

CarbonKerma's Commitment To High-Quality Carbon Credits

Every sinker/capturer who wants to bring sequestered CO2 onto the CarbonKerma platform has to undergo a number of steps. Some of these are required by government agencies and ISO Standards, and others are required by CarbonKerma. These are burdensome and time consuming and are designed to ensure only high-quality, proven, measured, and regulated sequestered CO2 is offered to emitters for purchase as offset credits.

No major registry has developed the methodology for listing CCUS-derived carbon credits. To the extent that we have already established a sound methodology based on regulatory and ISO standards, DigiKerma plays the role of a registry for CCUS-derived offset credits. DigiKerma is confident in our own methodology, which is built on EPA and ISO Standards: the highest in the world.

The Step-By-Step Process Capturers Must Undertake For Their CO2 To Be CarbonKerma-Eligible

BEFORE LISTING ON CARBONKERMA:

For sites overseas, ISO standards ISO 27913 for saline storage and ISO 27916 for Enhanced Oil Recovery (EOR) apply.

- ISO 27913: https://www.iso.org/standard/64235.html
- ISO 27916: https://www.iso.org/standard/65937.html

One of our advisors, the late Steve Carpenter, was among the panel to create these standards.

For American sinkers/capturers, they are required to follow these procedures in accordance with the US Department of Energy:

- Adhere to DOE Monitoring, Verification, and Accounting (MVA) Best Practice: <u>https://netl.doe.gov/sites/default/files/2018-10/BPM-MVA-2012.pdf</u>
- Operators applying for Class VI Permits in states where EPA has direct implementation authority must submit application materials to EPA via the Geologic Sequestration Data Tool (GSDT): <u>https://www.epa.gov/uic/class-vi-permit-application-templates</u>
- For Class II wells, the following guidelines apply: https://www.epa.gov/uic/class-ii-oil-and-gas-related-injection-wells
- Adhere to strict regulations pursuant to 45Q to qualify for tax credits for capital expenditure of facilities: <u>https://www.federalregister.gov/documents/2021/01/15/2021-00302/credit-for-</u> <u>carbon-oxide-sequestration</u>
- Adhere to EPA guidance on Carbon Capture, Utilization, and Storage: https://www.epa.gov/system/files/documents/2022-09/ August%202022%20CCS%20Information%20Session.pdf
- Adhere to mandatory greenhouse gas (GHG) reporting requirements outlined in the Greenhouse Gases Rule (40 C.F.R. Part 98): <u>https://</u> www.ecfr.gov/current/title-40/chapter-1/subchapter- C/part-98
- Submit a monitoring, reporting, and verification (MRV) plan to the EPA for approval within 180 days of receiving the permit: <u>https://edx.netl.doe.gov/dataset/mrcsp-monitoring-reporting-and-verification</u> <u>https://www.osti.gov/servlets/purl/1773379</u>
- Receive approval of the MRV Plan from the EPA.
- Produce a GHG (Greenhouse Gas) Report: Typically 40-50 pages, identifying all meters and wells.
- Sinkers/Capturers are required to submit to CarbonKerma:
 - 1. Their MRV Plan number
 - 2. Their GHG Report
 - 3. A signed, legally binding declaration that the environmental attributes of the sequestered CO2 have not been previously utilized or sold.
 - 4. A completed Know-Your-Business (KYB) check to ensure we are in compliance with AML/KYC procedures. Our KYB process is strict and ensures all platform users are legitimate and legally operating enterprises.

AFTER LISTING ON CARBON KERMA

Sinkers/capturers of CarbonKerma-certified sequestered CO2 are issued CKT tokens on a one-to-one basis for each metric tonne of CO2 sequestered. They are then able to list those CKT tokens for sale on the CarbonKerma platform. Emitters that purchase CKT tokens may sell, trade, and retire their token holdings as required. Emitters must also undergo a KYB or KYC process, as appropriate.

Tokens must be retired for environmental attributes to be claimed. Retiring blockchain-based tokens essentially involves sending them to an address from which they cannot be recovered, in an act known as 'burning.' Once burned, the tokens can never be traded again. All blockchain transactions are publicly auditable. The entity that burns the CKT tokens receives an Offset Certificate and a Unique Carbon Tag. These documents identify the location of the stored CO2 and the meters used to measure its injection.

DigiKerma provides buyers with a KermaExchange Guarantee through our Proactive Replacement Program. Put simply, in the unlikely event our credits' integrity reasonably comes under question, we will replace them one-for-one at no cost to our partners. <u>https://</u> carbonkerma.com/wp-content/uploads/2023/08/KermaExchange-Guarantee-2.pdf

More Robust Marketplaces Are Replacing Established Registries

As flaws in the voluntary carbon market have been exposed and welldocumented, we increasingly find corporations seeking more credible offsetting service providers. CarbonKerma fulfills all the functions of an established registry, but our rigorous onboarding process exceeds those applied by larger registries.

The <u>ICVCM</u> - increasingly relied for guidance by corporations – asserts that legacy registry listing does not, in itself, detract from the intregrity of any offset being offered:

"The carbon-crediting program shall operate or make use of a registry to uniquely identify, record and track mitigation activities and carbon credits issued to ensure credits can be identified securely and unambiguously."

CarbonKerma, as a marketplace, does in fact play the role of a registry insofar

as we "uniquely identify, record, and track mitigation activities and carbon credits issued."

- DigiKerma, Inc 13800 Coppermine Rd, 1st Floor Herndon, VA 20171
- 🖂 info@carbonkerma.com
- 🗀 www.carbonkerma.com

