

Use of non-public information in BeZero Carbon Ratings

Governance



BeZero

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Key Principles

- Ensuring availability of information pertaining to the calculation of carbon emission reductions and removals is a fundamental principle of the carbon market. This serves to increase the transfer of knowledge, replicability, and independent verification of results.
- BeZero's preference is for information to be publicly available where possible to limit information asymmetries in the market and promote transparency.
- BeZero's role in the carbon market architecture is to drive towards greater transparency, which will ultimately lead to higher quality projects.
- However, we recognise that information may need to be private sometimes for legal, data protection, competitive, practical, or other reasons.
- Private information should be accepted where it improves the accuracy of our rating without violating transparency principles in the carbon market.
- We need to be able to explain our opinion and conclusion at all times.
- We do not need to cite specific sources for the private or public information that drives our conclusions.

BeZero's approach ensures multiple sources of information are assessed via:

- Verified project information
- Third-party sources
- Extensive developer engagement
- Thousands of peer-reviewed studies
- In-house geospatial tools
- Unique datasets enriched by local expertise and global research partnerships
- Our proprietary sector-specific models and machine learning and automation based tools

BeZero eligibility criteria

Projects must fulfil the following criteria to be eligible for a BeZero Carbon Rating:

1. The project must have applied an additionality test or provide sufficient information on how it is deemed additional.
2. The project must be audited by a recognised third party auditor in order to ensure the robustness of the data and information published.
3. Sufficient information on the design and ongoing monitoring of the project must be available in the public domain at all times. This data includes the project's start and end dates, the project's carbon credit calculations which detail baseline and project emissions and leakage and buffer deductions as appropriate. In addition, to enable accurate sector classification, we require a description of the project's activities to be publicly available.
4. The project must have the breakdown of ex-post credits issuance detailed within verification documents.

All four act as limiting factors for whether BeZero accepts a project to be rated. These represent the limits to what we can accept as non-public information.

Categories of non-public information we can accept

BeZero generally always accepts the following types of private information

- Nature-Based Solutions (NBS) landowner boundaries that are private due to data protection and/or privacy concerns (e.g. a project grouping networks of farms), subject to the condition that we are able to display these on the platform/rating reports.
- Technical information that forms part of the developer IP. This could include sampling and testing methodologies, or statistical models for carbon calculations.
- Information the Project Developer (PD) has requested to be provided on the registry but is delayed.

BeZero is open to using the following types of private information

- Financial data/disclosures that support additionality, but which are private for competitive reasons for PDs.
- Lifecycle assessments that PDs may have conducted.
- Consulting reports PDs have commissioned (market analysis, insurance-based risk assessments, calculations of fNRB value, etc.).
- Technical data that can be verified as accurate/fair e.g. forest inventory.
- Information that is private but that has formed part of the accreditation process and been subject to auditor review is preferred to unaudited information.

Private information that we cannot accept

Boundary data that cannot be published on our platform. We can accept geospatial files or clear images that can be reasonably digitised, even if these have not been made publicly available previously, but we reserve the right to illustrate these boundaries on our ratings platform.

Guidance on how use of non-public information is described

- BeZero will seek agreement with the project developer on 1) the extent to which information is used in platform analytics/graphics, and 2) the wording used to describe the use of the NPI.
- The implications of the data on BeZero's opinion need to be explained.
- If the information provided is material in our analysis, the rating report should reflect the analytical conclusion that was derived from that information (whether in combination with other sources or not).
- Conclusions will always be justified by analytical insights - this principle should continue to be followed regardless of whether the underlying sources used are public or non-public.
- Our ratings reports will indicate how the information helps our understanding of project fundamentals - ideally with some quantification or relative description of the impact. If it drives a differentiation in view we are aiming to explain what the new insight or analysis is.
- We will not disclose the specifics or details of the private information.

Frequently asked questions on non-public information

Has BeZero changed their approach to transparency and disclosure and why?

We continue to strongly advocate for high levels of transparency. BeZero's preference is for information to be publicly available where possible to limit information asymmetries in the market and promote transparency. BeZero's role in the carbon market architecture is to drive towards greater transparency, which will ultimately lead to higher quality projects. We continue to apply eligibility criteria including minimum levels of public disclosure before assigning a BeZero Carbon Rating.

Our position has evolved to accept non-public information in certain circumstances. This reflects that information may need to be private sometimes for legal, data protection, competitive, practical or other reasons. We also want to ensure that all relevant sources of information are considered to contribute to the accuracy of our rating without violating transparency principles in the carbon market. We do not rely solely on publicly available project information, rather multiple sources of information factor into our assessments including:

- Verified project information
- Third-party sources
- Extensive developer engagement
- Thousands of peer-reviewed studies
- In-house geospatial tools
- Unique datasets enriched by local expertise and global research partnerships
- Our proprietary sector-specific models and machine learning and automation based tools

Does BeZero accept all types of information on a private basis?

The BeZero eligibility criteria act as limiting factors for whether BeZero accepts a project to be rated. These represent the limits to what we can accept as non-public information. The criteria are described above.

For nature-based projects, we cannot accept boundary data that cannot be published on our platform. We can accept geospatial files or clear images that can be reasonably digitised, even if these have not been made publicly available previously, but we reserve the right to illustrate these boundaries on our ratings platform.

How will BeZero use private information without breaching its confidentiality?

BeZero needs to explain the rating and risk factor opinion and conclusion at all times. The implications of any non-public data will therefore be explained in some way. However, the specifics or details of the private information will not be disclosed.

If the information provided is material to our analysis, the rating report will reflect the analytical conclusion that was derived from that information (whether in combination with other sources or not). To ensure confidentiality is maintained, BeZero will (if necessary) agree with a project developer 1) what elements of the non-public data or information we can show and 2) the wording used to describe the use of the private information.

What is the process to disclose information to BeZero?

The BeZero Carbon Project Developer Engagement (PDE) team is the key point of contact for all project developers that wish to provide feedback or make enquiries about their project's rating. Where possible, the PDE team engages with developers both before and after a rating is assigned.

If a developer has feedback, we request they provide it in a form (available from the PDE team). If, as part of that feedback, the developer provides new or undisclosed information the BeZero analytical team will take that information under advisement. The implications of any new information will be assessed.

BeZero will request for any new non-public information to be made available in the public domain unless there are legitimate and reasonable reasons that such information should remain private. Any additional information provided privately to BeZero will be assessed in combination with multiple

other sources (public, third-party, academic research, proprietary BeZero datasets etc). In this way, we will always seek to corroborate, substantiate, validate, or otherwise test claims and analytical insights linked to privately provided information.

Could this drive lowering disclosure standards in the market?

No. BeZero will continue to advocate for strong levels of transparency and include minimum levels of disclosure in the eligibility criteria for the BeZero Carbon Rating. BeZero Carbon's ratings will continue to independently assess project claims. Our approach recognises that in some circumstances information is private for legitimate reasons.

Will we be able to understand what analysis is based on private versus public data?

BeZero will explain the rating and risk factor opinion and conclusion at all times. If any non-public data or information provided is material in our analysis, the rating report will reflect the analytical conclusion that was derived from that information (whether in combination with other sources or not). Conclusions are always justified by analytical insights. This principle applies regardless of whether the underlying sources used are public or non-public.

Does this mean you will always engage with a PD prior to rating their project? If not, how will you know your rating uses all relevant information and is therefore accurate?

The BeZero Carbon Project Developer Engagement team operates a policy of outreach to projects and project developers that BeZero assigns ratings to both pre and post rating. The Developer Engagement team (PDE) will reach out when a project is scheduled to be rated (usually the quarter before a rating is assigned) to confirm they are in touch with the correct project developer (PD), let the PD know the process has begun, and to highlight any information gaps that BeZero has identified.

Following the publication of a rating, the PDE team seeks to share the rating brief (i.e. a copy of the rating report) with the PD. If, at this stage, the PD has feedback, they are invited to provide that to BeZero for our consideration.

BeZero considers all relevant sources of information when making a rating assessment including publicly available project information, proprietary datasets and modelling tools, and independent or third-party-sourced information. In line with best practice in other markets, BeZero advocates for all material information to be publicly available where possible to limit information asymmetries in the market and promote transparency. BeZero will accept non-public information where it improves the accuracy of our rating without violating transparency principles in the carbon market.

Do you expect to see meaningful changes in ratings being reviewed with new information?

BeZero Carbon ratings are dynamic and subject to review when new information comes to light (whether project-provided or from independent sources or BeZero models). All ratings reflect a combination of analytics from top-down and bottom-up sources and from qualitative and quantitatively derived insights.

In many cases, new non-public information should enhance analytical rigour but may be unlikely to dramatically alter the conclusions previously ascertained from myriad other information. There may be cases where new non-public information mitigates uncertainty in our assessment or changes the balance of evidence.

In the event that new non-public information is materially relevant to a rating, we will continue to encourage project developers to publicly disclose such information and/or use in-house models or third-party data sets to evidence it independently.

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.

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