

RESTART ENERGY DEMOCRACY

CARBON STANDARD

Procedure For Issuing and Withdrawing Carbon Credits

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ABOUT US

RED Carbon Standard stands for Restart Energy Democracy Carbon Standard and is an independent governance body for the voluntary carbon market, first of this kind, from Romania. Our carbon standard aims at empowering people and giving value to their sustainable work helping to mitigate the impact of climate change. In a world where global players take the lead over national governments, and governments would like to centralize the power in their hands, we promote decentralization by being part of communities, people, and local project developers, and provide them with value capture in the form of tokenized carbon credits.

We certify green projects such as renewables, agriculture, forestry, energy efficiency, hydrogen, enabling them to get tokenized carbon credits and sell these carbon units worldwide on the RED Platform Application, using blockchain technology, thus actively contributing to the attainment of net-zero carbon emissions.

At RED, our core beliefs centre on the acknowledgment of God as the Creator of the Universe, Earth, and all life within it. At RED, we believe that God is the Creator of the Universe, the Earth, and its vegetation, and that God is the Source of all Life on Earth and in the Universe. We believe that we are all children of God, no matter what nationality, race, or gender. We also believe that God's Love for His children are so great that He sent His Son, Jesus Christ, to guide and save us.

It is, therefore, our responsibility to take care of the Earth and all living creatures on it, to preserve nature, flora, and fauna, and to act accordingly for mankind's perpetuity as we were empowered to do so: "So God created mankind in His image, in the image of God He created them, male and female....By the seventh day, God had finished the work He had been doing; so on the seventh day, He rested from all his work. Then God blessed the seventh day and made it holy because on it He rested from all the work of Creation that he had done."

It is important to understand our role on Earth and to remember that life is a blessing and a gift from God that we received from the beginning of the Earth. We believe that all scientific evidence and the Universe's order confess to the almightiness of God and His wonderful principles of life. Our values are based on maintaining the principles of life and its continuity: love, patience, humility, compassion, and happiness. We want to preserve these principles of life, protect our Earth, which is our home, and provide solutions for helping our neighbours using our advanced technology and science-based system.

We acknowledge that climate change affects us all, yet the rise of greenhouse gas emissions caused by human activities is not the only cause of it; there are other relevant causes, such as the sun's energy intensity, which is out of humanity's control. We decided to focus on what we have the power to impact within our capabilities. We use technology to our benefit, and do not let it take control over us. We were endowed in respect of God's principles and values, and we do not consider ourselves gods who can change the well-defined path of the Earth or save the world.

Aligned with the United Nations Sustainable Development Goals (SDGs), we actively pursue these principles, integrating environmental protection with social and economic considerations. While we acknowledge the widespread impact of climate change, we focus on addressing what is within our power to influence, leveraging

technology responsibly without succumbing to its control. We humbly accept our limitations, understanding that we cannot alter the Earth's course or single-handedly save the world.

Our aim is to provide future generations with a thriving home by aligning environmental protection with the timeless principles of life and continuity. We view sustainability not merely as a scientific concept but as a holistic approach that integrates ethical, social, and environmental considerations, in line with the objectives outlined in the SDGs.

DEFINITIONS

Definitions as set out in the **RED Definitions Document**, ISO 14064-2, ISO 14064-3, ISO 14065 and ISO 14066 and shall apply to all RED Standard documentation.

ABBREVIATIONS

AFOLU	Afforestation, Forestry, and Other Land-use
CA	Corresponding Adjustments
CCs	Carbon Credits
CO ₂ e	Carbon dioxide equivalent
FR	Franchisee
GHG	Greenhouse Gas
IA	Initial Assessment
IVVB	Independent Validation and Verification Body
MWAT	Megawatt Token
PD	Project Developer

PDD	Project Design Document
SDG	Sustainable Development Goals
REDs	Tokenized Carbon Credits
ISO	International Organization for Standardisation
TXID	Transactions via tracking ID

1. INTRODUCTION

This procedure is designed to empower individuals and communities while mitigating the impact of climate change. At the heart of our approach lies a commitment to recognizing and rewarding sustainable efforts, thereby fostering a decentralized ecosystem that values local initiatives. Therefore, we present the procedure for both issuing and withdrawing carbon credits, providing a clear roadmap for individuals and communities to participate in and benefit from RED Carbon Standard.

The issuance and withdrawal of Carbon Credits involves processes related to carbon offset projects and the verification of carbon emissions reductions/removals. Carbon credits or carbon offsets are a way for organizations and individuals to compensate for their greenhouse gas emissions by supporting projects that reduce or remove an equivalent amount of GHG emissions.

Central to our initiative is the utilization of blockchain technology, which not only ensures transparency and security, but also facilitates access to carbon credit markets. Through our blockchain platform, individuals and communities can easily access, trade, and monetize their carbon credits, thereby amplifying the impact of their sustainability efforts on a worldwide scale.

2. ISSUANCE PROCESS

2.1 Issuance of Tokenized Carbon Credits

In alignment with the procedures outlined by the RED Carbon Standard, the issuance of tokenized Carbon Credits aligns with the stages of the certification process. Given this, the RED Carbon Standard verifies the project documents submitted to ensure that:

- Each section of the project documents has been completed with appropriate data.
- Each project document is signed by relevant responsible parties.
- Validation has been completed in accordance with the timeframe of the public consultation and stakeholders meeting.
- GHG emission reduction or removals have not been issued by another GHG program or recognized under a program that creates GHG-related environmental credits (such as renewable energy certificates).
- The project baseline and additionality applied methodology.
- The documents are updated after a request from the RED Carbon Standard

After the successful approval of the Project by the RED Carbon Standard, the project is considered certified and the status on the RED Carbon Registry will change in "Certified", and the Project Developer will receive the tokenized Carbon Credits in the form of REDs claimed in project wallet in the Certification app on the RED Platform, according to the quantity of Carbon Credits certified by RED Carbon Standard.

The RED Carbon Standard Team will notify the Project Developer and the Franchisee if the project certification has been approved. After the approval, project developers will receive in the project wallet the tokenized Carbon Credits in the form of REDs in an amount equal to the emissions reduction/removals from the atmosphere (1 RED = 1 ton reduced/removed CO₂) that was calculate in the emission reduction/removals calculation document. The project listed in the Certification app on the RED Platform now has available the amount of digital carbon credit available to sell to buyers/contributors.

If a Project Developer wishes to remove any listed or registered Project from the dedicated page in the Certification app on the RED Platform, then the Project Developer may request the RED team to do so. The Project Developer undertakes any liability, including to hold RED harmless against any prejudice, as a result of the Project being withdrawn from the Certification app on the RED Platform at the Project Developer's request as it is understood that no issuance/minting can be done if such project removal takes place.

RED Platform may remove at any time any listed Projects if such Projects are found averse to the principles and requirements of the RED Carbon Standard or the Certification app. Moreover, RED Platform will make public any attempt of fraud and/or scam, so every participant in the RED community will know about such an attempt.

2.2 Carbon Credit Series

RED Carbon Standard aims to develop a transparent market that provides accurate and relevant information for each stage of the project.

All tokenized Carbon Credits transactions will have a unique and public tracking ID (TXID) without any downtime, fraud, control, or interference from a third party. Transactions via tracking ID (TXID) are verified and recorded, transparently showing all past transactions.

Data such as project ID and name, status of the project, SDGs, number of tokenized carbon credits issued, burnt, and remaining will be accessible through the RED Registry explorer that will automatically present a project's information or tokenized carbon credit status based on registered information on the blockchain.

Every carbon credit issued is assigned a unique serial number, facilitating the utilization of the registry for precise identification, recording, and tracking of mitigation activities and issued carbon credits. This guarantees the reliable and clear identification of credits, fostering transparency and accountability throughout the system.

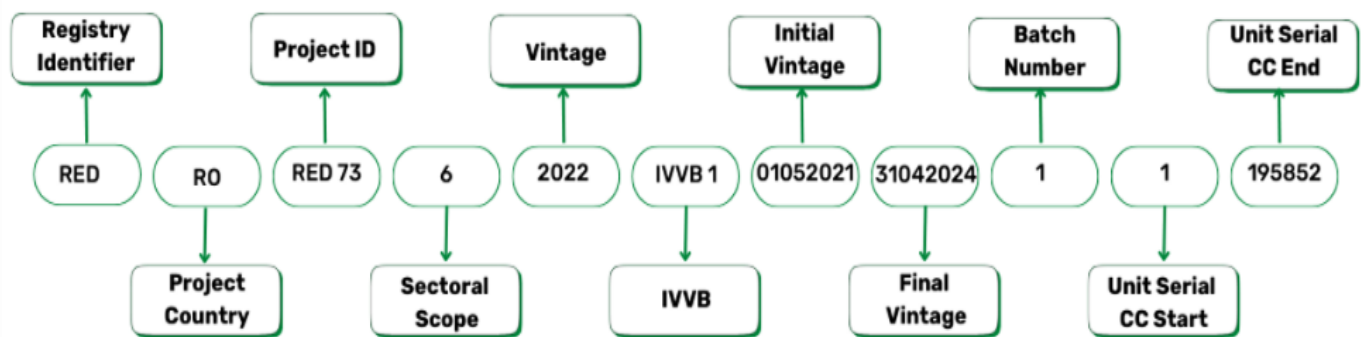


Figure 1. CC Series Scheme

The description of the series components assigned to each credit is given below:

Identifier	Description	Values
Registry identifier	Restart Energy Democracy Carbon Standard	REDCS
Project Country	Two-letter ISO country codes	RO = Romania SP = Spain IT = Italia
Project ID	Alphanumeric code assigned automatically to each project when listed on the RED Carbon Standard Registry	Format = RED1 (1 - 99,999)
Sectoral scope	Numeric value assigned based on the project's activity methodology	1=Energy industries (renewable - / non-renewable sources) 2=Energy distribution 3=Energy demand 4=Manufacturing industries 5=Chemical industries 6=Construction 7=Transport 8=Mining/mineral production 9=Metal production 10=Fugitive emissions from fuels (solid, oil and gas) 11=Fugitive emissions from production and consumption of halocarbons and sulphur hexafluoride 12=Solvent use 13=Waste handling and disposal 14=Afforestation and reforestation 15=Agriculture
Vintage	Year the emission reduction/removal occurred, the monitored period	Format = YYYY
IVVB of the project	Alphanumeric code generated by the RED Carbon Standard	Format = IVVBno (1 - 99,999)
Initial Vintage	Start date of the monitoring period that was mentioned in the Verification Report	Format = DDMMYYYY
Final Vintage	End date of the monitoring period that was Mentioned in the Verification Report	Format = DDMMYYYY

Batch Number	Represents the carbon credits issuance identification number for the credits that were verified for the entire monitoring period (initial vintage-final vintage).	1 - 99,999,999
Unit Serial CC Start	Numeric values assigned by the registry based on the total emissions reductions/removals for the entire monitoring period from the Verification Report	1 - 99,999,999
Unit Serial CC End	Numeric values assigned by the registry based on the total emissions reductions/removals for the entire monitoring period from the Verification Report	1 - 99,999,999

3. WITHDRAWAL AND TRANSFER PROCESS

3.1 Withdrawal of Carbon Credits

Within the RED Registry, the tokenized Carbon Credits can be acquired in the Certification app on the RED Platform by users/contributors interested in offsetting their CO₂ footprint or investing in sustainable projects.

The Platform is easy to use, can be accessed on the web or in the application and can be accessed 24/7. Users will receive and use a username and password to securely access the Platform from their mobile phone or other similar electronic device and will thus have an active personal user account for the Platform.

The development of the RED platform has been able to reach a full range of users due to its multi-functionality and accessibility. Among the multifunctionalities the platform offers, our users can trade, exchange, and withdraw tokenized carbon credits.

Withdrawal of carbon credits involves the permanent removal of a certain number of credits from the RED Registry in favour of an end beneficiary. Once removed, a carbon credit becomes ineligible for further use, effectively halting its circulation and guaranteeing its subtraction from the overall pool of initiative allowances. This measure serves to deter the occurrence of double usage, thereby enhancing the integrity of the system.

By following these steps, users can efficiently and securely withdraw Carbon Credits



from the Platform:

- Access the Platform and navigate to the Sustainability Market option.
- Within the Sustainability Market, locate and select the Carbon Credits section.
- Choose the specific project from which you wish to withdraw Carbon Credits.
- Purchase the desired number of Carbon Credits.
- Select the preferred payment option, either by card or by order.
- Confirm your purchase by selecting the "Buy CC" button.
- Upon successful transaction, you will receive confirmation of the withdrawal.

3.2 Green Sustainability Certificate

The Green Sustainability Certificate is a document that demonstrates the degree of sustainability of a company or individual who supports the financing of a sustainable project through tokenized Carbon Credits purchases in the Certification app on the RED Platform, showing the amount of CO₂ reduction or removed from the atmosphere.

The Green Sustainability Certificate is an ERC-721 non-fungible token and it is issued at the request of RED or REO-G holders.

After having the ownership of tokenized Carbon Credits, a user can request the issuance of a Sustainability Certificate from a franchisee existing in the Certification app on the RED Platform. When the certificate is issued, the digital Carbon Credits owned by the user are burnt or retired from the RED Registry and the Certification app on the RED Platform.

Users can also offset their carbon footprint by acquiring a Sustainability Certificate directly on the RED Platform website or through different APIs on third-party clients' websites and other purchase options.

To efficiently generate a Green Sustainability Certificate through the RED Platform, the following steps will be followed:

- Navigate to the main page or access the "My Wallets" section.
- Select the option "Green certificate".
- Enter the number of credits you have purchased.
- Choose between two options:
 - Private owner (name is not visible on the certificate)
 - Public owner (name is visible on the certificate)
- Once you've made your selection, press the "Generate" button.



To initiate withdrawals or cancellations, the custodian user responsible for the carbon credits should access the platform by using their unique username and password. Once logged in, they should proceed to the "Withdraw Certificates" option, where they will be required to input the following information:

- a. The mitigation project from which carbon units will be withdrawn.
- b. Year in which the removal or reduction (including avoidance, displacement, and destruction) of GHG emissions is generated.
- c. Number of carbon credits to retire.
- d. Reason for withdrawal: voluntary compensation, carbon tax or other type of specific compensation scheme.
- e. Certificate language.
- f. End user information: country of location, name, document type and document number.
- g. Information on the taxable person, if applicable: country of location, name, type of document and document number.
- h. Verification code that is sent to the mail to carry out the transaction.

The Green Sustainability Certificate to be issued has the following information:

- a) RED Carbon Standard retirement date.
- b) Name and ID of the project.
- c) Name of the project holder.
- d) Number of carbon credits retired.
- e) RED series retired.
- f) Period of the retired CC.
- g) Company name and identifier of the taxpayer's company for the purposes of not accruing the carbon tax.
- h) Name or company name and number or tax identification code of the end user of CC for purposes of voluntary compensation or other market mechanisms.
- i) The project crediting period.
- j) Intended use of retired certificates.
- k) Withdrawal certificate ID.
- l) Information authentication QR code.

The Green Sustainability Certificate is created in PDF format and carries an electronic signature. It can be printed without compromising its authenticity, provided that it matches the original version electronically issued by RED Carbon Standard after verification.



RED's registry platform diligently records the entire process of Carbon Credits withdrawals from each project. It publicly displays the number of certificates issued, withdrawn, and those still available for each year, ensuring transparency in the process.

3.3 Red Carbon Standard Transfer Process

The transfer procedure entails moving a specific quantity of Carbon Credits between accounts that are registered in the Certification app on the RED Platform. Platform users can transfer MWAT in and out of the Zalmoxis Blockchain. This procedure involves changing the owner of the carbon credits. The platform offers multiple benefits in terms of operability and security.

The transfer feature facilitates the mirroring of the buying and selling activities within the carbon market on the registry, guaranteeing the transparency and traceability of the data.

The transfer of Carbon Credits typically occurs through reputable carbon credit registries or marketplaces. Buyers may choose to retire the credits, effectively removing them from circulation to demonstrate their commitment to sustainability and climate action. Alternatively, they can use the credits to offset their own emissions, helping them achieve carbon neutrality or reduction targets.

The process of transferring carbon credits is automated and operates on a self-management basis. To initiate this process, the owner of the Carbon Credits needs to log in to the platform using their username and password.

They can then select "My Wallets" option from the platform where they can buy, withdraw, deposit and transfer MWAT.

To transfer REDs, the following information must be completed:

- The amount of MWAT to be transferred.
- Select the account to which Carbon Credits will be transferred.
- The transfer can be made using the email address, phone number or wallet ID.
- After all the information has been correctly filled out and verified, the Carbon Credits owner will complete the process by selecting the "Transfer" option.



The RED Certification App can track every transfer, along with its associated data, including the owner linked to each carbon unit, using blockchain technology. The Platform will also generate historical transfer reports automatically for the registry.

3.4 Compliance and Reporting

Both the Project Developer and the buyer must maintain comprehensive records of all Carbon Credits transactions. This includes the transfer, retirement, or use of Carbon Credits, as well as any relevant financial transactions. Accurate and transparent reporting is crucial for ensuring the integrity and credibility of the carbon market and its associated projects.

4. CARBON CREDITS CONVERSION PROCESS FROM OTHER STANDARDS

Project transitions from other international carbon standards, such as CDM, Verra, CAR, etc. are allowed. If a Project Developer possesses carbon credits acquired through the mitigation efforts of their initiative, issued by a different certification program where they haven't been traded, and desires to convert them into REDs, they have the option to recertify the project under the RED Carbon Standard.

Below is outlined the procedure for project developers to follow when recertifying their projects under the RED Carbon Standard:

- The Project Developer sends an email to certification@redcarbonstandard.org, expressing the intention to transfer their project to the Red Carbon Standard (The document attached shall have the following name: "Transition_Nameofcarbonstandard_Nameproject_Data")
- The necessary project documents are attached in the form of archives to the email.
- The Project Developer fills out the Carbon Credit Conversion Request Form, providing the following information:
 - Proof of ownership of the project's carbon credits.
 - Declaration of registration to other carbon standards.
 - The veracity and transparency of all the information provided on the project.
 - The external transfer of carbon credits from the original certification programme that are subject to conversion to the RED Carbon Standard.



- Assurance that the carbon credits subject to conversion have not been sold, used for compensation, or compliance purposes in any mandatory or voluntary carbon market.
- At least 3 SDGs and their monitoring plan.
- The PD sends the completed Carbon Credit Conversion Request Form along with the project documents as attachments to the email.
- The Red Carbon Standard certification team reviews the submitted documentation and form to ensure compliance with the standards and requirements.
- Upon completion of the review process, RED Carbon Standard Team communicates with the Project Developer regarding the status of the transfer request. Any additional information or clarification required will be requested at this stage.
- If the transfer request meets all necessary criteria and requirements, the project transfer is approved to the RED Carbon Standard.

Upon the successful transition of projects from other international carbon standards to the RED Carbon Standard, the tokenized carbon credits are minted directly into the project wallet. This procedure ensures a systematic and transparent process for transferring projects to the Red Carbon Standard, maintaining the integrity of carbon credits and adherence to standard protocols. The carbon credits converted to REDs will have a unique and public tracking ID that contains the elements described in *Figure 1*.

5. Mechanisms for Preventing Double Emission

5.1 Double Accounting

Double counting is a concerning practice where carbon credits generated are claimed or counted more than once.

This misuse of resources significantly undermines the efficacy of climate change mitigation endeavours. Consequently, rigorous controls and avoidance measures are imperative within certification programs such as the RED Carbon Standard.

Double credit accounting manifests as double issuance, double use, or double claim, each requiring distinct preventive measures. Understanding these distinct manifestations is crucial in implementing tailored prevention mechanisms for each case.



RED Registry ensures that one carbon unit is issued or transferred, owned, or cancelled by, only one entity at any given time. The RED Registry serves as a secure and tamper-proof database that registers climate-responsible actions to avoid double-counting and provide a high level of trust to the carbon market.

5.2 Corresponding Adjustments According to Article 6 of the Paris Agreement

The Paris Agreement represents a significant shift from the Kyoto Protocol era, impacting market dynamics, including the voluntary carbon market. It requires all countries to set national targets known as Nationally Determined Contributions (NDCs), which are expected to become progressively more ambitious and comprehensive over time. The goal is to achieve a global equilibrium between human-caused emissions and sinks in the latter half of this century. Additionally, the Paris Agreement establishes a new framework for international market-based cooperation under Article 6, which includes a central crediting mechanism akin to the Clean Development Mechanism (CDM). To maintain the integrity of the credits generated, issued, and utilized in the voluntary carbon market, it is crucial to align with the new framework under the Paris Agreement. This alignment not only ensures integrity but also serves a broader purpose. By adhering to the Paris Agreement's framework and rules, the expertise, innovation, and rigor of independent project development, standard-setting, and market infrastructure can be harnessed for emerging compliance uses. Moreover, such alignment helps avoid inadvertently undermining or diminishing the efficiency of government efforts, thereby supporting the credibility and effectiveness of voluntary initiatives.

We acknowledge the importance of the carbon market principle related to reduction of double counting and claiming of emissions and CCs. That is why corresponding adjustments shall be analysed on a case-by-case basis, taking into consideration the degree of the implementation of carbon certification mechanisms and schemes at the regional, national, and local levels. Each project shall fill in and submit the checklist document regarding the CAs. The RED Carbon Standard Team reserves the right to ask for further documentation and evidence related to CAs of each project and will not issue REDs if there has been found a previous claim of REDs for the same emissions reduction or removals or other forms of environmental credit such as renewable energy certificates.



The "Corresponding Adjustments" document is needed to verify its accuracy, including the checklist on national or regional CO₂ emission commitments, targets and their implementation status, and the following:

- Proof of ownership of the project's emission reduction or elimination when the project is listed in the Certification app on the RED Platform.
- Owner's declaration to confirm the above.
- Declaration of registration to other carbon standards.

Making an appropriate adjustment means that when parties/countries transfer an international mitigation result for consideration/calculation by another party/country, this mitigation result must be "unaccounted for" by the party that agreed to transfer/accepted to pay it.



6. DOCUMENT UPDATE

Version	Date	Comments or additional information
1	10.10.2023	Initial version of the document.

