Folia Conflict of Interest Policy
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Contents

1. Introduction and Purpose

Folia is committed to maintaining the highest standards of integrity, transparency, and impartiality in the operation of its certification scheme, in accordance with Regulation (EU) 2024/3012 and Implementing Regulation (EU) 2025/2358 (in particular Article 4(2) thereof, which requires certification schemes to set up rules and procedures to avoid conflicts of interest in decision-making, ensuring that no individual stakeholder having a vested interest in the outcome of a decision may exercise decisive influence on that decision).

This Conflict of Interest (COI) Policy provides the framework for identifying, disclosing, managing, and mitigating conflicts of interest that may arise in connection with Folia's certification activities. It applies to all individuals and bodies involved in Folia's governance and operations and governs Folia's relationships with certification bodies appointed under the scheme.

The policy operates at two distinct levels:

- Folia governance level: conflicts of interest involving Folia staff, management, Board of Directors, Advisory Board members, and Technical Committee members in relation to the certification scheme and its operations.
- Certification body level: conflicts of interest between certification bodies (and their auditors) appointed under the Folia scheme and the operators they audit, in accordance with Article 13(5) of Implementing Regulation (EU) 2025/2358.

Folia does not engage in certification activities where conflicts of interest exist and cannot be adequately mitigated.

2. Scope and Definitions

2.1 Persons and bodies subject to this policy

This policy applies to:

- Folia management and staff, including the CEO and any employees directly involved in certification activities.
- Members of the Board of Directors.
- Members of the Advisory Board.
- Members of the Technical Committee.
- External contractors and consultants engaged by Folia.
- Certification bodies appointed by Folia and their auditors, for the purposes of Section 5.

2.2 Key definitions

Operator. Any natural or legal person or public entity carrying out a carbon farming activity eligible for certification under Regulation (EU) 2024/3012, including farmers, forestry managers, and groups of operators.

Certification body. An independent third-party organisation accredited or recognised to carry out certification audits, re-certification audits, and monitoring audits under the Folia scheme, in accordance with Article 13 of Implementing Regulation (EU) 2025/2358.

Conflict of interest. A situation in which personal, professional, or financial interests of an individual or organisation compromise, or may reasonably appear to compromise, their ability to act impartially in the exercise of their functions under the Folia scheme.

Head of Compliance. The individual designated by Folia's management as responsible for coordinating the operational management of the COI process under this policy. The Head of Compliance manages the process but does not hold decision-making authority on mitigation measures, which remains with the CEO and, where applicable, the Board of Directors.

3. Roles and Responsibilities

The following table sets out who is responsible for each activity in the COI management process.

Activity	Responsible	Escalation
Receipt of all disclosures	Head of Compliance	—
Initial assessment of the conflict	Head of Compliance	—
Decision on mitigation measures	CEO	Board of Directors if the conflict involves the CEO or a member of the BoD
Proactive notification to BoD, Advisory Board, and Technical Committee members upon onboarding of a new operator	Head of Compliance (on CEO mandate)	—
Collection and recording of declarations received following notification	Head of Compliance	—
Maintenance of the COI Registry	Head of Compliance	—
Review of the COI Registry	CEO + Board of Directors	—
COI verification of certification bodies prior to appointment	Head of Compliance (assessment) + CEO (final decision)	—
Management of policy violations	Board of Directors	—

The CEO recuses themselves from evaluation and decision-making in any case where their own conflict of interest is at issue. In such cases, all responsibilities attributed to the CEO are transferred to the Chairman of the Board of Directors. Disclosures concerning the CEO must be submitted directly to the Chairman of the Board of Directors, bypassing the Head of Compliance.

4. Identifying Conflicts of Interest

4.1 Folia governance level

A conflict of interest at governance level arises in particular in the following situations:

- A member of Folia management, the Board of Directors, the Advisory Board, or the Technical Committee holds a financial interest in an operator, a certification body, or a buyer of certified units.
- A member of any of the above bodies maintains a close personal or professional relationship with a key stakeholder that could influence their impartiality.
- A Folia staff member or contractor also works for, or has recently worked for, an operator or certification body involved in Folia-certified activities.
- An external consultant advising Folia holds stakes in operators or certification bodies active under the scheme.

4.2 Certification body level

A conflict of interest at certification body level arises in particular in the following situations:

- An auditor of a certification body has a financial interest in the operator being audited.
- An auditor has been involved in consultancy with the operator being audited in the three years preceding the audit, as provided by Article 13(5)(b) of Implementing Regulation (EU) 2025/2358. For the avoidance of doubt, this covers consultancy provided by the auditor or their organisation to the operator — for example, assistance in designing the carbon farming activity, preparing the activity plan, or implementing the monitoring methodology — since auditing one's own prior work would compromise independence.
- The certification body and the operator share management, ownership, or financial interests.
- The certification body has a commercial relationship with the operator other than the audit contract.

4.3 Examples of conflicts of interest

The following examples illustrate situations that constitute a conflict of interest in the specific context of Folia's certification scheme. These examples are non-exhaustive.

Example 1 — Technical Committee member and certified operator

A member of the Technical Committee holds a minority stake in an agricultural company that has submitted an application for certification under the Folia scheme. The member is required to declare the conflict upon receipt of the onboarding notification from the Head of Compliance and must recuse themselves from any technical opinion concerning that operator, including review of the activity plan, quantification methodology, or monitoring approach.

Example 2 — Certification body and prior consultancy

A certification body appointed by Folia provided consultancy services to an operator two years before the scheduled audit, assisting in the preparation of the activity plan. Although the consultancy relationship has ended, the three-year cooling-off period established by Article 13(5)(b) of Implementing Regulation (EU) 2025/2358 has not yet elapsed. The certification body cannot be appointed to audit that operator and must be replaced.

Example 3 — Advisory Board member and buyer of certified units

A member of the Advisory Board serves as Head of Sustainability at a company that is actively purchasing carbon credits on the voluntary market and has expressed interest in acquiring Folia-certified units. The member must declare the conflict and recuse themselves from any Advisory Board discussion relating to market access rules, pricing frameworks, conditions of sale of certified units, or any matter that could materially affect their employer's commercial interest.

Example 4 — Folia staff and operator with personal connection

A Folia employee responsible for supporting the onboarding of new operators is the spouse of a farmer who has initiated the process of joining the scheme. The employee must declare the conflict immediately and may not be involved in any activity relating to that operator's application, including onboarding support, document review, or internal quality checks.

5. When to Disclose

Disclosure obligations are event-driven. The following table sets out all disclosure triggers, who is required to disclose, the applicable deadline, and the instrument to be used.

Trigger	Who discloses	By when	Instrument
Appointment or hiring	The individual concerned	Before assuming the role	Internal COI Declaration Form
Onboarding of a new operator or project into the scheme	Folia's management, staff, Board of Directors, Advisory Board, and Technical Committee	Within 5 business days of the Head of Compliance's notification	Internal COI Declaration Form or written confirmation of non-conflict

Review of all projects / operators	Technical Committee, Advisory Board	Annually	Internal COI Declaration Form or written confirmation of non-conflict
Change in personal circumstances relevant to a potential conflict	The individual concerned	Immediately	Internal COI Declaration Form
New audit (certification bodies)	The certification body	At least 10 business days before the start of audit activities	External COI Certification Form
Emergence of a conflict during an ongoing audit	The certification body	Immediately	Written notification to the Head of Compliance

5.1 Proactive notification for new projects

Given that members of the Board of Directors, Advisory Board, and Technical Committee may not be aware of new operators entering the scheme, the Head of Compliance — acting on CEO mandate — bears a proactive notification obligation. Upon each onboarding of a new operator or project, the Head of Compliance shall:

- Notify in writing all members of the Board of Directors, Advisory Board, and Technical Committee, providing the name, location, and type of activity of the new operator.
- Request that each member assess whether a conflict of interest exists and submit a declaration — or a written confirmation of non-conflict — within 5 business days of receipt of the notification.
- Record all received declarations, and the absence of declarations within the deadline (treated as confirmation of non-conflict), in the COI Registry.

5.2 Disclosure forms

The following forms support the disclosure process:

- Folia Internal COI Declaration Form: for Folia staff, management, Board of Directors, Advisory Board members, and Technical Committee members. To be submitted to the Head of Compliance, except where the disclosure concerns the CEO, in which case it must be submitted directly to the Chairman of the Board of Directors.
- Folia External COI Certification Form: for certification bodies. To be submitted to the Head of Compliance at least 10 business days before the commencement of audit activities, and immediately upon emergence of any conflict during an ongoing audit.

6. Managing Conflicts of Interest

6.1 Assessment

Upon receiving a disclosure, the Head of Compliance conducts an initial assessment of the conflict and documents the relevant circumstances. The Head of Compliance then presents the case to the CEO for a decision on the appropriate mitigation measures.

6.2 Mitigation measures

Depending on the nature of the conflict, the CEO may decide to implement one or more of the following measures:

- Recusal of the conflicted individual from the relevant decision-making process, meeting, or audit activity.
- Reassignment of responsibilities to eliminate the source of potential bias.
- Establishment of information firewalls to restrict access to sensitive data.
- Replacement of the conflicted certification body or auditor.
- Termination of the external relationship or agreement giving rise to the conflict.

6.3 Documentation

All disclosures, assessments, decisions, and resolutions are recorded in the COI Registry, maintained by the Head of Compliance. The registry is reviewed by the CEO and the Board of Directors following any significant conflict event and at least once per year as part of the scheme's internal monitoring process. It includes details of each disclosed conflict, the actions taken to mitigate or resolve it, and the outcome.

7. Prohibitions

Folia does not certify activities, and does not appoint certification bodies to audit activities, where a conflict of interest exists and cannot be adequately mitigated. In particular:

- Folia does not appoint a certification body to audit an operator if the certification body or any of its auditors has been involved in consultancy with that operator in the three years preceding the audit, in accordance with Article 13(5)(b) of Implementing Regulation (EU) 2025/2358.
- Folia does not issue certified units for activities where a disqualifying conflict of interest between Folia and the operator, or between Folia and the certification body, exists and has not been resolved.
- No member of Folia's governance bodies (Board of Directors, Advisory Board, Technical Committee) may participate in decisions concerning an operator or certification body in which they hold a financial or material personal interest.

8. Policy Awareness

All persons and bodies subject to this policy must read and agree on this policy before assuming their role, or within 30 days of the publication of a materially updated version of the policy. Key parts are:

- Identification of conflicts of interest in the specific context of Folia's certification scheme, including the examples set out in Section 4.3.

- Disclosure obligations and triggers set out in Section 5.
- The disclosure forms and the process for submitting them.
- The consequences of non-compliance with this policy.

The Head of Compliance is responsible to share the latest version of this policy and is the designated point of reference for any questions regarding the application of this policy or the classification of a situation as a conflict of interest. Any person subject to this policy who is uncertain whether a given situation gives rise to a disclosure obligation is encouraged to contact the Head of Compliance before taking any action.

All policy acknowledgements are recorded in the Policy Acknowledgement Register maintained by the Head of Compliance, including the date of completion and the version of the policy acknowledged. The Policy Acknowledgement Register is defined in the Folia Document Management Procedure.

9. Reporting and Escalation

Violations of this policy, or suspected violations, must be reported promptly to the Head of Compliance. Where the violation involves the Head of Compliance or the CEO, the matter must be reported directly to the Chairman of the Board of Directors. Consequences for non-compliance may include recusal, suspension, or termination of engagement, depending on the severity of the violation, as determined by the Board of Directors.

10. Supporting Documents

- Folia Internal COI Declaration Form: for Folia staff, management, and governance body members.
- Folia External COI Certification Form: for certification bodies, to be submitted at least 10 business days before the commencement of audit activities.
- COI Registry: maintained by the Head of Compliance, reviewed by the CEO and Board of Directors at least annually and following any significant conflict event.
- Policy Acknowledgement Register: maintained by the Head of Compliance (see Folia Document Management Procedure).
- Folia Whistleblowing Policy.
- Folia Complaints Policy.
- Folia Non-Conformity Policy.
- Folia Internal Monitoring Policy.
- Folia CB Appointment Manual.
- Folia Advisory Board Terms of Reference.
- Folia Technical Committee Terms of Reference.