arising from unavailable, incomplete or inconsistent information are considered when assigning the relevant driver-level risk and are discussed in the accompanying analysis where material.

Step 4: Assigning a Beyond Carbon Risk Tier

BeZero analyses all the information provided. BeZero may also meet the project proponent and/or other stakeholders and visit the project site, if necessary. The analyst leading the Beyond Carbon Risk Assessment prepares a draft of the Beyond Carbon risks alongside the carbon rating which includes assigning the numerical risk tier and accompanying narrative. This report is reviewed by a member of the Beyond Carbon team, the peer and leadership reviewers for the carbon rating, and in some cases, Beyond Carbon leadership (on the Ratings leadership team). The time stamp that BeZero assigns to the carbon rating also applies to the Beyond Carbon Risk Assessment, indicating the date the Beyond Carbon risk tier was assigned. The Beyond Carbon Risk Assessment is included as a distinct section of the carbon rating report.

How BeZero Uses AI in Beyond Carbon Assessments

BeZero uses artificial intelligence (AI) to support defined tasks in the production of Beyond Carbon Risk and Benefits Assessments, including information collection, research and analytical preparation.

AI may assist with extracting and organising information from project documentation and other sources, identifying and synthesising relevant evidence, supporting preliminary analysis and preparing draft content for analyst review.

Core principles for AI usage

- **Analyst-led assessment:** Beyond Carbon Assessments are conducted by analysts applying BeZero's published methodologies. Analysts are responsible for evaluating evidence, interpreting project-specific circumstances, exercising analytical judgement and determining assessment conclusions. AI supports these processes but does not independently determine driver-level scores or overall Risk and Benefits Tiers. Assessments are subject to the relevant peer and leadership review processes.
- **Source traceability and verification:** Information identified or produced using AI is assessed against its underlying sources. Analysts are responsible for verifying relevant evidence, evaluating source credibility and considering its applicability to the project context. AI-generated outputs do not constitute an independent source of evidence.
- **Limitations of AI:** AI outputs may be incomplete, inaccurate or inconsistent, may not capture relevant context or nuance, and depend on the availability and quality of underlying information. BeZero treats AI-generated content as supporting material and does not rely on it as the sole basis for an assessment decision.
- **Data security and confidentiality:** BeZero limits assessment-related AI use to approved services and configurations subject to security, privacy and contractual controls. Providers are not permitted to use BeZero inputs to train their models.

Scientific evidence

The Beyond Carbon Risk Assessment is grounded in scientific and other empirical evidence where relevant to identifying potential adverse impacts, understanding impact pathways and evaluating the likely effectiveness of safeguards.

Analysts undertake a general review of evidence relevant to the project activity, geography and driver. Sources may include peer-reviewed literature, government and academic publications, and credible technical or industry research. The review is proportionate to the issue and does not constitute a formal systematic literature review.

Analysts consider the evidence's relevance to the project activity, geography, ecosystem or affected population; the quality and transparency of methods; source credibility and traceability; recency; consistency with other relevant research; and limitations affecting transferability to the project context.

Where evidence is limited, unsettled or conflicting, analysts consider the balance of available evidence and reflect material uncertainty in the assessment. Scientific evidence may inform contextual or inherent risk but does not replace project-specific evidence about the design, implementation or effectiveness of safeguards.

Correspondence with external frameworks

Correspondence with European Sustainability Reporting Standards

The topics covered by the Beyond Carbon Risk Assessment correspond in part to topics addressed by the European Sustainability Reporting Standards (ESRS) developed pursuant to Article 29b of Directive 2013/34/EU. The socioeconomic risk drivers principally correspond to topics addressed under the social standards, including ESRS S1 Own Workforce, S2 Workers in the Value Chain and S3 Affected Communities, and, where relevant, S4 Consumers and End-users. The environmental risk drivers principally correspond to ESRS E2 Pollution, E3 Water and Marine Resources, E4 Biodiversity and Ecosystems and E5 Resource Use and Circular Economy; climate-related natural hazards may also overlap with E1 Climate Change. Public Sentiment is a separate Beyond Carbon assessment dimension and does not have a direct equivalent among the ESRS topical standards. The correspondence is not one-to-one, as the Beyond Carbon risk drivers are defined for project-level assessment and may span more than one ESRS topic.

International agreements and reference frameworks

The Beyond Carbon Risk Assessment covers environmental and socioeconomic factors but does not assess whether a project's commitments or activities are aligned with the targets and objectives of the Paris Agreement. The carbon efficacy claims of a project are considered separately under the applicable BeZero Carbon Rating methodology.

Where relevant to a risk driver, international agreements, declarations and associated frameworks may be used as reference points for identifying potential impacts, understanding internationally recognised rights and evaluating relevant safeguards. These may include instruments concerning human rights, Indigenous Peoples, labour rights and biodiversity, such as the United Nations

Declaration on the Rights of Indigenous Peoples, relevant International Labour Organization conventions, and the Convention on Biological Diversity.

These instruments provide analytical context and good-practice reference points. The Beyond Carbon Risk Assessment does not assign a separate alignment assessment or determine whether a project's commitments formally align with their objectives.

Methodological limitations and verification

The Beyond Carbon Risk Assessment is subject to uncertainty and imperfect information, particularly for pre-issuance projects where project activities and safeguards may not yet be fully implemented. Project documentation may be incomplete, inconsistent or insufficient to establish safeguard implementation or effectiveness. The assessment draws on both project-specific and contextual evidence, including scientific, sectoral, national and local sources. Analysts assess the relevance, credibility, traceability and consistency of available information and reflect material uncertainty or information gaps in the driver-level analysis.

Assessment of inherent risk, safeguards effectiveness, residual risk and Public Sentiment requires analyst judgement. To support consistency, analysts apply common risk-driver definitions and analytical guidance, and assessments are subject to the review process described under Analytical process.

BeZero independently assesses the relevance, credibility and reliability of the information considered but does not validate or audit that information. The Beyond Carbon Risk Assessment is an independent analytical opinion and is not a substitute for project validation, verification, assurance or due diligence. It does not establish actual socioeconomic or environmental outcomes on the ground.

Appendix I: Methodology review policy

All BeZero methodologies are live and current, with versioning logs at the end of each document. The Beyond Carbon Risk Assessment methodology is comprehensive and holistic and is not knowingly subject to major or structural shortcomings.

The methodology is subject to periodic review, and at least once annually. The need for revisions will consider a range of factors including:

- Methodology review and evaluation. BeZero reviews relevant emerging evidence and experience from applying the methodology, including indications that the framework, scoring criteria or aggregation rules may not adequately capture differences in residual socioeconomic and environmental risks or the severity of relevant Public Sentiment.
- Changes in project activities and market practice. Developments in the types of projects assessed or the information available may require clarification or refinement of the framework.
- Regulatory and external-framework changes. Relevant changes in regulation, disclosure requirements or reference frameworks may warrant revisions.

Revisions to the methodology will be deemed material or non-material.

Non-material changes typically refer to minor updates such as administrative fixes, editorial clarifications that do not alter the underlying analysis. Other potential non-material changes may reflect an expansion of the risk assessment framework. Non-material revisions are published routinely as needed.

Material changes typically refer to a fundamental shift in the analytical framework, scoring models, assessment scope and definitions, or key assumptions that could reasonably alter an existing risk assessment outcome.

Any change to the Beyond Carbon methodologies are led by our Beyond Carbon Senior Director and approved by a formal Analytical Committee composed of senior personnel from the analytical team. We also consult with our external advisory board on such matters as required.

Beyond Carbon Risk Assessments are point-in-time opinions and are not subject to ongoing monitoring or systematic reassessment following methodology revisions. Existing assessments continue to reflect the information available and the methodology applied at their assessment date; their driver-level scores, factor-level results and overall Risk Tiers are not retrospectively updated. Where a subsequent review is commissioned, BeZero applies the methodology in force at the time of that review, considers relevant new information and assigns a new assessment date and data cut-off.

Changes to methodologies are tracked and logged. The version history of this methodology is available at the end of this document.

Stakeholder consultation

BeZero engages regularly with a wide range of market stakeholders. Feedback is welcome and will be considered as part of the periodic review process. BeZero in some cases may consult with stakeholders via ‘request for comment’ or equivalent processes when considering material methodology revisions.

Appendix II: EU ESG ratings regulatory disclosures

The following summarises where in this document to find the minimum disclosure requirements under Regulation (EU) 2024/3005 on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities. Information referenced below relates to the disclosures described in point 1 of Annex III to Regulation (EU) 2024/3005*.

Disclosure type	Disclosure requirement	Location(s)
Rating Product Disclosures	Ratings objectives	Introduction to BeZero's Beyond Carbon Risk Assessments (p3); Beyond Carbon Risk Assessment analytical framework and process (pp3–4); Beyond Carbon Risk Assessment definitions (pp4–5)
	Considering E/S/G factors	Introduction to the risk factor framework (p5); Beyond Carbon risk drivers (p6)
	Weighting E/S/G factors	Weighting and aggregation (p8); Calculating risk-factor levels (p8); Calculating the overall Risk Tier (pp8–9)
	Topics included in E/S/G factors	Introduction to the risk factor framework (p5); Beyond Carbon risk drivers (p6); Correspondence with European Sustainability Reporting Standards (p13)
	Ratings values	Beyond Carbon Risk Assessment definitions (pp4–5); Calculating the overall Risk Tier (pp8–9)
	Considering international agreements (including the Paris Agreement)	International agreements and reference frameworks (pp13–14)
General Methodological Disclosures	Overview of methodologies	Beyond Carbon Risk Assessment analytical framework and process (pp3–4); Driver-level scoring (p7); Weighting and aggregation (p8); Calculating the overall Risk Tier (pp8–9); Safeguards effectiveness (p9); Analytical process (pp11–12); Appendix I: Methodology review policy (p15); Updates and reviews (p17)
	Industry classifications	Introduction to BeZero's Beyond Carbon Risk Assessments (p4); BeZero Carbon Sector Classification Methodology
	Overview of data sources, data processes, updates, and project engagement	Data sources and data processes (pp9–10); Data processing and source assessment (p10); Unavailable information and contextual evidence (p10); Engagement with the project (p11); Data cut-off, time horizon, and updates (p11)
	How scientific evidence is used	Scientific evidence (p13); Unavailable information and contextual evidence (p10)
	How we use AI	How BeZero Uses AI in Beyond Carbon Assessments (p12)
Limitations in data sources, methodologies and information	Limitations in data sources and methodologies	Unavailable information and contextual evidence (p10); Scientific evidence (p13); Methodological limitations and verification (p14)

	Limitations on information available to BeZero	Unavailable information and contextual evidence (p10); Data cut-off, time horizon, and updates (p11); Methodological limitations and verification (p14)

*Note: Other disclosure requirements can be found here.

Updates and reviews

Version number	Date	Description
1.00	11/07/25	Initial release
2.00	27/10/26	Removal of confidence levels; formatting updates, edits and revisions to align with ESMA regulatory requirements including methodology review policy and required disclosures.

Disclaimer

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The Document may contain information related to BeZero Carbon ex ante Rating. The BeZero Carbon ex ante Rating (the "ex ante rating") represents BeZero Carbon's opinion, as of the date of the rating report, on the likelihood that carbon credits which may be issued by a project will achieve a tonne of CO_2e avoided or removed. The ex ante rating (together with the rating report), sets out BeZero Carbon's opinion on a particular carbon credit or project based on information that has been provided to BeZero Carbon or information that is publicly available as at the date expressed and BeZero Carbon shall have no liability to anyone in respect of the ex ante rating. The ex ante rating (together with rating report) 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 and/or to invest in a specific project. The ex ante rating (together with the rating report) neither recommends nor will recommend how a project could achieve a particular carbon credit rating outcome. The ex ante rating may relate to future events, the outcomes of which are inherently uncertain and subject to a range of factors and risks which may alter the accuracy or relevance of the ex ante rating at any time. The ex ante rating should not be relied upon and is not a substitute for the use of your independent skill and judgement in relation to the making of investments or other business decisions.

If you have any questions about BeZero Carbon, the BeZero Carbon ex ante Rating, the BeZero Carbon ex ante Rating methodology, the BeZero Carbon Rating, the BeZero Carbon Rating methodology, qualifying criteria, rating process, the BeZero Carbon Markets platform or otherwise please contact us at: commercial@bezerocarbon.com.