

# KYOTOCOIN

Whitepaper / 4th Quarter 2021



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## Executive Summary

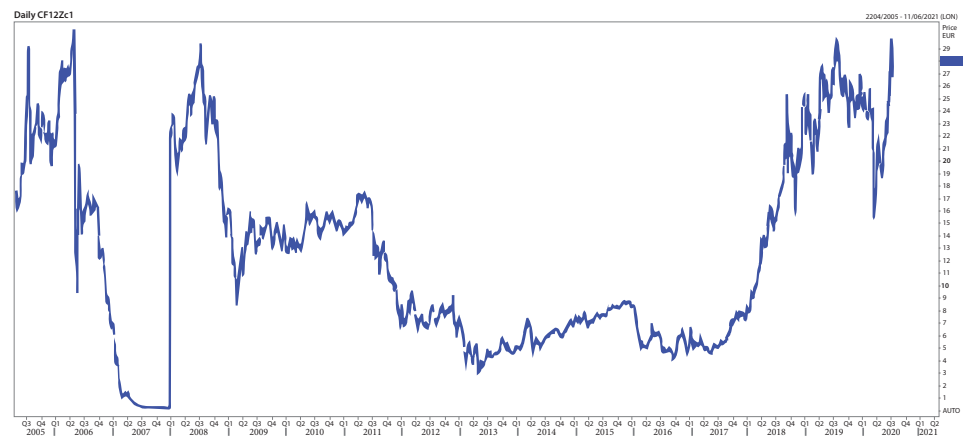
Carbon trading started after the Kyoto Protocol was adopted on 11 December 1997. The protocol operationalizes the United Nations Framework Convention on Climate Change by committing countries to limit and reduce greenhouse gases (“GHG”) emissions. As part of its strategy the Kyoto Protocol created 4 types of carbon credits, the AAU, RMU, ERU and CER.

Transfer and acquisitions of these units are tracked and recorded through the registry systems under the Kyoto Protocol. The largest

emissions trading market is the EU Emissions Trading Scheme which was established in 2005 where EU Allowances (“EUAs”) are traded.

In 2017, carbon credit prices started to recover, and in 2020 the global carbon markets grew by 20% to over US\$267 billion. The market is expected to grow further as nations race to meet the 1.5°C global warming target, however it still only benefits the few. By design, its largely inaccessible to most individuals as an investment and is only available for offset.

### European Union carbon price since 2005



## The Kyoto Network & Digitorize

The KYOTO Network started off as GRÜN. Finance before it was acquired in October 2021 by Digitorize Ltd. - a company based in the United Kingdom. The renaming to the KYOTO Network signaled a new direction - rather than just creating a decentralised carbon exchange, Digitorize wanted to help the world offset its pollution by carbon neutralising. Digitorize allows users to create a digital representation of anything in the form of an NFT, and with the acquisition of the KYOTO Network project, those NFTs can now be carbon neutralised. This means it is possible to offset the carbon pollution of anything and everything - from your car, your phone, or your business, to your pet, your holiday, or your hair-styling. With the KYOTO Network, we can make a real difference in the fight against climate change.

The Digitorize objective is to develop a comprehensive and decentralized ecosystem for the worldwide carbon credit industry called the KYOTO Network. Being a DeFi project, the initial components of this ecosystem will comprise of a BEP-20 system token with

frictionless staking, liquidity and carbon offset mechanism, a network agnostic token backed by carbon credit which can be issued as tokens or NFTs, a token factory that converts any BEP-20 tokens into carbon neutral tokens, a decentralized exchange or DEX exclusively for carbon credit backed tokens and the carbon neutral tokens, and a staking mechanism that rewards depositors with a share of the ecosystem revenues.

We foresee that the potential users of the KYOTO Network will not only include industry & individual carbon emitters, but also crypto issuers & investors, and NFT issuers & collectors who want to contribute to the global fight against climate change by reducing their carbon footprint.

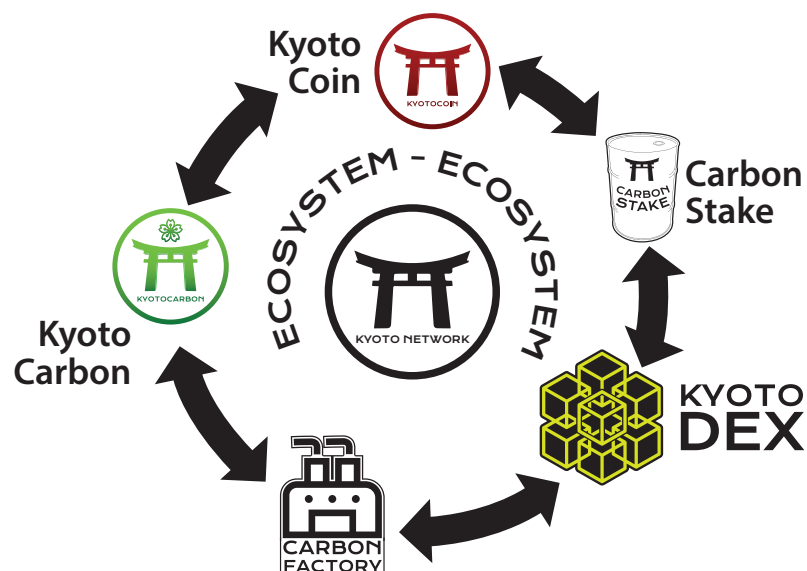


Helmed by some of the most experienced and business, media & tech savvy individuals. Digitorize is a safe and secure multi-vendor platform which allows users to take physical and digital assets, and convert them into NFTs.

# The Kyoto Network Ecosystem

The KYOTO NETWORK ecosystem comprises of 5 components:

1. **KYOTOCOIN (KYO):** the system token of the network.
2. **KYOTOCARBON (KYOC):** a BEP-20 token backed by carbon credits. Each token represents 1 kgCO<sub>2</sub>e. The KYOTOCARBON can be minted as a token or NFT, will be minted in series to represent the different type of carbon credits and can be minted in any Ethereum compatible network.
3. **CARBON FACTORY.** A factory for creating carbon neutral tokens called cnTOKENS. Any BEP-20 tokens can be structured into cnTOKENS by sending the token and a corresponding amount KYOTOCARBON tokens into a specific green pool.
4. **KYOTO DEX:** a decentralized exchange (DEX). KYOTO SWAP will exclusively list cnTOKENS, KYOTOCARBON and any other tokens that are backed by carbon credits with clear offset mechanism.
5. **CARBON STAKE:** a staking pool where KYOTOCOIN owners can stake their tokens and earn a share of the transaction fees in KYOTO DEX.



KYOTO NETWORK will initially be launched on the BSC mainnet, however in the future the team intend to also launch KYOTO NETWORK on other networks such as Ethereum, Polygon & Solana amongst others.

## The Kyotocoin (KYO)

The KYOTOCOIN is a BEP-20 token and the system token for the KYOTO NETWORK. The token symbol is "KYO".

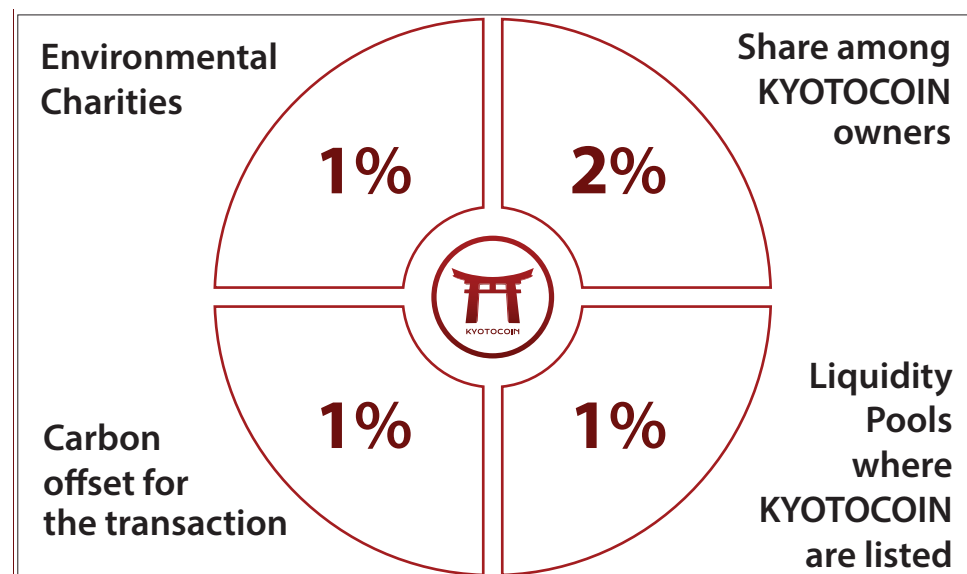
Token utilities:

1. Frictionless yield: Owners of KYO will be entitled to a share of the 2% transaction tax (out of 5%) charged on every KYO transactions in the network. The share will be calculated based on the owner's proportionate holdings of KYOTOCOIN at the time of the transaction and will be credited to owner's wallet immediately after the transaction took place.
2. Staking. KYOTOCOIN's owners can additionally earn a share of the KYOTO DEX's trading fees by staking their tokens in CARBON STAKE. 0.05% out of the 0.30% trading fees generated from KYOTO DEX activities will be distributed in the form of KYO

tokens based on the Owner's proportionate holdings in the staking pool.

3. Medium of exchange: Users who purchase KYOTOCARBON on KYOTO DEX using KYO tokens will enjoy a discount of 5% on the price, this is to compensate the users for the transaction tax.

4. Liquidity provider: For the automated market making ("AMM") part of the KYOTO DEX, KYOTOCOIN can be used as the denominator token when creating liquidity pool for any cnTOKENS / KYO pairs in the DEX. Liquidity provider earns 0.25% out of the 0.30% of the trading fees on the pool.



To strengthen the KYOTOCOIN tokenomics, every transaction of will attract a tra of 5% on the value of the transaction, this fee will be redistributed as shown below:

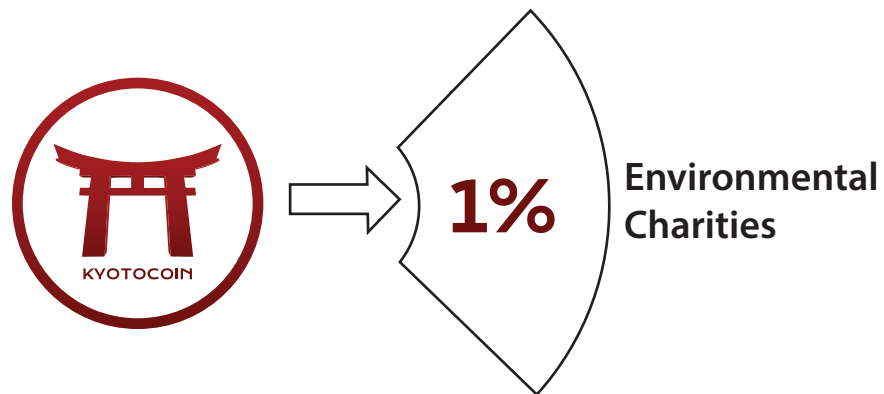
## The Kyoto Network Charity

1% of the transaction tax will be channelled to various charities supporting environmental causes.

Decision on which charities to support will be the responsibilities of KYOTO NETWORK board of charities. Members of the board will be eminent individuals with relevant experience in environmental sciences and previous track records of supporting environmental causes.

Initially the board will comprises of 3 members, we planned to increase this to 5 members in the future.

The owners of KYOTOCOIN can proposed any other environmental based charities to the board.





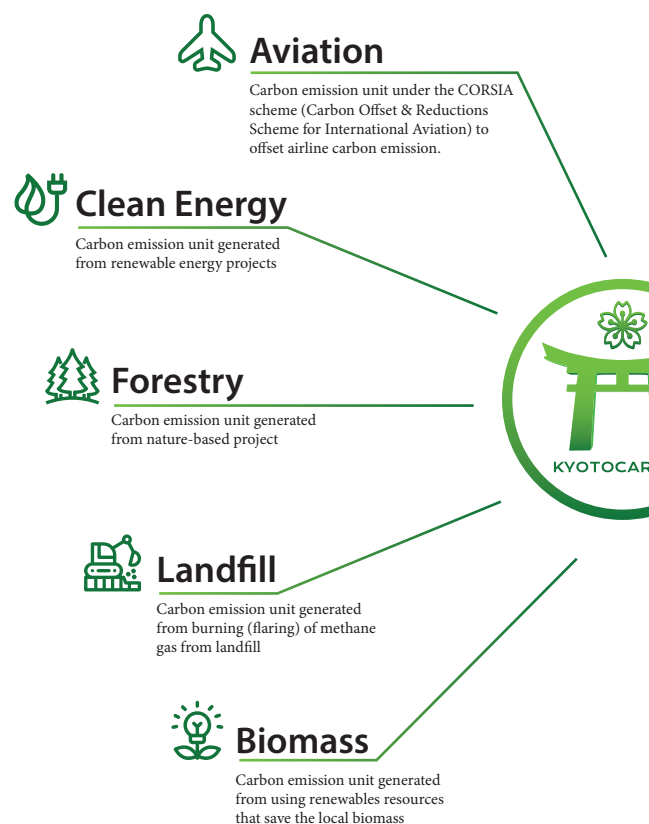
# The Kyotocarbon (KYOC) TOKEN/NFT

KYOTOCARBON or KYOC is a token backed by carbon credit. Each token represents 1 kgCO<sub>2</sub>e. KYOC can be issued as a standard token or a Non Fungible Token (NFT).

KYOTOCARBON will only be minted when the underlying carbon credits have been purchased, and since there many types of carbon credits, the KYOTOCARBON will be issued in different series such as KYOC 1, KYOC 2... KYOC 21. Each series will be linked to a particular type of carbon credit, and will be priced differently to reflect the different prices of the underlying carbon credits. KYOC token series is network agnostic, therefore it can be issued in any network, such as BSC, Ethereum, Polygon, Solana etc.

Apart from investment purpose, holders of KYOTOCARBON can also use it to offset their CO<sub>2</sub> footprint. This can be done by sending the token to the redemption contract. A 3rd party independent trustee will verify the offset registration in the carbon credit registry and the KYOC token will then be burnt by the admin. An offset certificate in the form of an ERC721 or BEP-721 token will be sent to the token holders.

We intend to source Voluntary Carbon Credits generated from clean energy, forestry, landfill and biomass projects. These carbon credits must be verified by carbon emissions reduction standards such as VERRA & Gold Standard . In addition, we plan to source aviation carbon emission units under the CORSIA scheme until it has stated maturity in 2023.

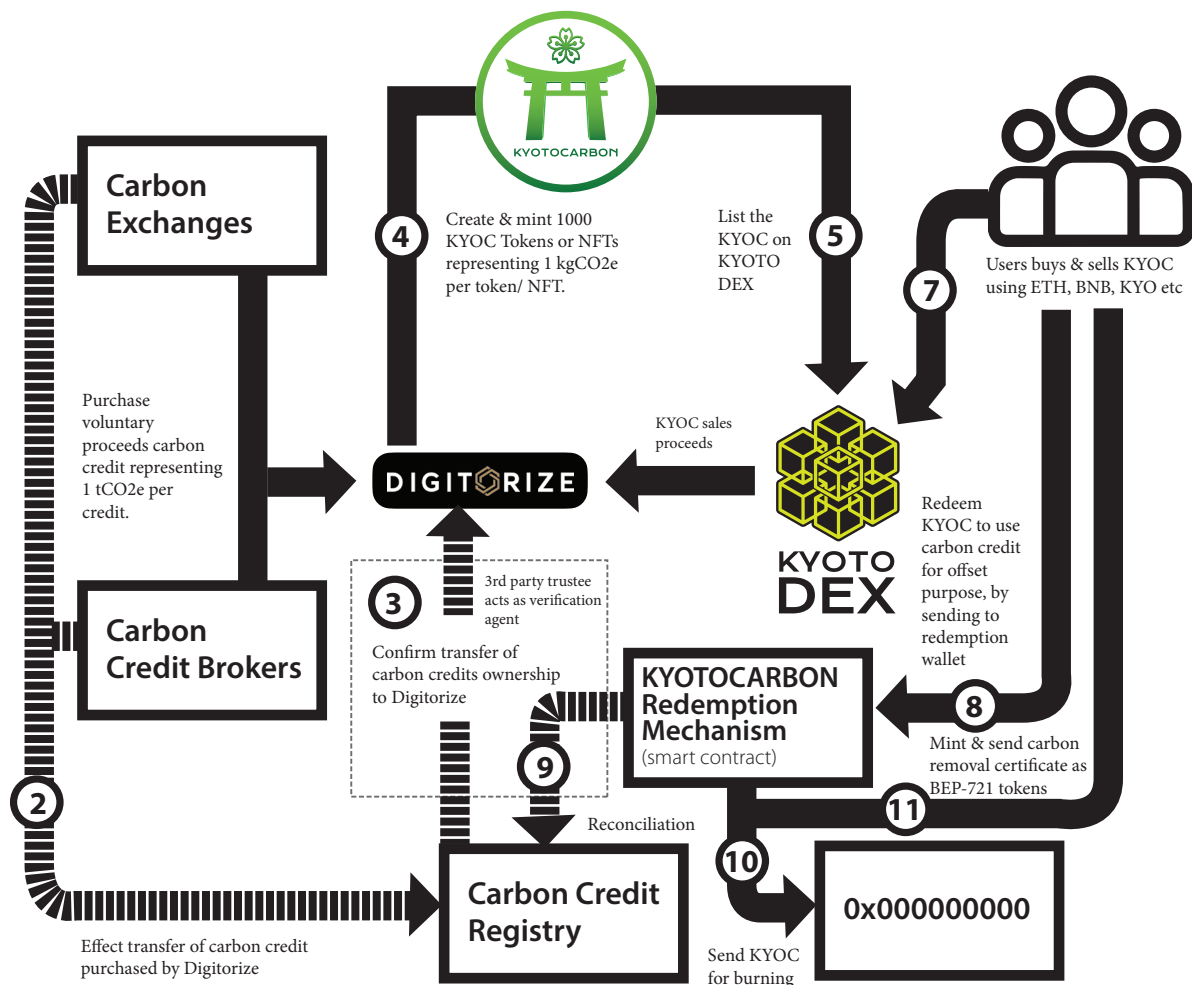


### STRUCTURING OF KYOC TOKEN

1. Originate voluntary carbon credits by purchasing voluntary carbon credits from various marketplaces (carbon exchanges & carbon credit brokers). Minimum transaction size: 1 carbon credit = 1 tCO<sub>2</sub>e.

2. Tokenize the carbon credits into multiple carbon credits tokens (1 KYOC token = 1 kgCO<sub>2</sub>e) once the carbon credit registries maintained by the Standard bodies (Verra, Gold Standard etc) have been updated and a certificate has been issued.

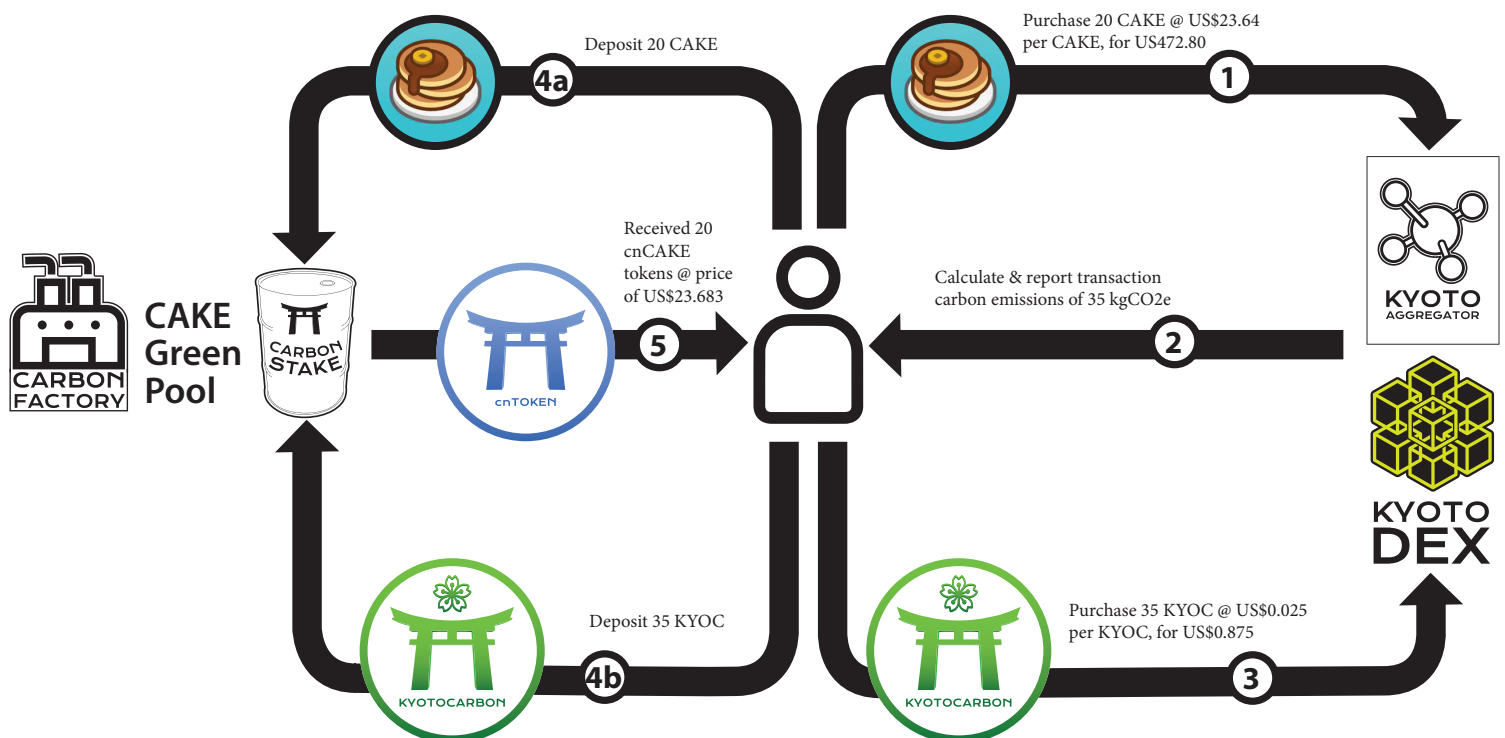
3. Listing of the KYOC on KYOTO DEX.



## The Carbon Factory & cnTOKEN

CARBON FACTORY is the factory for creating carbon neutral tokens called cnTOKENS. Any token can be structured as a cnTOKEN by sending the correct ratio of tokens to the TOKEN Green Pool. cnTOKEN is a 'structured token' that comprises of normal tokens + tokens backed by carbon credit (with carbon offset mechanism).

The ratio of the two tokens depends on the carbon emission of the gas used or estimated, for the purchasing & depositing of both tokens into the Green Pool. The cnTOKEN's creation, usage and redemption processes are as shown below and in the following pages.



Example rates: CAKE = US\$23.64, BNB = US\$453.83, KYOC = US\$0.025

### THE cnTOKEN – CREATION

The number of cnTOKEN units created is equivalent to the number of units of the numerator token (in this case the CAKE tokens).

The price of the cnTOKEN will be the combined value of both numerator & denominator tokens divided by the number of numerator token units. In this case it will be :

$$\begin{array}{r} \text{CAKE value (US\$472.80)} \\ + \\ \text{KYOC value (US\$0.875)} \\ \div \\ \text{CAKE token unit (20)} \\ = \\ \text{US\$23.683 per cnCAKE.} \end{array}$$

User can purchase CAKE tokens from the DEX aggregator on KYOTO DEX.

The carbon calculator will then calculate the correct amount of KYOC tokens to be purchased by calculating the carbon emission for:

i) the CAKE purchase based on the actual gas used in the transaction and, ii) the estimated gas usage for the purchase of the KYOC token from KYOTO DEX.

User will then purchase the KYOC tokens.

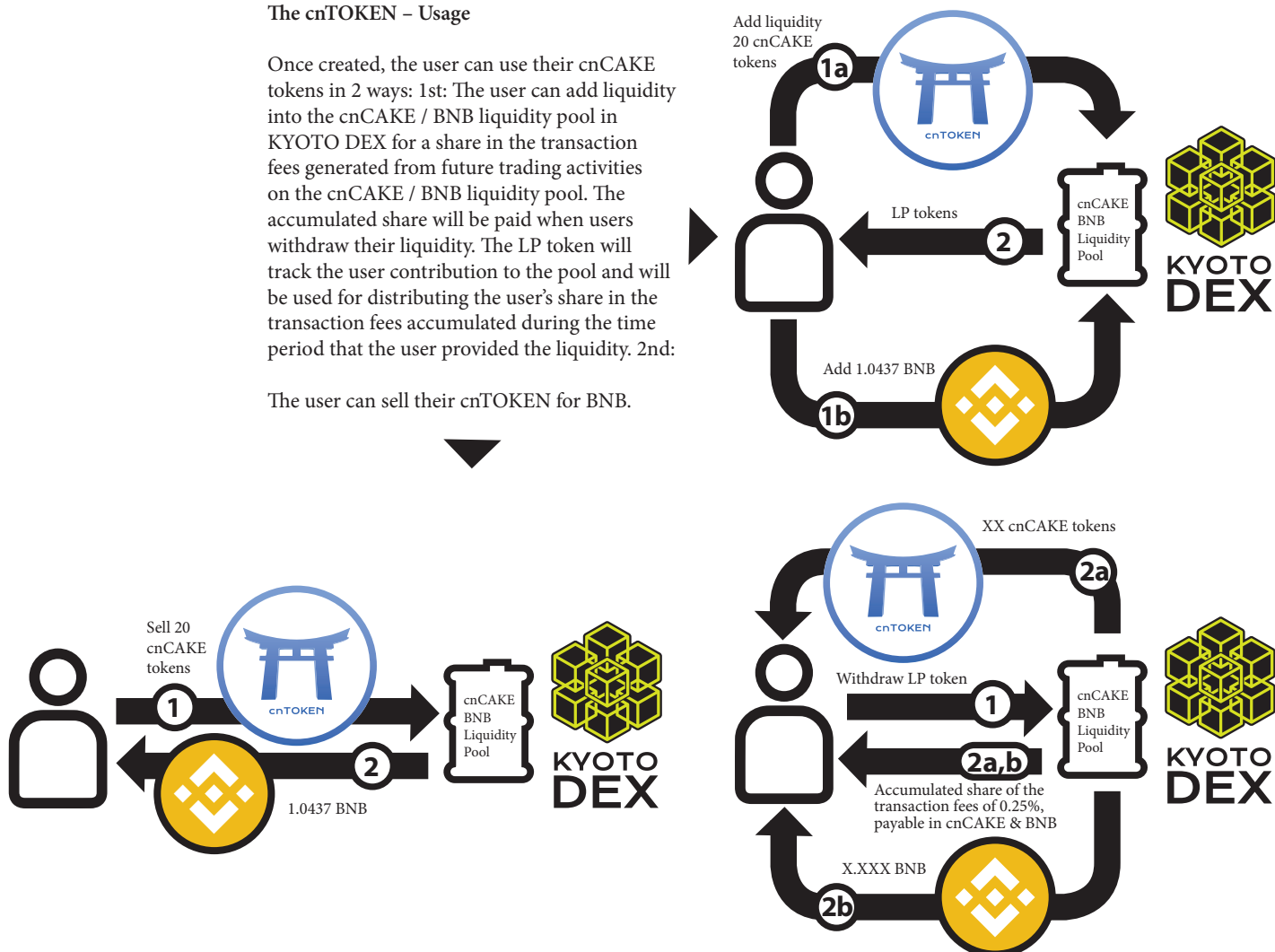
\*Users can also purchase/ use other carbon credit backed tokens such as MCO2 or UPCO2.

## The Carbon Factory & cnTOKEN

### The cnTOKEN – Usage

Once created, the user can use their cnCAKE tokens in 2 ways: 1st: The user can add liquidity into the cnCAKE / BNB liquidity pool in KYOTO DEX for a share in the transaction fees generated from future trading activities on the cnCAKE / BNB liquidity pool. The accumulated share will be paid when users withdraw their liquidity. The LP token will track the user contribution to the pool and will be used for distributing the user's share in the transaction fees accumulated during the time period that the user provided the liquidity. 2nd:

The user can sell their cnTOKEN for BNB.

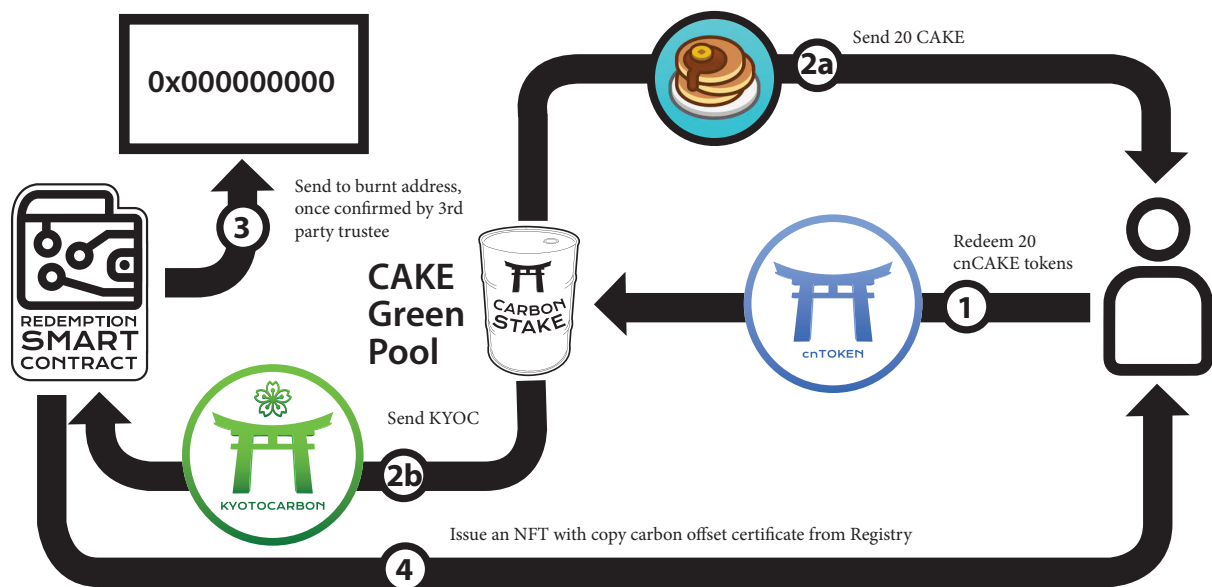


Example rates: CAKE = US\$23.64, BNB = US\$453.83, GRÜNCC = US\$7.30

## The Carbon Factory & cnTOKEN

Redemption of cnCAKE automatically starts the carbon offset process.

On redemption of cnCAKE, the user will receive the CAKE token, and at the same time the KYOC will be sent automatically to the redemption smart contract wallet. The amount of KYOC sent will be calculated based on the proportions of the CAKE and KYOC in the CAKE Green Pool at the time of redemption.



### THE cnTOKEN - REDEMPTION & CARBON OFFSET

To achieve carbon offset, KYOC tokens must be burnt. Since the minimum size of the underlying carbon credit is 1tCO<sub>2</sub>e, the admin will wait until the redemption wallet has reached 1000 KYOC tokens before processing the carbon offset.

Different carbon backed tokens have different offset mechanisms. This will entail sending the carbon backed tokens to a designated burn wallet. Once this is done, the actual offset

process is executed manually by the admin of the carbon backed tokens. This is because the carbon offset process entails accessing the carbon credit standards website, which requires registration and KYC (Know Your Client).

When these carbon backed tokens have been offset, the carbon credit registry will issue an online certificate or receipt to evidence that the carbon offset has been completed and recorded in the registry. The admin will then attach this certificate to an NFT and send to the user to evidence the carbon offset. These certificates will also be publicly published in KYOTO Network website.

## The Kyoto DEX

KYOTO DEX is a decentralized exchange with two components. The first is the traditional or 'normal' DEX with a manual order book and the second is an Automated Market Maker DEX, which is a fork of Uniswap V2.

When new KYOC tokens are minted, they will be offered for primary sale through the normal DEX. Secondary trading of KYOC and cnTOKENS can be done either through the traditional DEX or the AMM DEX.

However unlike other similar AMM DEX, at the initial stage only the admin can create liquidity pools. Users will not be able to create

a liquidity pool themselves, however they can request certain liquidity pools to be created.

This restriction is consistent with our stated objective of creating an ecosystem unique to carbon credits, therefore KYOTO DEX will exclusively list KYOC tokens, cnTOKENS and any other BEP-20 tokens that are backed by carbon credits with a clear offset mechanism. Initially the cnTOKENS can be paired by BNB & KYO token.



In later stages, once a governance token is issued, we may allow users to vote on allowing user created liquidity pools, but the admin may reserve the right to remove those user created liquidity pools that do not fall within the stated objective of the project.

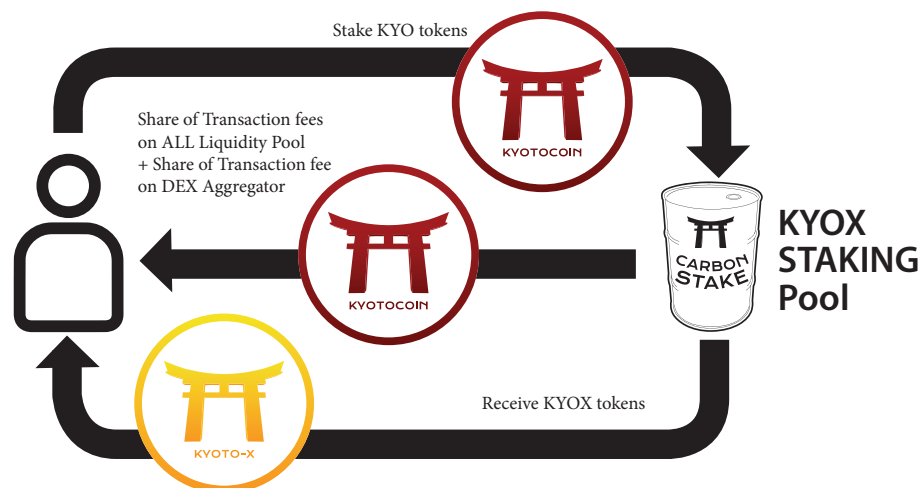
## The Carbon Stake & Kyoto-X (KYOX) Token

In addition to the 2% share in every KYOTOCOIN ("KYO") transaction, users can also earn extra income for their KYO token holdings by staking their KYO in CARBON STAKE. Users who stake their KYO tokens will earn 0.05% of the transaction fees (out of 0.30%) on all transactions in KYOTO DEX.

+

A 10% share of the fee earned by KYOTO Network on its DEX aggregator transactions.

Staking returns will be payable in KYOTOCOIN and can only be withdrawn when users un-stake their holdings.



The management of KYOTO Network will introduce governance protocols once the platform has generated liquidity and stabilizes. KYOX token may be assigned these governance functions in the future, however we are currently mindful of Vitalik Buterin's calls for a revamp of coin voting governance on 16th August 2021, and we broadly agree with his arguments. At the date of this White Paper, the stakeholders are leaning towards a 1 user 1 vote voting system which we believe is fair for all participants, however we will wait for further clarity from the industry before we decide on which governance protocol to adopt



# The Current State of Our Environment

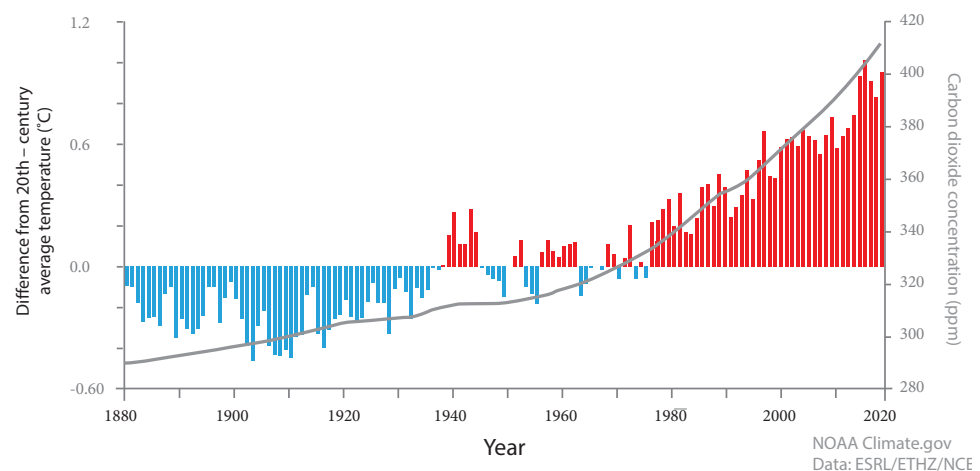
Under the Paris Climate Agreement in 2015, nations agreed that they would take actions to limit global warming to 2°C above pre-industrial levels while striving for the even tougher target of 1.5°C. To contain warming at 1.5°C, manmade global net carbon dioxide emissions would need to fall by about 45% by 2030 from 2010 levels and reach “net zero” by 2050.

The Intergovernmental Panel on Climate Change (IPCC), a United Nations body, produced their latest climate change report in August 2021. The report provided its assessment of the current and foreseeable global climate situation, demonstrating that the world has warmed by 1.2°C compared to

preindustrial levels and predicting it will have increased to 1.5°C by the early 2030s. The rise in temperature is correlated to the increase of Carbon Dioxide (CO<sub>2</sub>) in the atmosphere.

We can expect more extreme weather conditions in the future. Severe heat waves that once happened every 50 years are now happening roughly once a decade. Tropical cyclones are getting stronger. Most land areas are seeing more rain or snow fall in a year, and fire seasons are getting longer and more intense. Sea levels are sure to keep rising and have picked up speed recently, as polar ice sheets melt and warming ocean water expands.

Atmospheric carbon dioxide and Earth's surface temperature (1880-2019)



Yearly temperature compared to the twentieth-century average (red and blue bars) from 1880-2019, based on data from [NOAA NCEI](#), plus atmospheric carbon dioxide concentrations (gray line): 1880-1958 from [IAC](#), 1959-2019 from [NOAA ESRL](#) original graph by Dr. Howard Diamond (NOAA ARL), and adapted by NOAA Climate.gov.

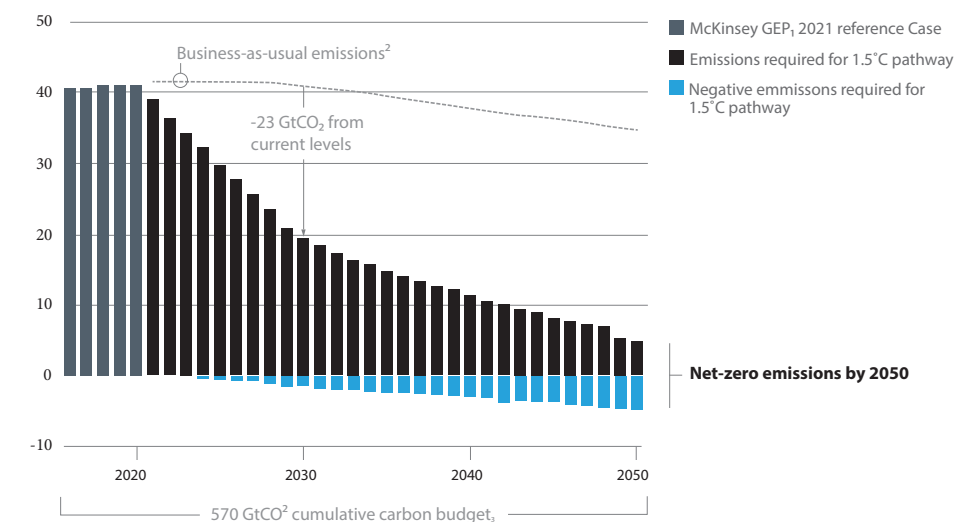
## Urgent Actions Required

The IPCC was clear in its report that global warming is caused by human activity and the burning of fossil fuels. We need to act now to slow the rate of emissions if we do not want global warming to reach the critical 2°C increase. Each of the world's top emitters - China, the United States and the European Union — have goals to slow the rate of emissions of CO<sub>2</sub> this decade.

CO<sub>2</sub> emissions come from burning oil, gas, and coal; these fossil fuels drive heating, electricity, agriculture, land use, industry, and transport. Global warming is overwhelmingly controlled by the amount of CO<sub>2</sub> in the atmosphere. There is a nearly linear relationship between cumulative CO<sub>2</sub> increasing and global surface temperatures rising. Negative emissions of CO<sub>2</sub> is a requirement for any long-term climate solution.

**Reaching the 1.5-degree warming target could require a large quantity of negative emissions, including some generated using carbon credits**

**Global carbon-dioxide emissions, gigatons (GtCO<sub>2</sub>) per year**



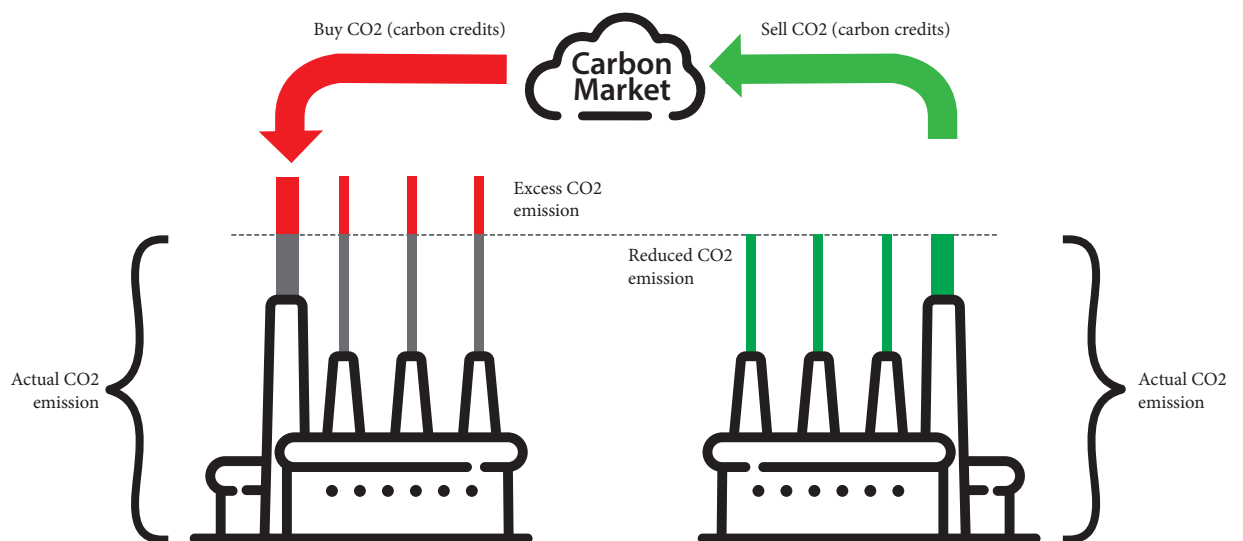
## Regulated Carbon Credit Markets

Carbon credit markets came about in 1997 when the IPCC developed a carbon credit proposal to reduce carbon emissions (widely known as the Kyoto Protocol). There are 192 parties to the Kyoto Protocol, whereby countries are given targeted carbon emissions reductions.

One regulated carbon credit is equivalent to one ton of CO<sub>2</sub> in a given year and has an expiry. It acts as a right to pollute for companies. Essentially, governments issue a cap amount of permitted carbon emissions to each company, and if a company manages to emit

less carbon than their permitted level, they could sell those unused carbon credits to other companies that have exceeded their permitted levels (indirectly those companies were taxed for over-pollution). This is known as the cap-and-trade market, as illustrated.

The governments lower the emissions cap each year, increasing the value of carbon credits over time and offering companies the incentive to invest in clean technology as it becomes cheaper than buying carbon credits.



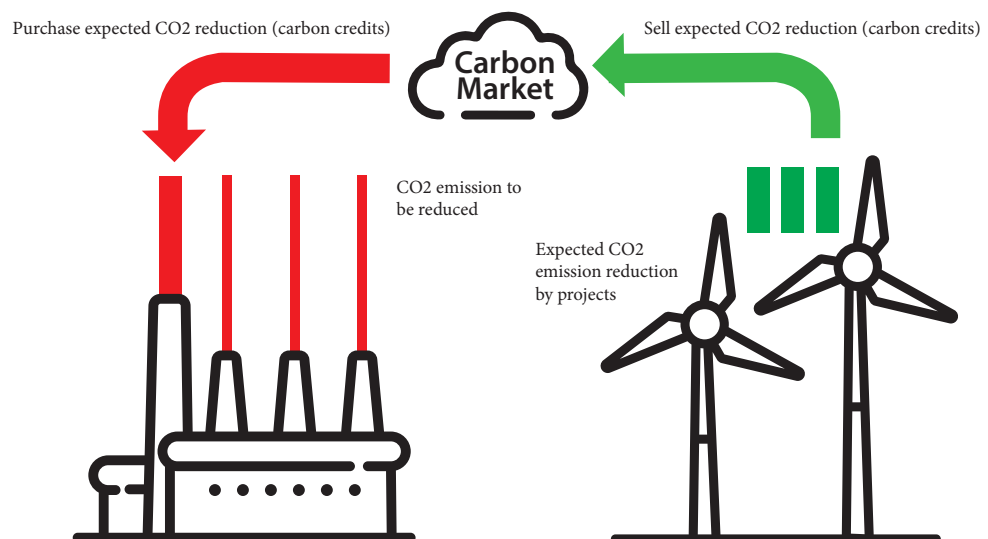
Carbon credit certificates come in various classes - most countries have their own individual standards which means that some certificates are not universally accepted. This adds additional complexity to cross border transactions because standards may not be recognized and could therefore be deemed non-compliant with local jurisdictions. This means the market is neither efficient nor open, resulting in price inefficiencies for carbon credits traded on regulated markets. Additionally, governance and stringent regulations mean that there are significant obstacles to overcome when it comes to carbon certification. Only permitted companies can trade on these carbon credit regulated markets to achieve their carbon caps, and overzealous compliance makes it costly for businesses to create a trading position for their offsets.

## Voluntary Carbon Credit Markets

As our awareness of climate change and its damage to the environment increases, both companies and individuals are becoming mindful of their carbon footprint and are keen to reduce their carbon footprint. This has resulted in a growing trend in the voluntary carbon credit markets.

One voluntary carbon credit is equivalent to one ton of CO<sub>2</sub> without any maturity. Essentially, a green project that is undertaken to reduce CO<sub>2</sub> can sell this carbon credit for buyers to use as an offset for their carbon

Once these carbon credits are used and offset by the buyer, they are retired and will be cancelled from the carbon registry - at this point they are no longer tradable.



Voluntary carbon credit markets are not merely companies cutting their own carbon emissions, but are in fact companies who indirectly invest into green projects that absorb or reduce the CO<sub>2</sub> in our atmosphere - such as reforestation, afforestation, solar/wind energy farms and methane reduction from landfills.

## Voluntary Carbon Credit - Growth Momentum

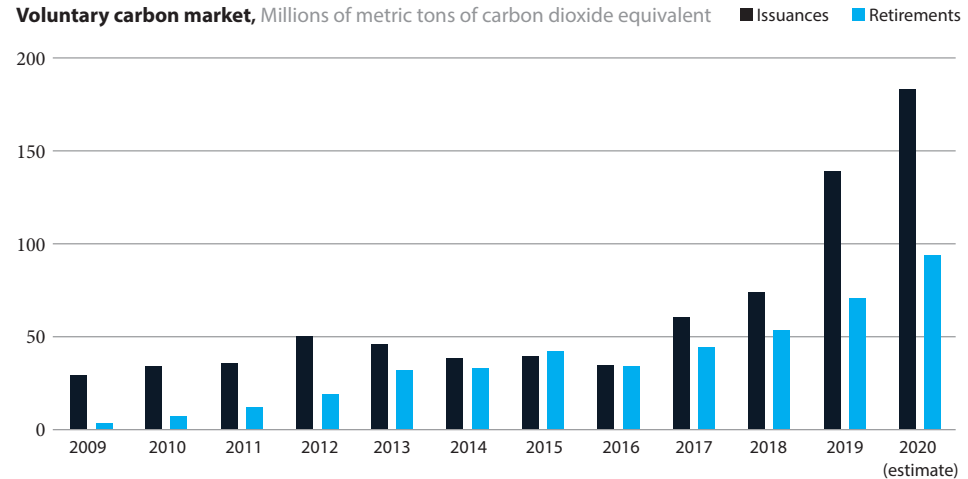
More and more companies are starting to move towards a carbon neutral policy. Some see the voluntary carbon credits as supplements to their existing efforts to reduce their own emissions.

By supporting decarbonization beyond their own carbon footprint, they accelerate the broader transition to a lower carbon future.

Some companies like Microsoft are going a step further by setting a positive climate target policy. This means supporting more green projects, which results in more demand for voluntary carbon credits.

Although the voluntary carbon credits market is currently much smaller than the regulated market, it is gaining strong momentum, as illustrated.

**The voluntary carbon market has grown significantly in recent years.**



Note: we estimated the voluntary carbon market size based on 5 standards: Verified Carbon Standard (VCS), Gold Standard (GS), Climate Action Reserve (CAR), American Registry (ACR), and Plan Vivo. We excluded ARB-eligible credits and Gold Standard-labeled CERs used for meeting compliance targets. Data was retrieved from aforementioned registries on December 2, 2020 for YTD volumes up until the end of November (ie, 150 million tCO<sub>2</sub>e of issuances and 81 million tCO<sub>2</sub>e of retirements) we projected the volumes for the full-year 2020 based on extrapolation in line with historical seasonality (last 5 years), and did not adjust for any COVID-19 related impacts on seasonality patterns.

Sauce: ACR, CAR, GS, Plan Vivo; VCS

## Benefits of Voluntary Carbon Credits

The demand for green projects has increased significantly as people have become more interested in removing CO2 from the atmosphere to produce a negative carbon scenario, as opposed to merely cutting CO2 emissions.

With a wide variety of projects to choose from, people can invest in the specific green projects they are passionate about and support the causes that resonate with them. such as saving a rainforest or helping to progress renewable energy projects.

Verifiable carbon credits are independently verified using globally accepted standards

such as Gold Standards and Verra. All CO2 removals are real, measurable, permanent and independently verified before being registered into the carbon registry.

Carbon credits bought are perennial. They can be continuously traded until they are offset by the buyer - i.e. the buyer uses the carbon credit to offset their carbon emissions, retires the carbon credit and cancels it from the registry. At this point the carbon credit is no longer tradable.

# Gold Standard®



## Tokenizing Carbon Credits

Blockchain, which uses Direct Ledger Technology (DLT), can be used to tokenize carbon credits. It serves as a good avenue to promote the trading of carbon credits and to open up the carbon credit markets to more participants.

DLT is an ideal delivery package for economic systems of trade that are cross-jurisdictional and have to rely on multiple third party validations to complete transactions. With a shared network in which all users validate and maintain all transaction records between parties, Blockchain technology provides transparency and trust to all users and third parties.

Accuracy of information is paramount as there can be no amendments to the information attached to carbon credits once they are a part of the blockchain, ensuring no falsification of the number of carbon credits.

Information is secured on the blockchain as it is extremely difficult to hack it and falsify information or steal carbon credits. All information on the blockchain is traceable in real time for all stakeholders to check and verify, making it a safe, reliable and efficient system. The speed of transactions executed on the blockchain is mere seconds and costs are minimal.

There are some existing tokens that have been issued for the trading of carbon credits, such as UPCO2 and MCO2 tokens. Both of these projects have a verifiable offset mechanism, therefore both tokens can be used in the CARBON FACTORY to create cnTOKENS through a token bridge.



UPCO2 tokens are tokenized voluntary carbon credits built on the Ethereum blockchain. One UPCO2 token represents one year-ton of CO2 pollution, substantiated by Verified Carbon Units in the registries of Vera and other leading standards agencies. The project is currently invested in sustainably preserving rainforests.



MCO2 tokens are ERC-20 tokens and each MCO2 token represents one carbon credit from a reputable certified environmental project in the Amazon rainforest, tokenized via the blockchain.

## Kyotocoin Distribution & Sale

The total supply of KYOTOCOIN is 2,000,000,000 KYO tokens. The distribution of the tokens and its conditions are as follows:

	Amount	% of Total Supply	Conditions
Treasury - Reserves	600,000,000	30%	5 years locked, quarterly vestment
Treasury - LP	400,000,000	20%	
Stakeholders	250,000,000	12.5%	3 years locked, quarterly vestment
Ecosystem Partners	250,000,000	10%	3 years locked, quarterly vestment
Airdrop / Bounty	50,000,000	2.5%	
Token Sale	500,000,000	25%	

KYOTOCOIN that are locked and not vested yet will not participate in the share of the 2% transaction tax for token owners. KYO tokens held by Treasury LP token will only start sharing the 2% transaction tax when it has been transferred to liquidity pools in KYOTO DEX or in any other DEXes where KYO will be listed, and when it has been distributed as rewards on CARBON STAKE (as in the case for Treasury-Reserves).

### TOKEN SALE

Both private and public sales will be conducted. The KYOTOCOIN public sale will be conducted through an initial DEX offering or "IDO". This will be conducted on an IDO platform. The target sales price per token starts at US\$0.20. Before the public sales, the

management will conduct a private sale of up to 20% of the Token Sale amount at a starting price per token of US\$0.10. Targeted hard cap is all 500,000,000 tokens sold and soft cap is 100,000,000 tokens sold out of the Token Sale amount. Tokens indicated for Airdrop / Bounty can only be claimed from 30 days after the end of the IDO campaign.



## Use of Proceeds

The bulk of the token sale proceeds (45%) will be used to provide:

- i) added liquidity to the KYOTOCOIN pools in other exchanges where it will be listed against BNB,
- ii) to fund the purchase of carbon credits for tokenization into KYOC token/NFT and,

iii) to provide any initial liquidity to KYOTO DEX LP pools.

To ensure the continuing expansion and smooth operation of the company, 30% of the sales proceeds will be allocated for KYOTO NETWORK's working capital needs.

	% Usage
Carbon credit treasury and LP operations	45%
Platform development & engineerin	10%
Marketing	10%
Legal & regulatory	5%
Working capital	30%

# Road Map

## Q4 2022

- Implementation of governance protocol for KYOTO DEX.

## Q3 2022

- Start of governance protocol discussions with the ecosystem community.

## Q1 2022

- Completion and launch of CARBON FACTORY & KYOTO DEX.
- Targeted first issuance of cnTOKEN.
- Establish corporate trading accounts with carbon credit exchanges, appointment of 3rd party independent auditor/ trustee.

## Q2 2022

- First Issuance of KYOC token.
- Launch of CARBON STAKE and issuance of KYOX tokens.

## Q4 2021

- KYO token private sales and public sales through an IDO campaign.
- KYO token investment & tracking website.
- Start development of CARBON FACTORY & KYOTO DEX.

# Thank You

A Project By :

