

# **BeZero Carbon Rating** Monitoring, Watch, Withdrawal Processes

31st August 2022

 **BeZero**

### **Monitoring and “Watch” Process**

All BeZero Carbon Ratings (BCR) are valid at all times and are monitored on an ongoing basis. The assigned lead analyst is responsible for reviewing all new information pertaining to the project, sector and methodology. Such information includes, new research, new project documents including new monitoring reports, new/changes in regulations, changes in methodology and other information deemed relevant to the project or the rating. The analyst also monitors the continuing availability of information in the public domain, an essential criteria for a project to be eligible for a BeZero rating. The analyst takes note of these developments and assesses its implications (if any) on the rating.

### **Rating Reaffirmation**

The publication of a monitoring report is typically a trigger for a detailed review of the rating. At this point, the lead analyst will collate all the new information published since the last Rating Committee Meeting, including those they have reviewed during their ongoing monitoring. They will reconfirm that the project continues to meet the eligibility criteria and that all information regarding the project remains available in public domain.

A detailed review report is prepared and follows the same process of independent peer review before being presented at a forthcoming Rating Committee, along with the analyst’s recommendation on the rating. The Rating Committee discussions and deliberations are similar to the process followed for assigning a new rating.

If the new information or changes to information is not considered to have a material impact on the rating, following unanimous approval of the Committee, the rating is reaffirmed. All reaffirmations, along with their rationale, are published on the BeZero Website and the BCM platform.

### **Rating Watch**

If as part of the monitoring process, the lead analyst is of the opinion that the new information could potentially have a material impact on the rating, or that the publicly available information has been withdrawn/compromised, the lead analyst prepares a report with a recommendation to place the rating on “watch”. This note goes through independent peer review and then presented and discussed at the Rating Committee Meeting (similar to the process involved in assigning a new rating or a rating review). If the Rating Committee unanimously believes that the new information (or the withdrawal or publicly available information) could affect the rating, the rating will be placed on ‘watch’. All ratings placed on ‘watch’ are published on the BeZero website and the BCM platform.

The Committee could also disagree with the analyst recommendations and conclude that no action needs to be taken.

Once a decision has been made to place a rating on ‘watch’, the analyst will collect and analyse all new information, conduct additional research as required and prepare a detailed report for Rating Committee consideration. This note will be independently peer reviewed before it is presented and discussed at the rating committee. The Rating Committee could unanimously decide to:

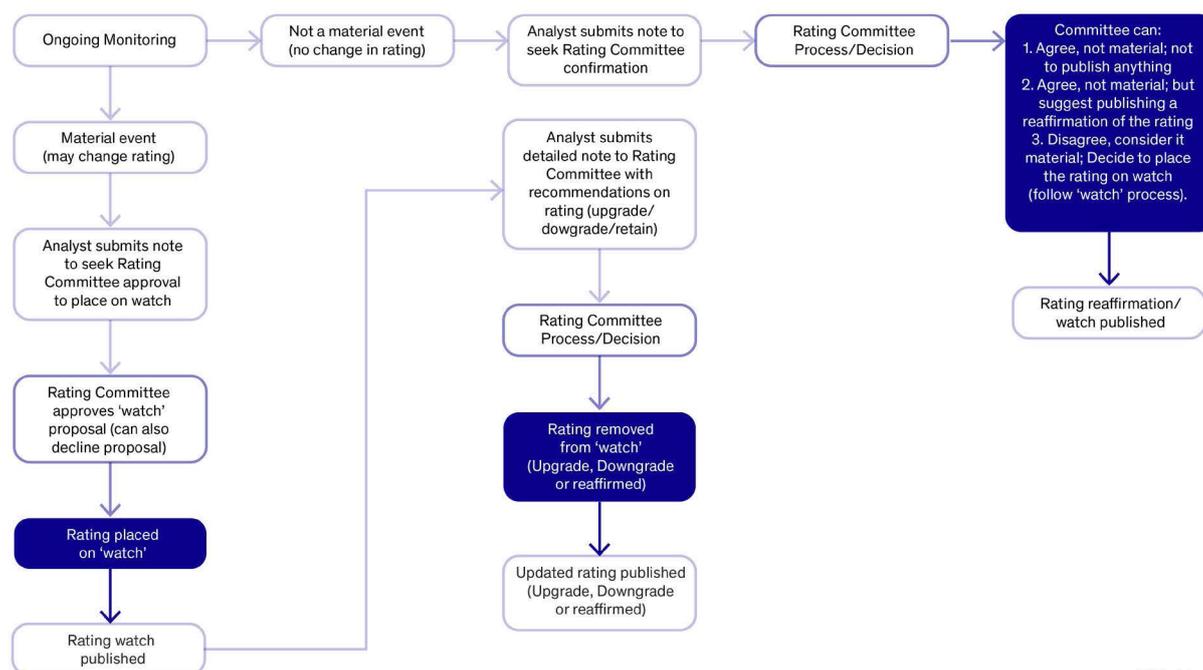
- upgrade the rating to a level higher than at present
- downgrade the rating to a level lower than at present or
- reaffirm the rating at current levels.

Simultaneously, the rating will be ‘removed from watch’. The revised rating/reaffirmation along with ‘removal from watch’ is published on the BeZero website and the BCM platform.

BeZero’s ongoing monitoring and rating watch process is summarised in the diagram below.

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Ongoing Monitoring and Rating 'Watch' Process



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### Rating Withdrawal

BeZero Carbon Ratings are assigned only to projects meeting a predefined eligibility criteria. These include documented tests on additionality, formal audit processes and continued public availability of all relevant information. BeZero Carbon Ratings may be withdrawn in case there is a material impairment in the project's ability to meet any of the eligibility criteria including partial or complete withdrawal or unavailability of relevant information in public domain. BeZero may also withdraw its ratings in case BeZero Carbon becomes aware of any risks with respect to the ownership of the project and/or usage rights. All rating withdrawals are published on the BeZero website and the BCM platform.

### Sector and Portfolio Reviews

Portfolio reviews are an integral part of the continuous monitoring process carried out by BeZero. Such a process involves the simultaneous review of the ratings assigned to a homogeneous group of projects/credits, either at a sector/sub-sector or country level (as compared to a review of one or two projects at a time).

Portfolio reviews can be triggered by macroeconomic events such as changes in sector dynamics, changes in regulation (global or country specific) or incorporation of new elements of analyses applicable across a sector/sub-sector. Alternatively, it could be part of a periodic review process to reassess the appropriateness of the ratings in the context of updated methodology, sectoral developments and comparison of the rating across similar projects.

The reviews can last anywhere from a few weeks to several months, depending on triggers, project-specific factors, and rating committee unanimity.

If BeZero believes that a portfolio review may have an impact on the published ratings, none, some, or all ratings in the portfolio may be placed on 'rating watch' pending the completion of the full review.

This is particularly important as the portfolio review may involve a recalibration of the ratings across the portfolio. The review process will follow the usual process of peer reviews, rating committee discussions and decisions. BeZero will publish the resolution of the watch and updated ratings at the conclusion of the review process.

### Analytical Independence

All members of BeZero's analytical team, including the committee members are commercially independent of the assigned ratings - i.e. their compensation, benefits or performance measures are not in any manner linked to the ratings assigned. Further, all BeZero staff, including all members of the ratings team, adhere to strict compliance procedures, including prohibition from holding and/or dealing in carbon credits, annual reporting etc. These standards are akin to standards practised by financial market rating agencies.

## Updates and Reviews

<b>Version number</b>	<b>Date</b>	<b>Description</b>
1.00	04/04/22	Initial release within methodology document
1.01	01/06/22	Inclusion of withdrawal process and greater detail
1.02	31/08/22	Inclusion of sector and portfolio review process

## 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 CO<sub>2</sub>e avoided or removed. The BeZero Carbon Rating and other information made publicly available ("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 and BeZero shall have no liability to any project stakeholder in respect of the opinion and BeZero Carbon Rating which is applied to any project. The Content is made available for informational 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 truth and should not be relied upon as a statement of fact. 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, BeZero Carbon Markets platform or otherwise please contact us at: [bcm@bezerocarbon.com](mailto:bcm@bezerocarbon.com).