

BCAU Token Whitepaper

Australian Carbon Token

v1.2

The digital asset that puts environmental
responsibility in your wallet

**Written by the founders of
BetaCarbon**

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BetaCarbon acknowledges and pays respect to the Australian Aboriginal and Torres Strait Islander peoples, the first inhabitants of the nation and the Traditional Custodians of the lands where we live, learn and work. BetaCarbon strives to align to their concepts of land, waters and community.

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01. Abstract

Urgency to achieve Carbon Neutrality is loud & clear.

The world is at a major pivot point. Environmental inaction is commonplace and the urgency to achieve Carbon Neutrality is loud and clear. Carbon Allowances incentivise industry to take a collective responsibility for Carbon Emissions by placing a cost to pollute in the narrative. Different domestic emissions trading mechanisms achieved varying degrees of success around the world.

Today, the price of carbon allowances can range from \$1.00 to around \$150. Carbon credits are not new, in **1968** Economist John Dales suggested the idea of tradable permits or "allowances" as a means of controlling pollution. Let's put that in context, that was over 54 years ago. 2050 is 29 years away and we have gone backwards in absolute terms by a huge margin. This only highlights the need to **act now**.

BetaCarbon believes that, to reach our True Zero aspirations, we must all take responsibility for our actions and output, while holding companies responsible for theirs. BetaCarbon creates mechanisms that will allow all of society to include Carbon Allowances into their daily consumer-driven lives. For the first time in history, individuals can participate in mass in this previously unavailable asset class.

BetaCarbon will be part of our daily transactions and contribute real world outcomes by incentivising consumers, merchants, corporates and the carbon farming industry, by expanding demand channels and driving incentives to purchase, triggering brand awareness and differentiation.

Introducing BetaCarbon: the world's first tokenised and decentralised compliance market Carbon Token, and digital representation of an Australian Carbon Credit Unit (ACCU).

Gone are the days of donating to someone else for your climate action: thanks to BetaCarbon, you can buy, hold and trade digitised representations of one of the best quality Carbon Allowances/Credits in the world. With access to the internet and a purpose to pursue, BetaCarbon will deliver the change Australia needs and the world expects.

This paper will provide details of the end goal: creating transparency and access to carbon markets. We'll illustrate differences in carbon markets, explain the mechanism that BetaCarbon will use to deliver tangible outcomes, while providing actual monetary value for its token holders.

02.

Introduction to BetaCarbon

BetaCarbon exists to ensure that everyone in Australia can respond to the call to action to take responsibility for their greenhouse gas (GHG) output.

This means 'democratising' carbon credits to drive change.

BetaCarbon's innovation will trigger more carbon sequestration through both nature-based and technology-based methods.

It's the **BetaCarbon Butterfly Effect:** by involving everyday Australians in their carbon responsibility, more environmental projects will be triggered. It's a virtuous circle which connects farmers with carbon credits and the BetaCarbon Token with consumers. In this mechanism, everyone's a winner. Everyone earns value. Starting with the planet.

Are there any other carbon active schemes or tokens on the market?

The only offering currently available for consumers or small companies is to purchase offsets through brokers and they are predominantly private certification schemes such as Verified

Carbon Units (VCU). The margins on these products are high and these purchases are donations whereby your money will be "invested" for some other entity's benefit. That money is gone.

Why is BetaCarbon different?

At the core of BetaCarbon's unique model is the link to ACCUs, Australian Carbon Credit Units, a regulated financial asset issued by the Clean Energy Regulator.

In simple words, at BetaCarbon, we don't ask consumers to 'donate' to fund some private environmental project whose quality can't be verified.

The BetaCarbon Tokens are backed notionally the ACCU, so that you can be sure the projects are of the highest quality and meet the strictest standards. You really know you are effectively accelerating the decarbonising of the planet by holding BetaCarbon Tokens.

Why use BetaCarbon?

BetaCarbon tokens are minted & burned by the minting entity BetaCarbon Pty Ltd as required under the terms of the tokenholders' agreement. BetaCarbon holders will be able to transfer their tokens for a multitude of other digital assets as the circulation increases and acceptance accelerates. BetaCarbon is a notional representation of the most important asset class of our generation. BetaCarbon allows you to participate in the accumulation of BetaCarbon tokens which represent the benchmark standard of carbon capture in Australia: the ACCU.

BetaCarbon holders can convert BetaCarbon tokens into fiat currency, including AUD through the various facilitation methods that partner with BetaCarbon including exchanges, and our native Web Applications and merchants.

BetaCarbon tokens are a compelling proposition for those wanting to activate environmental impact with a profit motive for good and it is available to both retail & institutional, as well as market participants both inside and outside of the crypto-asset ecosystem. BetaCarbon is the true first digital asset that provides a holistic use case with purpose for the mainstream take up of decentralised cryptocurrency.

BetaCarbon's benefits for INDIVIDUALS

- » Purchase along side your personal consumption to accelerate the race towards Net Zero.
- » Purchase as a stable coin knowing your cryptocurrency has intrinsic value backing it.
- » Access to a digital notional representation of the ACCU that drives price that drives supply.
- » Accumulate for future personal resource use at today's low prices via accumulation.
- » contribution to your superannuation fund.

BetaCarbon's benefits for BUSINESSES

- » Accumulation of Carbon credit by small to medium enterprise for future activation
- » Offer of tokens to customers, as rewards/value add-on, brand differentiation, drive of authentic social change
- » For small to medium enterprise-funding their future climate impact today
- » Allowing flexibility for retirement.

The atmosphere has no boundaries: BetaCarbon's Australian Token is just the beginning. BetaCarbon intends to be issued in several countries, each one representing the most effective way to drive behavioural change of polluting industry and commerce in that region.

03. Climate Urgency

It is no surprise that the planet is being forever changed by human activity at an ever increasing rate. Action is required and how we respond today will forever affect the quality of life of all living species. **BetaCarbon is the solution that drives action.**

The International Panel on Climate Change (IPCC) has released a comprehensive and most up to date scientific report detailing that changes in warming on the planet are unprecedented in recognised human history. Key findings of the IPCC report include but are not limited to:

- » CO2 concentrations are higher than anytime in the last 2 million years;
- » Global surface temperatures have increased faster since 1970 than any other 50 year period over the last 2000 years;
- » In the period between 2011-2020 annual average Arctic Sea ice has reached its lowest level since at least 1850;
- » Global mean sea level has risen faster since 1900 than over any preceding century over the last 3000 years;
- » The global ocean has warmed faster over the past century than since the end of the last deglacial transition circa 11000 years ago;
- » With virtual certainty it can be said that the higher frequency of extremes in hot weather while the less frequent extremes in cold weather are a result of human-induced climate change;
- » Extreme droughts and heavy precipitation events have most likely increased since 1950 as result of human-induced climate change;
- » Human influence has likely increased the chance of compound extreme events since the 1950's, including concurrent heatwaves and droughts on a global scale;

ACCESS THE FULL IPCC REPORT

https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM.pdf

Perhaps more concerning from the IPCC report are the scenarios based on a best case and worst case actionable outcome. They note that changes in the climate system become large in direct relation to the increasing global warming.

This is a tipping point, as climate change begins to feed on itself, rendering positive human change potentially useless unless we change our habits and styles of investment, today.

This is where the story starts to get a little messy for the planet and further highlights the urgency of the situation. As the methods of CO2 sequestration are often nature-based, there is an increasing risk that our reliance on those methods could give false hope. The report details the fact that as the extremes increase, the nature based methods through both land and ocean become less effective. That is a redeeming feature of the ACCU and the Australian Government's policy focuses on technology as a solution.

It is clear from the report that limiting human-induced global warming will be a key driver of the required action plan from everyone who has the ability to contribute. The report details that each 1000 gigaton of CO2 will increase temperatures by 0.45 °C (best estimate level).

BetaCarbon allows you as an informed consumer & investor to ensure that every tonne of carbon that is backed by a token and owned by you is removed from the pool of available allowances, while you own that token. The removal of that supply will need to be replaced to meet ever increasing demand by corporations, and generated by a new project to offset the exponential commitments made by industry to strive for, and attain Carbon Neutrality.

04.

Carbon Credits and Carbon Markets

Carbon allowances are a digital representation of 1 tonne of carbon sequestered from the atmosphere and they come in all sorts of forms.

There are two main types of markets in Australia.

1. Voluntary credits that are verified by private entities who check that a sequestration activity has, in fact, occurred and this would be measured in the unit of one tonne of CO₂. These credits are allowed for projects from all over the world and can include projects such as cook stove alternatives or reforestation. The credits are issued and maintained in a register by a private, not-for-profit entity.
2. Credits that are verified by the Clean Energy Regulator (CER) as legislated under the national legislation. These are called an Australian Carbon Credit Unit. (ACCU) The credits are held in the government administered Australian National Register of Emissions Units (ANREU).

The great thing about the ACCUs, which prompted the BetaCarbon founders to embark on this project, is that the price of the ACCU was trading at fractions of the other major international regulated compliance markets.

One not-so-great thing about the ACCUs, is that it's an asset class which has previously been difficult to access for the everyday consumer. But BetaCarbon has managed to change that, by allowing everyone to participate through the blockchain.

The Australian carbon markets are not an asset class that has historically been part of the Australian investment climate narrative. That is, however, changing at a breakneck speed and we want you to be part of it. If an individual or small to medium business is currently interested in purchasing an ACCU or other allowances for investment, there are several material impediments. These include: stringent account opening requirements, police record checks, minimum expected parcel sizes circa >AUD\$250,000 at today's price around \$51.00. Moreover, there is no exchange currently available to trade the units, and the price transparency is also poor as the market is dominated by OTC trading to a select group of large corporates via voice brokers. BetaCarbon has consulted with the preeminent experts in the decentralised space about the fundamental issues that prevent access to the markets currently in Australia and designed a token that will allow consumers, small business and crypto traders access to an asset class that has been previously inaccessible.

Through the ERC-20 protocol and utilising the decentralised blockchain, BetaCarbon delivers BetaCarbon tokens in 1 kilogram increments to democratise the participation of this rare and desirable asset class. Each 1000 tokens minted and offered for sale will be backed by a purchased ACCU (equivalent 1 tonne) or the right to purchase via a forward contract. The backing of the tokens will be audited at arms length by a reputable firm and results published to ensure that tokenholders' agreements are adhered to.

BetaCarbon will only buy the best quality carbon credits available to back its tokens.

In Australia that is an ACCU. This could, in time, may include other credits that are verified by the Clean Energy Regulator as they are spawned and the market develops. The Emissions Reduction Fund (ERF) was established in 2015 when

amendments were made to the Carbon Credits (Carbon Farming Initiative) Act 2011. The ERF is administered by the CER and enables businesses, councils, state governments and land managers to earn ACCUs by running eligible activities to reduce emissions. Each ACCU represents one tonne of CO₂ equivalent net abatement.

1 Carbon Credit = 1 tonne of CO₂ Sequestered Carbon

The carbon has been captured and the results validated.

There are two well known international agreements: **the Kyoto Protocol and the Paris Agreement**. These were both established to lead the global effort to harmonise the price of carbon and recognise that carbon & greenhouse gases (GHG) know no borders.

The Kyoto protocol was signed in 2011 and countries pledged to create a new comprehensive climate treaty. It was significant in that it mandated commitments.

In 2015, the Paris Agreement was born and 190 countries have committed, including Australia in 2016. The committed have pledged to reduce their GHG emissions to limit temperature increases to below 2°C above pre-industrial levels, and to report periodically on outputs and implementation.

Is Australia meeting its Paris Agreement commitment?

Australia's ratification of the Paris Agreement does not have the force of law in Australia and this has been largely the reason for Australia's glacial policy response in terms of compliance. For Australia to meet its stated 2030 goal of emission 26-28% below 2005 level by 2030 we can expect that the government will need to force the hand of industry to accelerate the rate of change.

Carbon markets exist to effectively put a price on polluting

The Australian Carbon Market

Australia's regulated carbon market is largely voluntary and consists of:

- a voluntary program to earn ACCUs via the ERF
- The Safeguard Mechanism

The ERF's mechanisms allow businesses, councils, state governments and land managers to earn ACCUs by voluntarily running eligible activities to reduce emissions.

In order to be eligible, projects must have a newness factor in that whatever project is being undertaken must be new, and not something that you would have undertaken anyway. The CER ensures that projects meet objectives over the lifecycle of the project and the strict probity of the programs and methodologies are the key differentiating factors to international voluntary credits.

The Safeguard Mechanism is a compliance system for large industrial polluters. They are set baseline levels by the CER: emitters place a legislated obligation on large industrial polluters who emit more than the equivalent of GHG 100,000 tonnes of CO₂ each year in scope 1 emissions. This is a cap & trade mechanism where companies who exceed their level must purchase ACCU to offset their emissions output breach. There are penalties for non compliance that take many years to be proven as measurements occur over multi-year periods.

There are only a handful of companies/facilities who are required to operate in this mechanism, hence rendering its effectiveness weak in changing behaviours when it relates to industry pollution.

The European Emissions Trading System (ETS)

The European ETS has been leading the globe in the strict execution of its Cap and Trade system for regulating emissions of GHG. It has been operating in phases since 2013. The system sets an overall cap on the total amount of specific GHG that can be emitted by facilities covered by the scheme. At present that number is an impressive: circa 11,000. The European Commission is the administrator.

Various sectors, particularly energy intensive industries, have been granted relief to support their transition. This relief involves the allocation of free allowances to companies. This, in turn, allows them to maintain their competitiveness and minimises the risk of carbon leakage. Free allocations will create an investment pool that incentivises firms to reduce their emissions, so they can sell their excess allowances with the expectation that the prices of carbon will rise under such a mechanism. The free allocation will be phased out for some industries after 2026. New funding mechanisms, such as the Innovation Fund and Modernisation Fund will help with this transition.

Other countries that operate compliance markets include New Zealand, US, UK, China, and Korea, with many more to join. BetaCarbon will look to effect change with the same Domestic Carbon Unit model to allow each country to pass collective responsibility & opportunity to consumers.

Let's remember this is the same tonne of CO2 globally, and greenhouse gases do not discriminate on international borders, so we don't see why price should discriminate.

BetaCarbon will drive the solution to this problem.

Challenges of Today's Carbon Market

The legacy transaction frameworks of the Australian carbon market and the global carbon markets are cumbersome, outdated and access is limited. There is today no transparent market nor exchange, processes are manual and not fit for scaling. This lends the market open to operational risks that in today's environment need not exist. The market is currently restricted to qualified investors, corporations with ABN numbers and high net worth individuals.

Holdings of ACCUs is maintained in the Australian National Registry of Emissions Units (ANREU).

Account opening can take several months if you meet the fit and proper checks.

If you are able to qualify for this very high water mark to open a registry account, the trading is conducted through the Over the Counter (OTC). OTC refers to trades negotiated bilaterally and this can create a fragmented and opaque marketplace. To qualify to trade, you will need to go through an extensive Know Your Client program, minimum asset base tests and be designated as a High Net Worth Client or Institutional Client. The current standard lot size

requirements are 5000-10,000 tonnes representing circa \$250,000 to \$520,000 at today's prices and simply not achievable for the everyday Australian.

Retail options that are currently available for Australians, and more broadly around the world, are generally restricted to carbon offsets for retirement, offered by the intermediaries through direct channels. These products are fundamentally a donation to projects/companies via the corporate/merchant. In effect the merchant is taking your money, buying credits and taking "the credit" as their own by investing in captured carbon or projects that are yet to be captured. In effect they are using your funds to make themselves look good. BetaCarbon believes that is a poor exchange of value. That's why BetaCarbon was born: to put the value back in your wallet, by creating a turbo charged asset class that is good for you and the planet.

The structure of BetaCarbon allows it to be traded as a commodity, as opposed to a financial product. This creates huge advantages in terms of taking this asset class mainstream and creating a collective consciousness to climate change.

05.

The Design of BetaCarbon

Basics

**1 BetaCarbon BCAU Token =
1 kilogram of an Australian Carbon Credit Unit**

BetaCarbon is a digital asset where one token represents one kilogram of Australian Carbon Credit Units.

The notionally backed token will have its underlying ACCU held in the Australian National Registry of emissions Units, a government administered registry.

Anyone who owns BetaCarbon Tokens can rest assured knowing that the token is notionally held 1:1 and contractually cannot be sold in aggregate as BetaCarbon is contractually bound by the tokenholders' agreement. BetaCarbon owns the carbon credits which will be held on its own behalf and the token holder will be able to see Audit reports to ensure that their token is backed 100% by an ACCU or the right to own an ACCU.

This synthetic arrangement allows token holders to effectively remove supply from the market. The value of the token, while theoretically underpinned because of the notional holding arrangement, could still trade relatively freely as the price will be determined by supply and demand of the token itself as well as the price of the ACCU market itself.

BetaCarbon is built as an Ethereum-based token using the ERC-20 protocol, making it compatible with all Ethereum wallets that accept ERC-20 tokens. All transactions operate according to the coded rules of the smart contract on the Ethereum blockchain. This is what drives the scalability of carbon markets, eliminates human error and operates exactly as programmed. BetaCarbon is available 24/7 to facilitate settlement against various assets including other tokens and cryptocurrencies. Unlike traditional Carbon trading, which is only available to settle trades during banking business hours, BetaCarbon can move anywhere, anytime, and turbocharges the industry to catch up from the legacy position it holds today.

Key Product Benefits

BACKED BY AN ACCU

BetaCarbon is notionally backed by a certified ACCU. BetaCarbon operates on the Ethereum blockchain, it is also instantly transferable globally.

CLIMATE POSITIVE

BetaCarbon is backed by certified ACCUs. BetaCarbon commits to being always environmentally accretive and will measure and ensure each minted token is doing good for the environment by committing to zero TODAY. The Company will measure and report its CO2 usage in scope 1, 2 and 3 emissions and purchase & retire ACCU at its own cost. BetaCarbon has also committed and been accepted into the [The Climate Pledge](#), to ensure we always strive for great outcomes.

TRANSFERABLE

BetaCarbon allows for quantum improvements in the transferability. BetaCarbon operates on the Ethereum blockchain, it is also instantly transferable globally. BetaCarbon Tokens will be able to be bought, sold and held for a myriad of other valuable digital tokens.

PROGRAMMABLE

BetaCarbon is digital and programmable, it will be able to be bought, sold and held. It will be hosted in your digital wallet and provides you with the flexibility to transact as you wish. Programmable representations of carbon allowances provide materially significant new functionality in the trading environment.

DECENTRALIZED

By operating on an open blockchain.

DEMOCRATISED

BetaCarbon has created a digital representation of the best quality carbon allowances. Now it is possible for all customers, including retail customers, to participate in an environmental asset that was not previously within reach. Eligible individuals or institutions can buy BetaCarbon's BCAU tokens.

LOW FEES

BetaCarbon has low fees and is a significantly more attractive vehicle for your funds. There are no storage fees. We encourage our token holders to buy and hold to have the maximum benefit on the planet and the lowest impact on the environment. BetaCarbon will charge no fee for those who buy and hold (Ethereum gas fees excluded). Fees are charged to the seller. This is consistent with the carbon markets currently.

EASY TO TRADE

BetaCarbon will be available to trade OTC through BetaCarbon and other exchanges as the coin circulation increases. BetaCarbon will trade initially against cryptocurrencies in the early adoption phase and quickly transition to fiat currencies.

Environment & Sustainability

BetaCarbon exists to solve & accelerate the race to net neutrality and beyond. BetaCarbon Pty Ltd will always ensure that the entity and the token will be accretive to the core purpose of creating greater incentives to the carbon farming industry. In short, BetaCarbon will be climate positive today. We want the token and its token holders to be doing good for themselves, the planet and the communities they live in. BetaCarbon commits to the following at its core in regards to environmental sustainability:

- » **Measure and report greenhouse gas emissions on a regular basis.**
- » **Implement decarbonisation strategies in line with the Paris Agreement through real business change and innovations, including efficiency improvements, renewable energy, materials reductions, and other carbon emission elimination strategies.**
- » **Take actions to neutralise any remaining emissions with additional, quantifiable, real, permanent, and where possible, socially-beneficial offsets to achieve net zero annual.**

We commit to the above on a yearly basis and consider ourselves to be thought leaders in this space by allowing an alternative standard of certification that is extremely cost efficient and still achieves the required real world outcomes. BetaCarbon destroys overbearing bureaucracy and delivers positive outcomes.

BetaCarbon Pty Ltd has also considered very carefully the environmental impact of the ERC-20 protocol. ERC-20 is moving to Ethereum 2.0 which will revolutionise the energy, environmental and scaling concerns of the ERC-20 1.0. BetaCarbon Pty Ltd estimates that the energy usage from transacting BetaCarbon Tokens will be circa 99.95% less than it is today¹

BetaCarbon's sustainability policy is available on www.betacarbon.com/sustainability

1. Data from <https://blog.ethereum.org/2021/05/18/country-power-no-more/>

06. Technology

Introduction to BetaCarbon smart contract

Leveraging our launch on Ethereum Blockchain, BCAU is created using an ERC-20 compatible interface, which is the most recognised standard for creating tokens on the Ethereum blockchain.

Built upon a foundation of contracts created by OpenZeppelin, BCAU combines the best-in-class approach of standard, tested code which has gone through extensive open-source collaboration and tested within the Ethereum developer community alongside our own unique Smart Contract architecture enabling the creation, transfer, and the rest of the lifecycle of the minted token.

We have created BCAU with a view of scalability from inception, as it is designed to interact with any Ethereum wallet or application that is compatible with ERC-20 tokens for the basic functionality of the token. Running on public Ethereum makes this token simple to onboard, and easy to send and store. In addition, having BCAU tokens on Ethereum network also allows us to leverage the following enhancements we foresee in the near term:

- » Ethereum is moving from its legacy energy intensive Proof of Work consensus model to a Proof of Stake model, allowing for an ultra-energy efficient smart-contract with greater network simplicity and much higher TPS counts;
- » Publicly verifiable token supply, account balances, and other token holder details;
- » Ability to integrate with other smart contract applications such as distributed exchanges across the world;

- » Broad based adoption by cryptocurrency stakeholders including exchanges, crypto asset organisations, institutional investors and retail users;
- » Reduced dependency on any central agencies (single authority due) to decentralisation.

BetaCarbon is only available on Ethereum at present, but it may also be delivered on other chains if there is a material economic, environmental or social reason to do so.

The Ethereum contract address for BetaCarbon is [0xa64EFD5Fe826f62E310a951332b519e1E3871489](#). Which outlines the deployed contract along its read and write functions used in its engineering.

The ACCU represents one tonne of captured/avoided CO₂. BetaCarbon is a fractional digital representation of the ACCUs that is held notionally on behalf of the token holder as part of the BCAU Tokenholder Agreement and minted as kilogram units. Accessible on the BetaCarbon website <https://docs.betacarbon.com/tokenholderagreement>

Smart Contract Security & Audit

Although BetaCarbon smart contracts are crafted using robust, open source and highly secure libraries from OpenZeppelin – we have also engaged a 3rd party audit from CertiK which is a global leader in providing smart contract audits along with recommendations to bring the smart contract code in line with best standards of practice.

We also use extensive security features such as simple multisig implementations that allows BetaCarbon to have key management practices in place, circumventing the risks posed by admins ability to create transactions that are malicious or with bad intentions to influence the token supply and demand mechanics.

Enabling strong compliance with technological checks, coupled with in-house governance rules and holder agreements, our smart contracts ensure that we are able to best protect our token holders and their assets across potential bad actors within or outside the network.

Launch Supply & Release

On 11 November 2021, BetaCarbon held an early-adopters private sale, in which supporters were given the opportunity to participate in the first mint ever performed on the blockchain.

This resulted in 52,300,000 tokens being sold, or the equivalent of 52,300,000kg of carbon captured.

With success and validation of the model, we will continue to iterate and improve our mission by continually reinvesting the proceeds to:

- » Ensure we are synonymous with product differentiation
- » Technological optimisations and enhancements
- » Promoting BCAU across global climate conventions.

07. Retirement & Surrender

BetaCarbon Pty Ltd will launch a retirement vehicle in the near future.

The retirement will be priced in BetaCarbon Tokens at minimum weight of 1 tonne increments as the underlying ACCU to be retired is a minimum of 1 tonne. The retirement will be a centralised regulated financial product and derivative. The right to retire will be priced based on the minimum of 1000 BetaCarbon tokens as each BCAU carbon token represents 1/1000 of a tonne. Once the right to retire has been purchased it cannot be resold and the only action beyond ownership of the right to retire is the actual retirement itself.

08. Fees

Competitive and clear pricing.

BetaCarbon will charge fees on a tiered schedule, taking in account volume when trading on the BetaCarbon native exchange launching in 2022.

09. Compliance & Asset Protection

As may be required by our regulators, we have included a role for regulatory compliance to freeze or seize the assets of a criminal party if, and only if, required to do so by law, including by court order or other legal process.

The AssetProtectionRole can freeze and unfreeze the BetaCarbon balance of any address on chain. It can also wipe the balance of an address after it is frozen, to allow the appropriate authorities to seize the backing assets. BetaCarbon will never execute these functions on its own accord, but will utilize it extremely rarely (if at all) and only under extenuating circumstances, i.e. being legally compelled to.

**There are no
passengers on
Spaceship Earth.
We are all crew.**

Marshall McLuhan

10.

Procurement of ACCUs

BetaCarbon maintains relationships with the leading wholesale brokers and carbon farmers in the industry.

It also has and will further develop these to ensure the mission of democratised carbon ownership is fulfilled. This will drive further value back into the environment. BetaCarbon token holders can be confident that all projects are validated by the Clean Energy Regulator.

BetaCarbon believes that the mix of carbon credits should be, as much as possible, a representation of the entire ACCU holding base and include a mix of technology-based methodologies as well as nature-based and co-beneficial such as those produced with Indigenous participation.

As required by the tokenholders' agreement the Tokens can be minted based on actual ACCUs held in the registry as well other financial instruments such as ACCU forward contracts, and options to purchase ACCUs. The right to ACCUs that BetaCarbon has secured in these forms will be considered an ACCU for the purposes of minting new tokens and validated as part of BetaCarbons Audit requirements.

11.

External Oversight & Audit

BetaCarbon will have strict internal trading protocols to be adhered to in regards to minting and the administration of the backing assets. BetaCarbon will undergo periodic, independent reconciliation to ensure it has lived up to its token holders' agreements. These results will be published in our annual statements.

12. Financial Audit

BetaCarbon will engage an independent, trusted and recognised accounting firm to review and attest on a periodic basis that the Tokenholder's Agreement is adhered to and confirm the holding of ACCUs is aligned to the coin circulation.

This will include the need to ensure token holders that ACCUs are secured through options and forward contracts are fully funded and held in segregated company accounts.

This will be supplemented by an annual report of the BetaCarbon Pty Ltd, entity to ensure policies and procedures in relation to the token holders' agreement are adhered to.

13. Regulatory

BetaCarbon Pty Ltd has undergone all the required checks and balances to maintain its registry account. BetaCarbon Pty Ltd must adhere to the Carbon Credit Act 2011 (Carbon Farming Initiative) in its dealings with regards the Australian Carbon Credit Unit.

It should be noted that BetaCarbon Token should not be considered a financial product for the purposes of the Australian Corporations Act 2001. BetaCarbon Pty Ltd through extensive legal due diligence has confirmed this in regards to its token-specific operational and compliance workflows.

14. Australian Transaction Reports and Analysis Centre (AUSTRAC)

BetaCarbon can accept fiat for BetaCarbon as a reporting entity with AUSTRAC and will be responsible for ensuring it complies in all respects with the AML/CTF regulations and any other laws relating to money laundering, counter terrorism, economic and trade sanctions or fraud management.

An aerial photograph of a beach with turquoise water and white foam. A semi-transparent butterfly is overlaid on the water. The text "Mind your carbon." is written in bold black font on the left side of the image.

Mind your carbon.

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