

I n t r o d u c i n g

# KlimaDAO

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# Carbon Credits today can be traded in two different carbon markets



## Compliance Carbon Markets

Government-regulated systems where companies are legally required to purchase carbon allowances to meet emission caps.



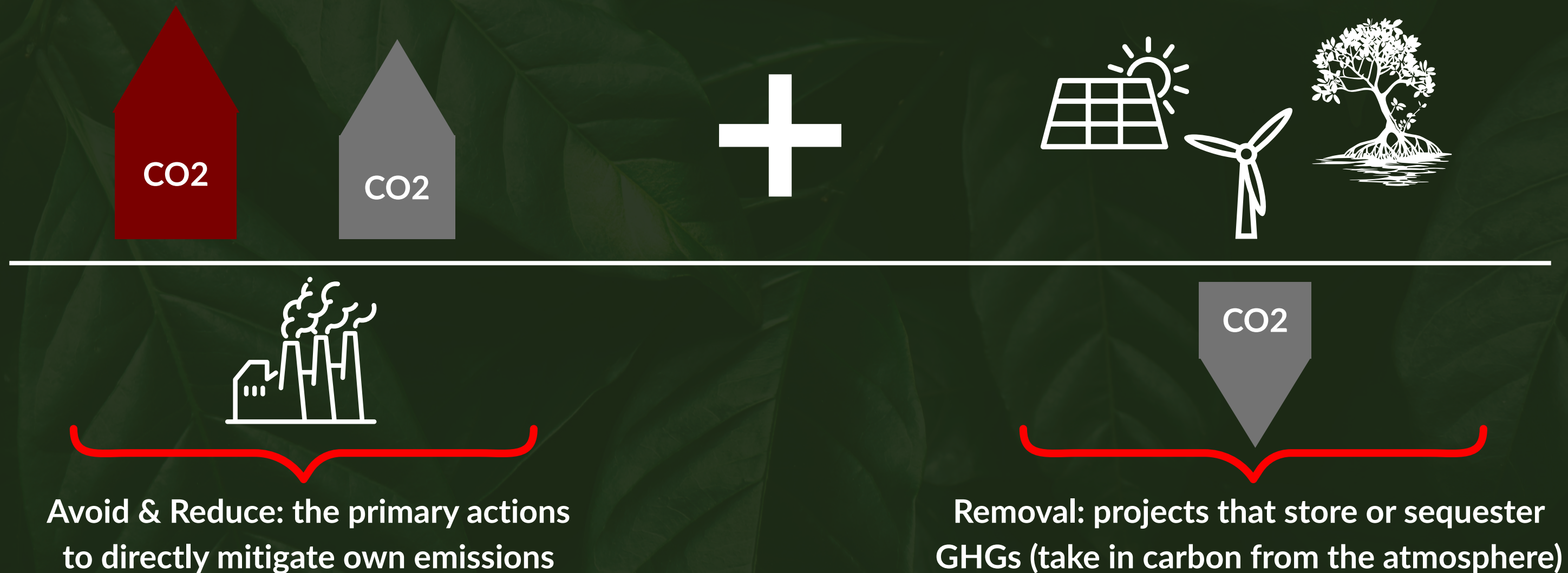
## Voluntary Carbon Markets

Market-regulated systems that allows individuals and organizations to buy carbon credits on their own accord to offset emissions and support climate projects

# BACKGROUND



One carbon credit is equivalent to one ton of CO<sub>2</sub>,  
and can be used to avoid, reduce or remove carbon



BACKGROUND



# KlimaDAO focuses on solving three key problems within the voluntary carbon market today



**#1: Poor  
Liquidity**



**#2: Poor  
Transparency**

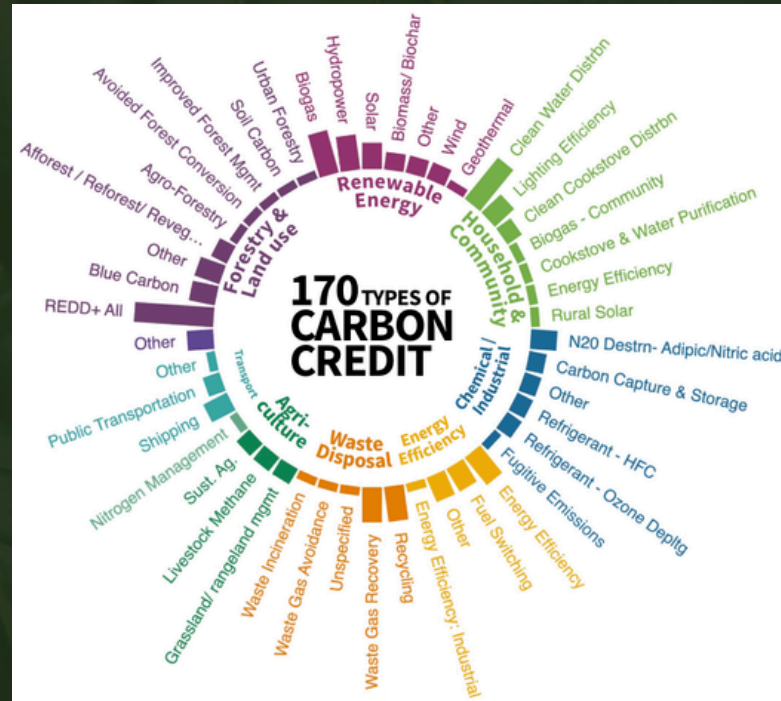


**#3: Poor  
Regulation**

# PROBLEM



# Problem #1: Poor Liquidity



Over 170 Types of  
Carbon Credits



Only 5 Centralised  
Exchanges Globally

# PROBLEM



## Problem #2: Poor Transparency



**Mostly Traded Over  
the Counter**



**No Unified Tracking  
of Carbon Credits**

# PROBLEM



# Problem #3: Poor Regulation



**No Global  
Regulatory Body**



**Limited  
Enforcement**

**PROBLEM**



# Our expert interviews verified the key problems



Kenneth Chan  
Legal Counsel  
(Global LNG and Emissions)  
Aramco Trading Company

“The voluntary carbon market today indeed suffers from **poor liquidity, limited transparency, and fragmented regulation. Credits are often disputed** due to verification issues and weak oversight, like the C-Quest scandal where 5 million credits were cancelled. **Legal consistency across borders is hampered by diverse registries and standards**, and the market still relies on fragile infrastructure led by NGOs like Verra. **Project data remains opaque**, with remote locations and inconsistent third-party reporting making independent verification a major challenge.”

# PROBLEM



**KlimaDAO seeks to solve the key problems of liquidity, transparency and regulation through...**



**#1: Tokenisation**



**#2: Blockchain**



**#3: DAO**

**SOLUTION**



# #1: KlimaDAO issues \$Klima as common currency for carbon credits to improve liquidity

①

Users deposit  
tokenized carbon  
credits  
(e.g. BCT, NCT)

②

Klima issues a  
newly minted  
\$Klima token to the  
users

③

\$Klima becomes the  
common currency  
for carbon credits  
over time

# SOLUTION



## #2: KlimaDAO operates through the blockchain to improve transparency

①

All transactions  
recorded on  
blockchain

②

Klima's treasury  
is fully visible on  
chain

③

Smart contracts  
enforce payment  
and agreements

# SOLUTION



In particular, Klima operates on Base Network,  
which runs on the Ethereum Blockchain

Layer-2  
Blockchain

Ethereum  
Network



Optimistic  
Rollups

OP  
Stack

SOLUTION



# #3: KlimaDAO is organised as a DAO, with users able to vote on Klima's governance to improve regulation

①

Any user can submit proposals

②

Users can vote on Klima's direction

③

No central authority within the DAO

# SOLUTION



# KlimaDAO also provides other benefits to its users and builders

①

Users can earn interest by staking carbon credits

②

Users can choose to retire carbon to cut emissions

③

Builders can build on KlimaDAO's infrastructure

# SOLUTION



How many of you would be interested in purchasing  
the Klima Token?

  
Save the  
environment



  
Earn  
Money

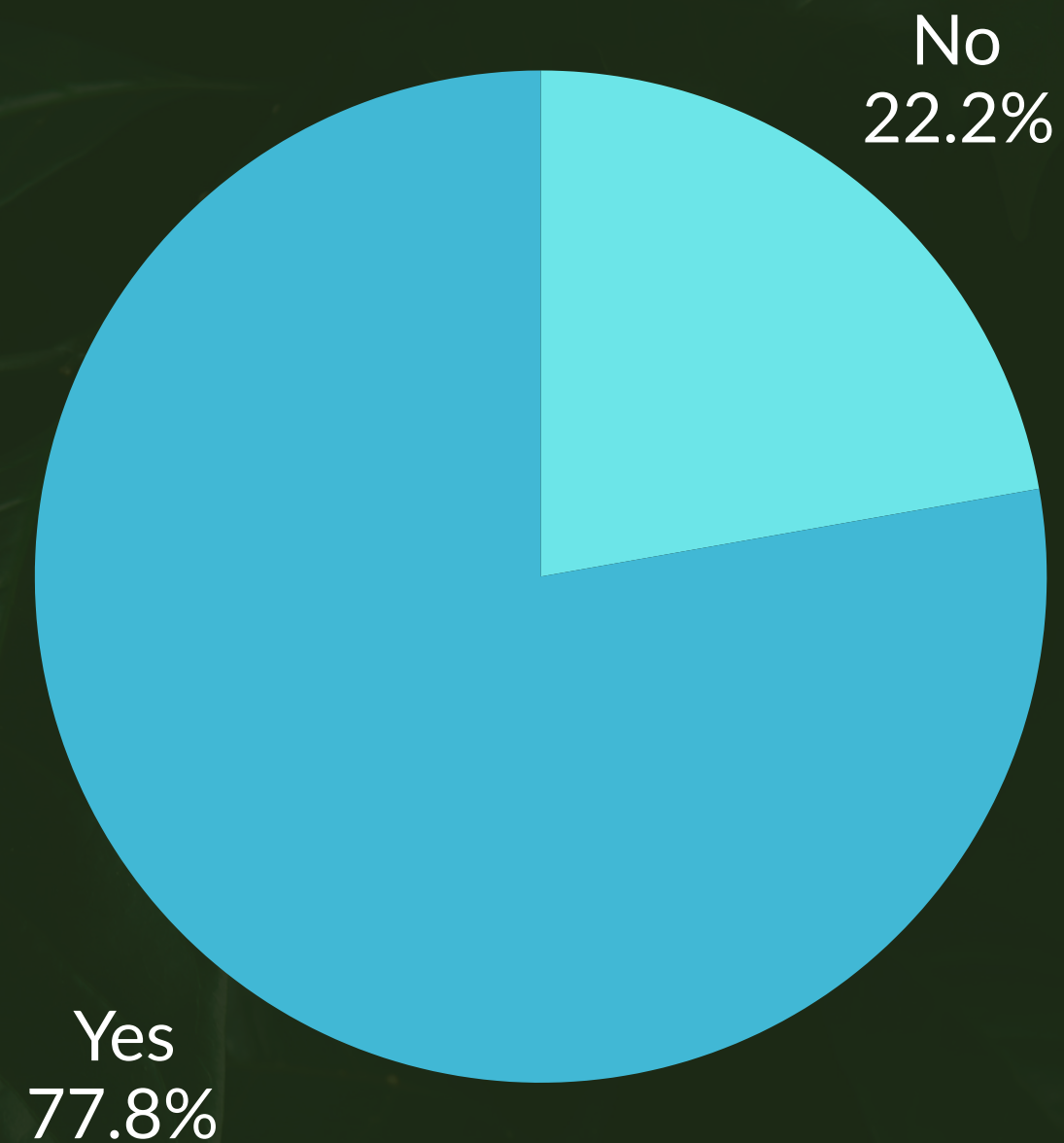
POSITIVES



**According to our survey results, 78% expressed interest to buy carbon credits to earn interest**

**Would you be interested to buy carbon credits and use it to earn interest?**

**n = 36**



**POSITIVES**



**The majority of this was because of the dual benefits  
of saving the environment and earning interest**

**“Win-win! Fight climate change and make money!”**

**“Combines environmental impact with financial value, which is more appealing”**

**“Passive income for a good reason”**

**“If it is profitable, why not?”**

**“Side income while doing good for the environment”**

**“More money is good”**

**“Earn interest sure”**

**“Will consider to buy carbon credits as long if it provides returns”**

**POSITIVES**



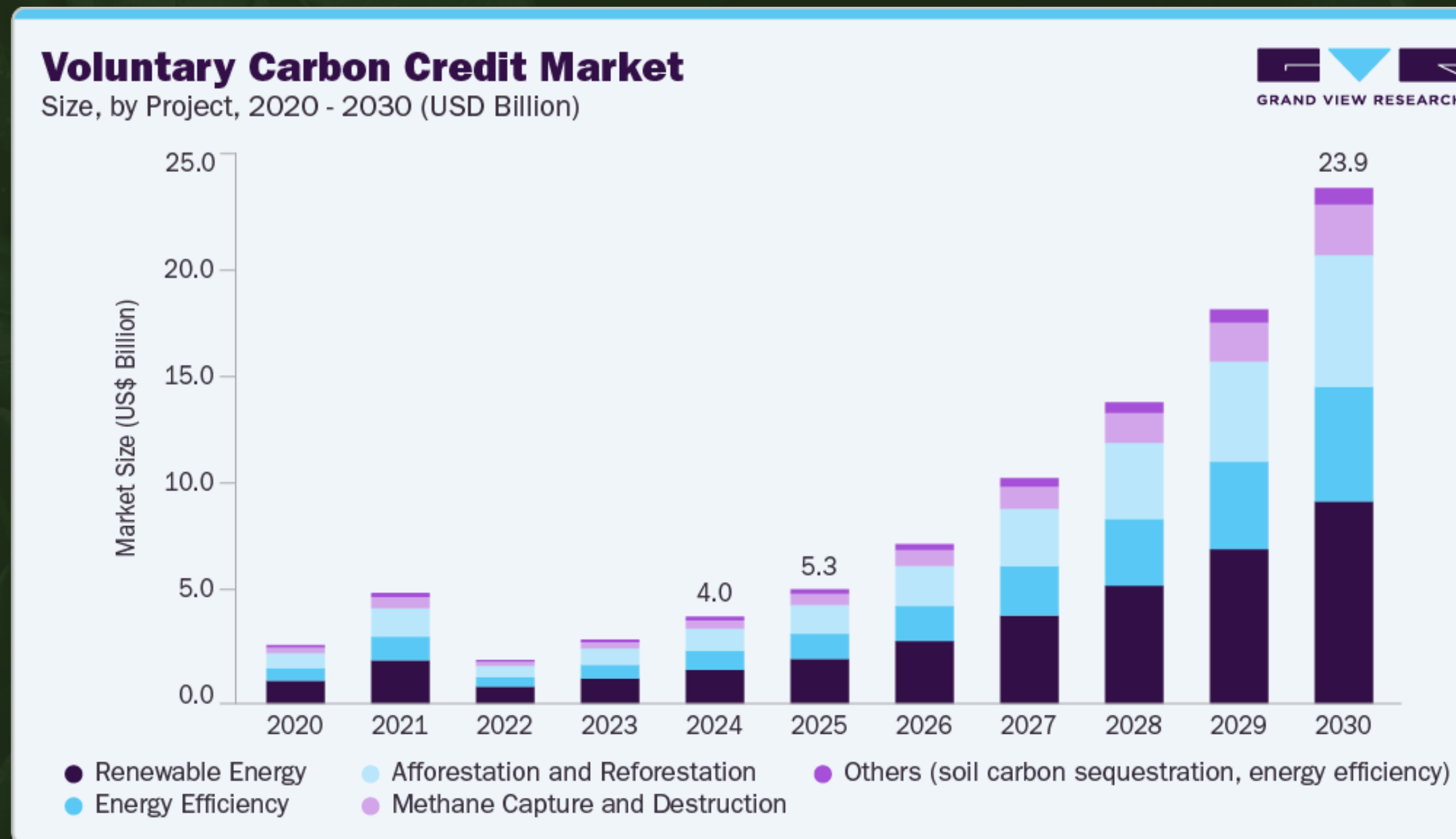
It is unsurprising then that Klima's price surged over 1,261% within the first month of its launch in 2021



POSITIVES



Part of this can also be attributed to expectations in the growth of the voluntary carbon credit market



POSITIVES



The background of the entire image is a dark green, almost black, pattern of overlapping leaves. The leaves are elongated and have prominent veins, creating a dense, organic texture.

**All looks good right?**

**POSITIVES**



The background of the entire image is a dark green, almost black, pattern of overlapping leaves. The leaves have prominent veins and are arranged in a dense, layered fashion, creating a textured, organic feel. The lighting is subtle, with some leaves appearing slightly brighter than others, giving a sense of depth.

Until...

NEGATIVES



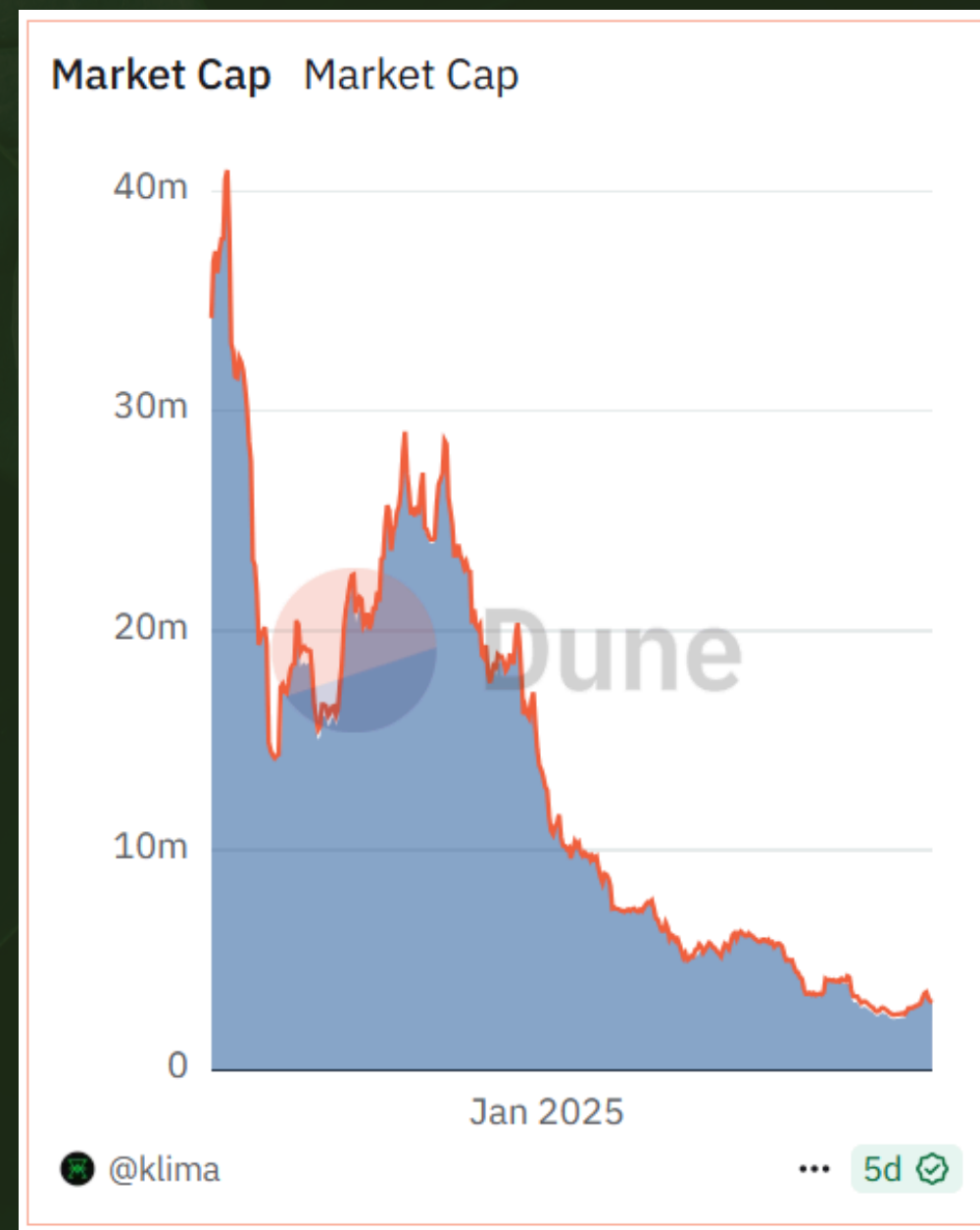
KlimaDAO has dropped from \$6.82 to \$0.08, which represents a 98.8% fall over four years



NEGATIVES



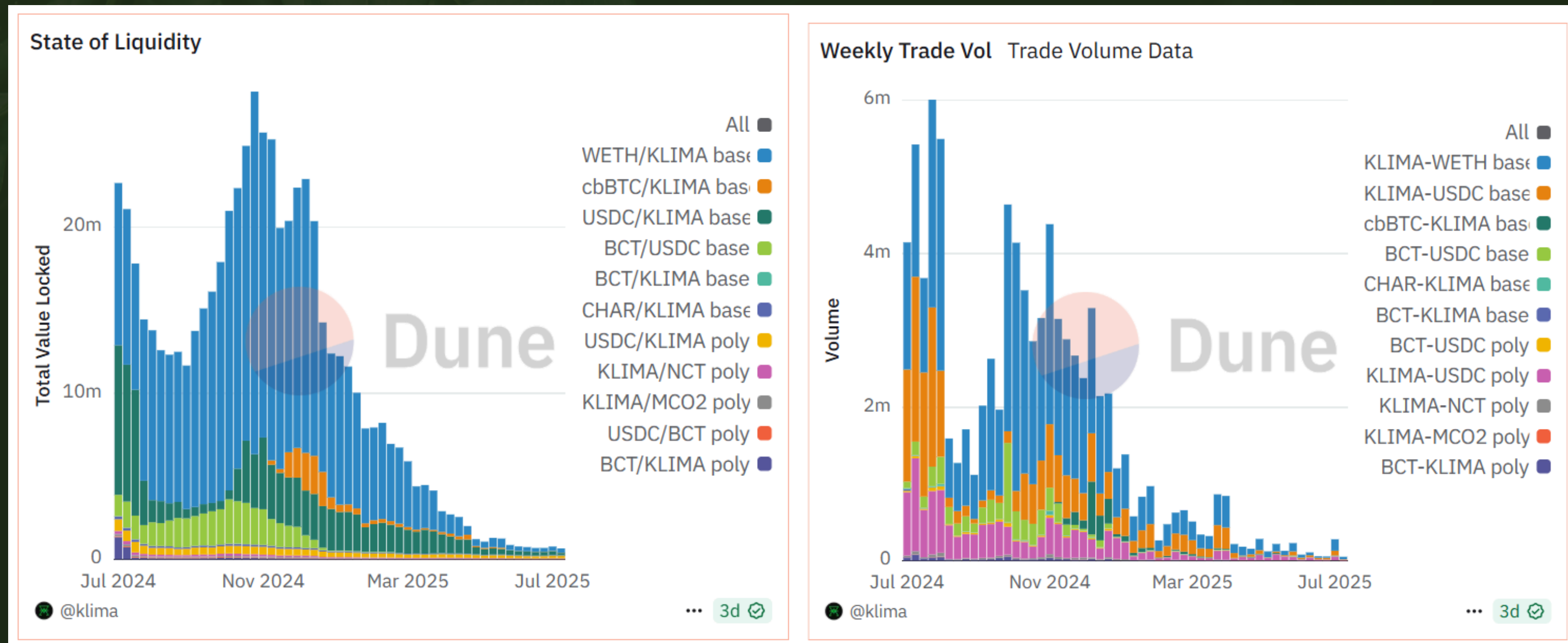
Its market capitalisation has also plummeted correspondingly with the price decrease



NEGATIVES



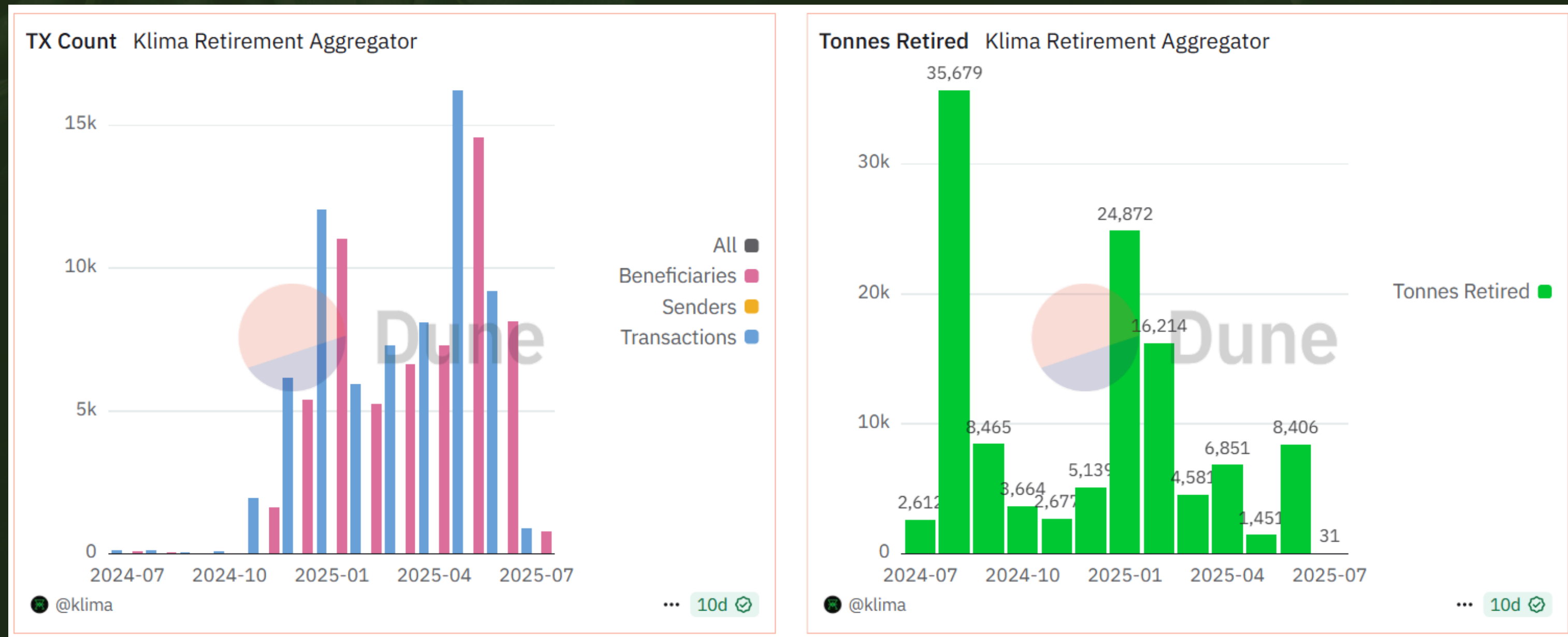
Its liquidity and trade volume has also plummeted  
over the past year



NEGATIVES



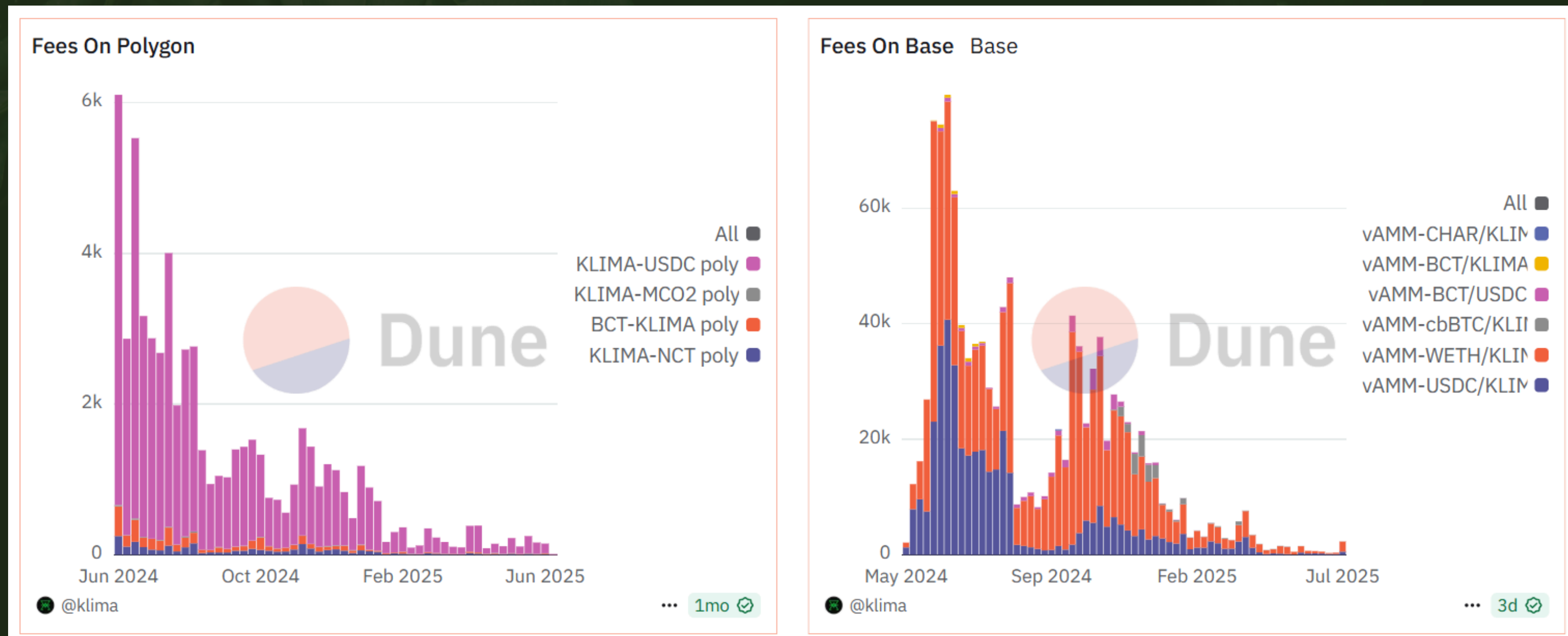
# The amount of carbon that it has retired has also fallen



# NEGATIVES



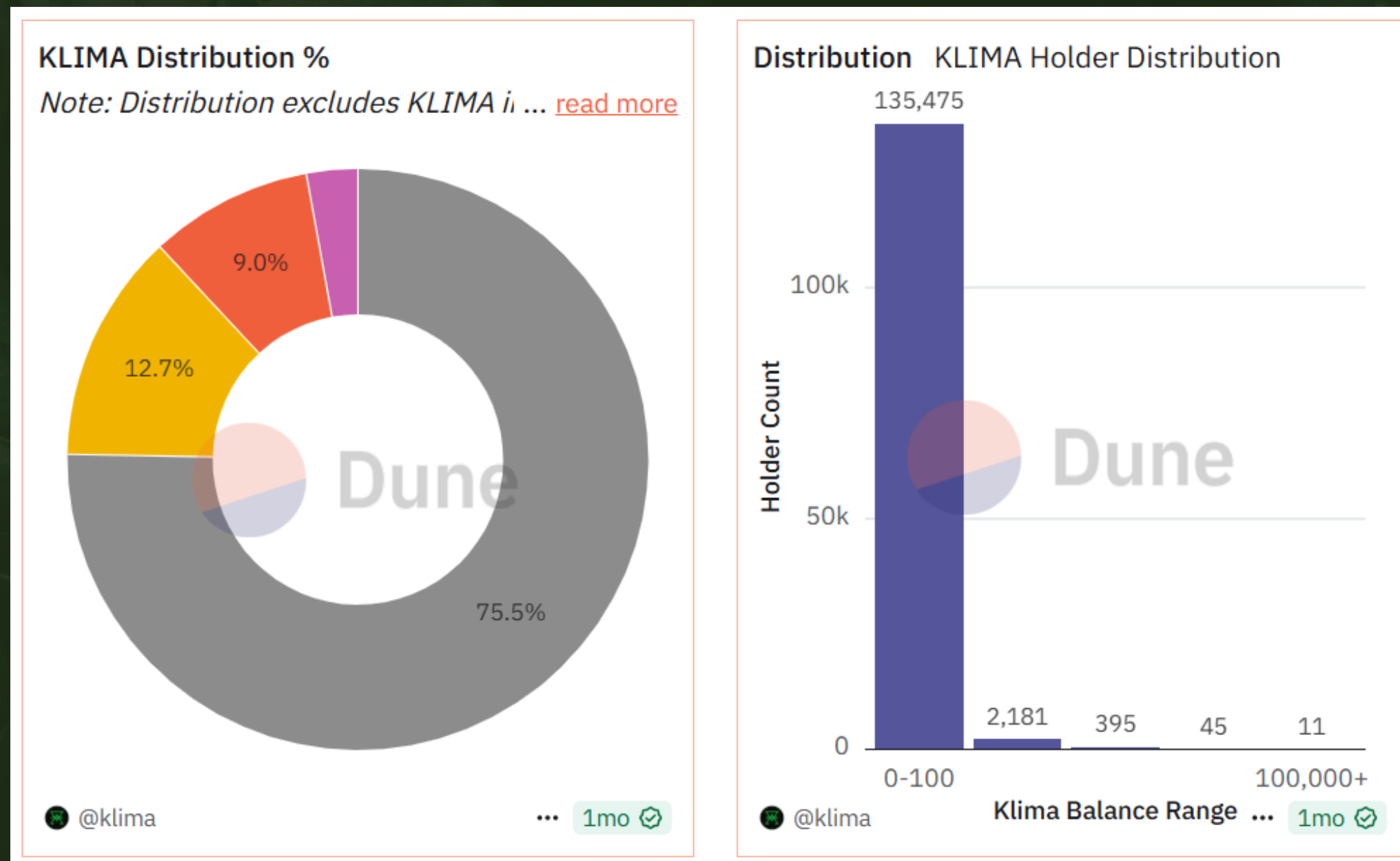
Correspondingly, the fees that it has collected has also plummeted



NEGATIVES



Importantly, over 99% of Klima tokens continue to be held by the first 100 holders



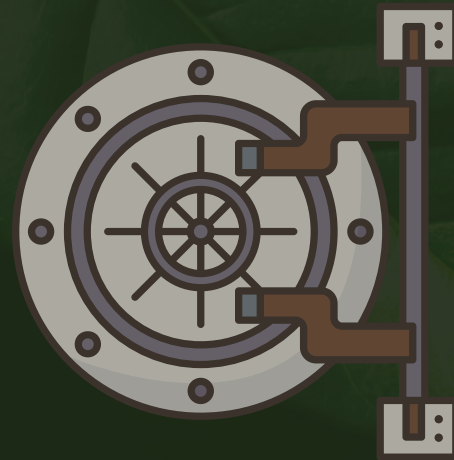
NEGATIVES



# KlimaDAO's performance today can be considered average at best



Market Cap  
~\$2.9 Million



Total Locked Value  
~\$3.4 Million



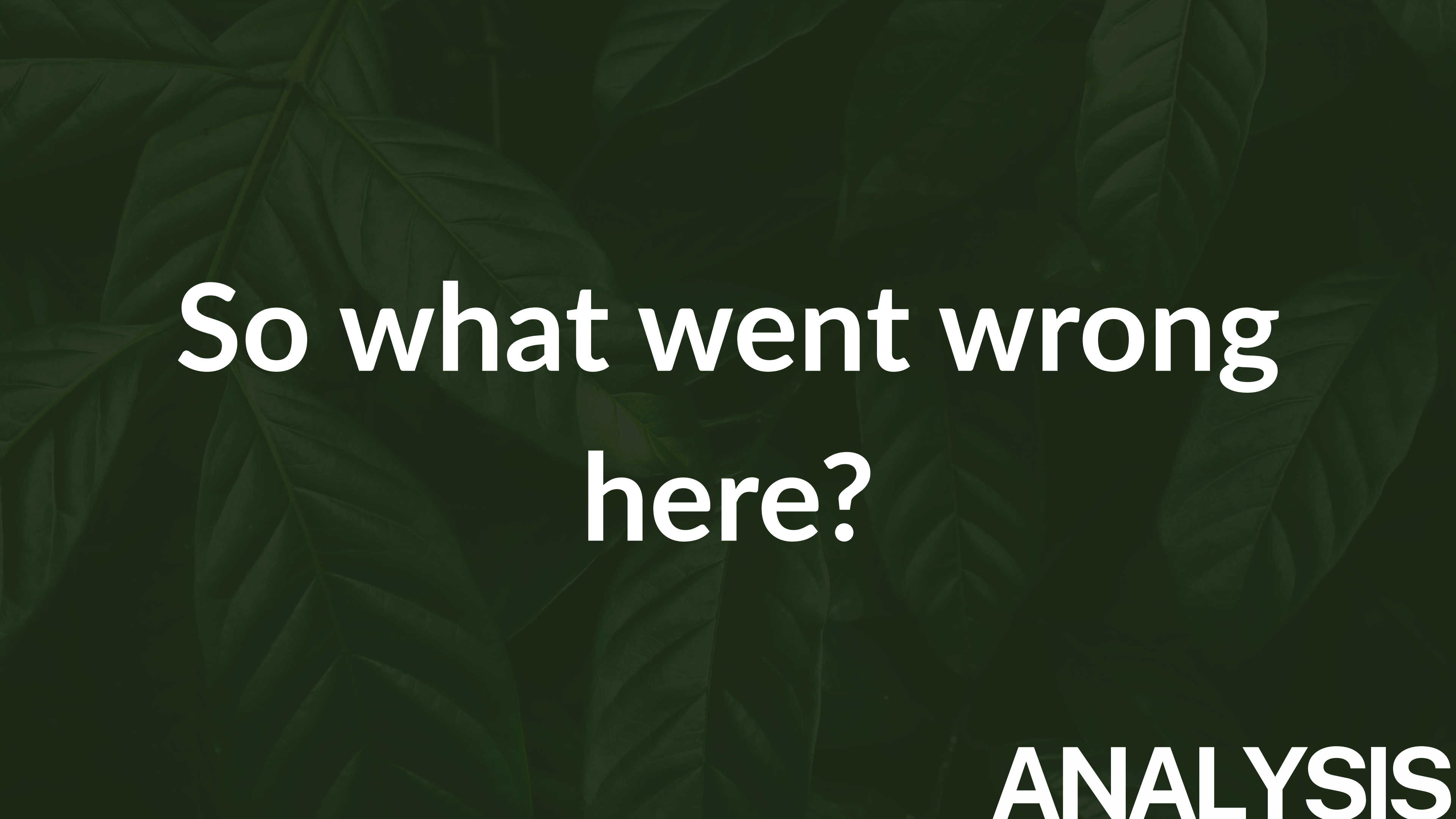
Treasury Size  
~\$11.6 Million



Developer Activity  
5 Active Developments

# NEGATIVES



The background of the slide is a dark green, textured pattern of overlapping leaves, creating a natural and organic feel.

**So what went wrong  
here?**

**ANALYSIS**



The background of the slide is a dark green, textured pattern of overlapping leaves, creating a natural and organic feel.

Let's look at 5 possible  
reasons

ANALYSIS



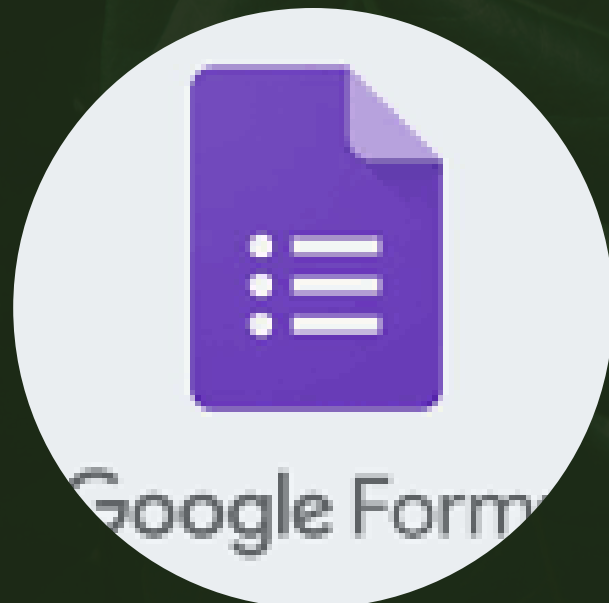
# We studied this through two expert interviews and two user opinion surveys



**Kenneth Chan**  
Legal Counsel  
(Global LNG and  
Emissions), Aramco  
Trading Company



**Joshua Sum**  
Head of Product,  
Solayer Labs  
Founder, College  
DAO



**Market Opinion  
Survey**  
n = 36



**User Interviews  
on Discord**  
n = 5

# ANALYSIS



# Reason #1: KlimaDAO does not really solve the problem that it seeks to solve

| Problem           | Assessed Effectiveness | Strengths  | Issues   |
|-------------------|------------------------|--|--|
| Poor Liquidity    | Minimal                | Did introduce a common token to reduce carbon credit variety | Did not improve liquidity due to low adoption                            |
| Poor Transparency | Minimal                | Did allow all transactions to be viewed centrally on chain   | Did not solve the verification of carbon credits off-chain               |
| Poor Regulation   | Minimal                | Did introduce a governance body for KlimaDAO                 | Did not solve the broader regulatory and policy issues on carbon credits |

# ANALYSIS



# The same sentiment was also echoed by our expert



Joshua Sum  
Head of Product, Solayer Labs  
Founder, College DAO

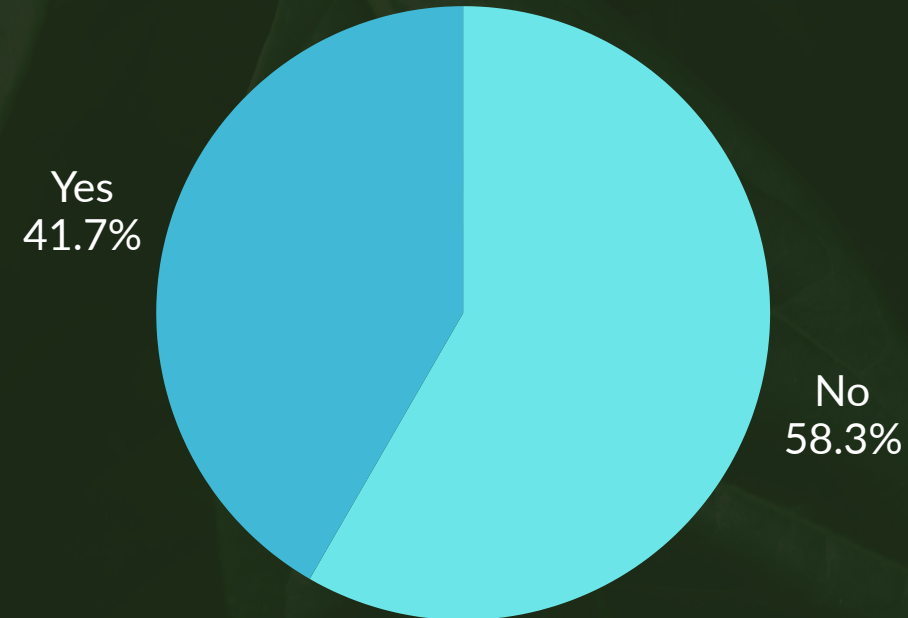
“The issue with KlimaDAO is that it **does not really address the liquidity, transparency and regulation issue**. It was **not able to maintain sufficient liquidity since the adoption rate was low**. KlimaDAO is also **not exactly transparent** because while all transactions are recorded, it is **impossible to verify whether the carbon credits meet the required standard**. Finally, the DAO itself does not achieve better regulation. It **can be easily manipulated** and **majority may not always be right** in deciding what is good.

# ANALYSIS

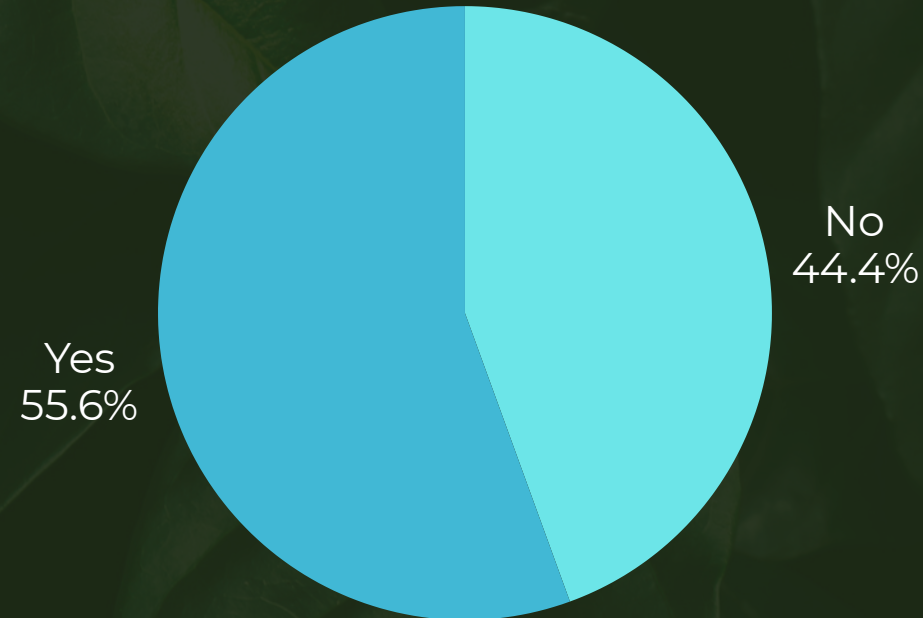


# Reason #2: KlimaDAO does not really appeal to users well

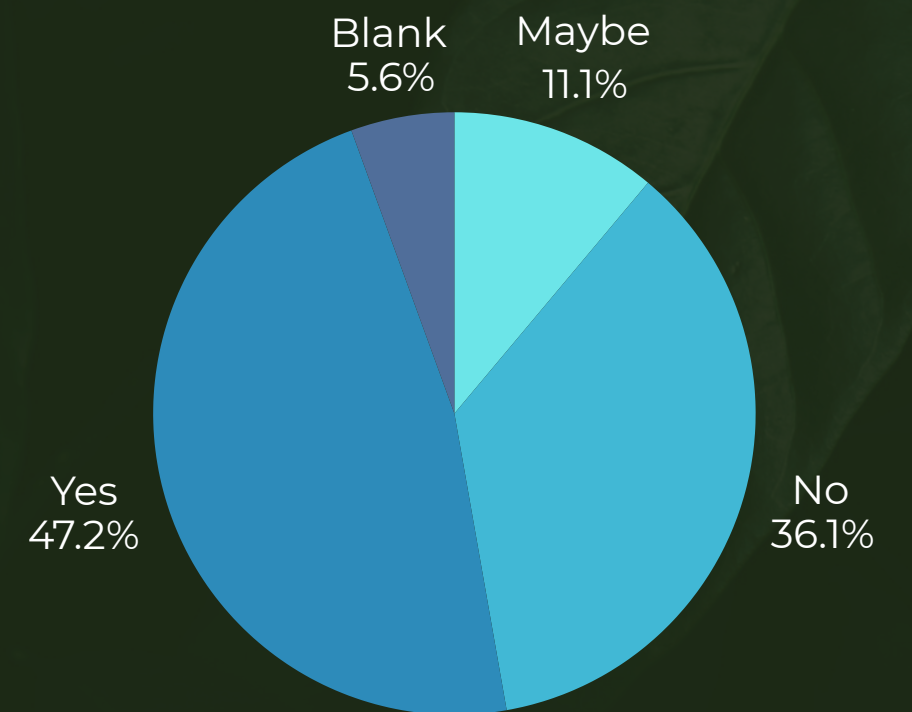
Only 42% of users are willing to trade carbon credits



This increases in willingness to retire carbon



But actual users willing to try remains low at 47%



# ANALYSIS



**Users who were not interested were concerned about reliability, accessibility, knowledge and cost-benefit**

**“Arbitrary and open to fraud”**

**“Not my area of expertise”**

**“Too complex”**

**“Not familiar with carbon credit trading and the idea is too conceptual for now”**

**“No regulatory need, nor financial benefits”**

**“Absurd concepts”**

**“Not interested”**

**“Still lack of knowledge but also accessibility to them”**

**ANALYSIS**



# Reason #3: KlimaDAO does not really stand out from the opposition

Other Tokenised Carbon Credits Available



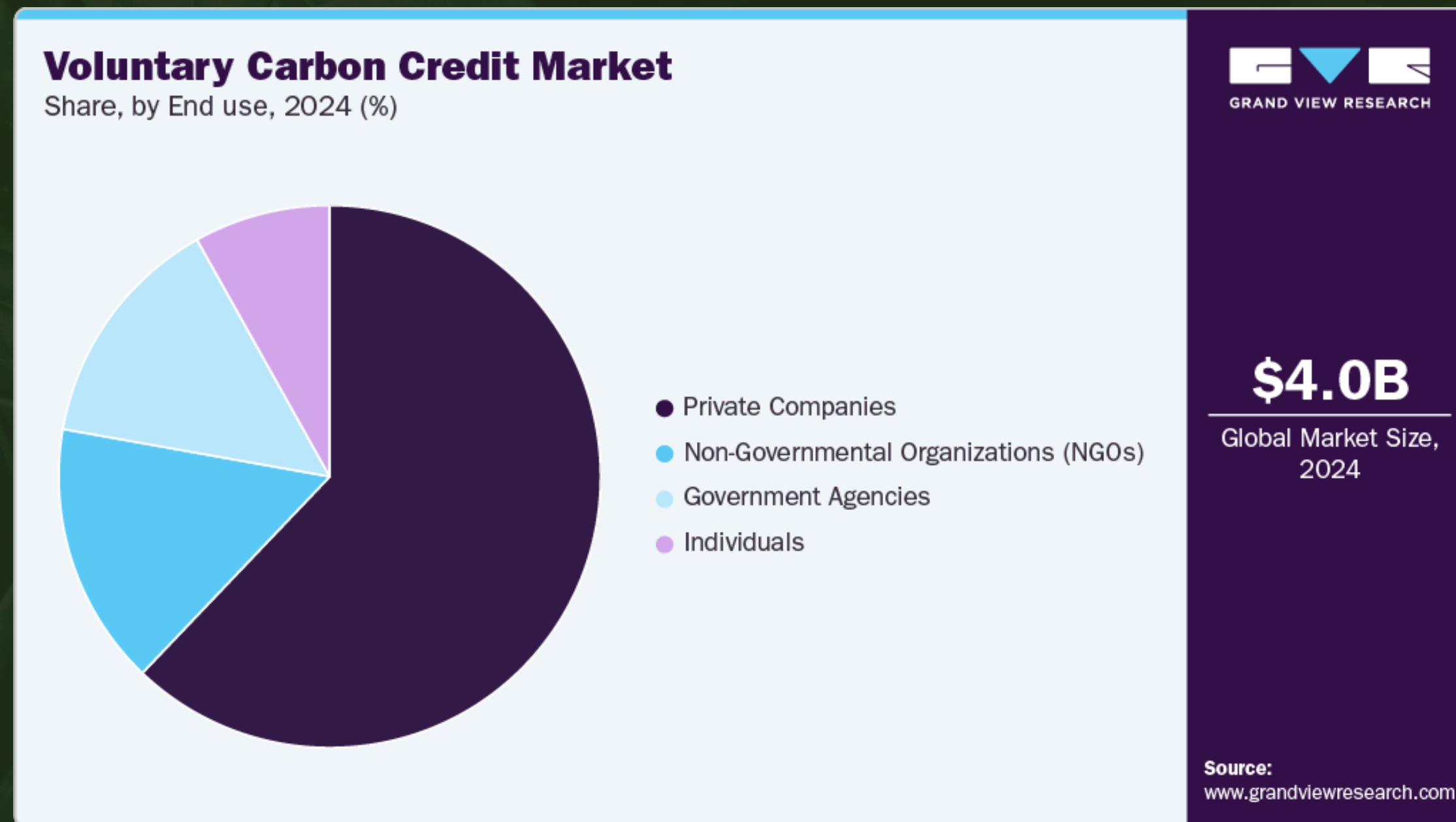
KlimaDAO's Unique Features May Not Appeal



# ANALYSIS



# Reason #4: KlimaDAO does not really appeal to businesses who are the biggest players



# ANALYSIS



KlimaDAO may not resonate with businesses because the “perceived costs” may be higher



## Business Interests

Seen to be offsetting emissions, while maintaining costs



## KlimaDAO's Offerings

Complete transparency, businesses must pay “full price” for carbon credits

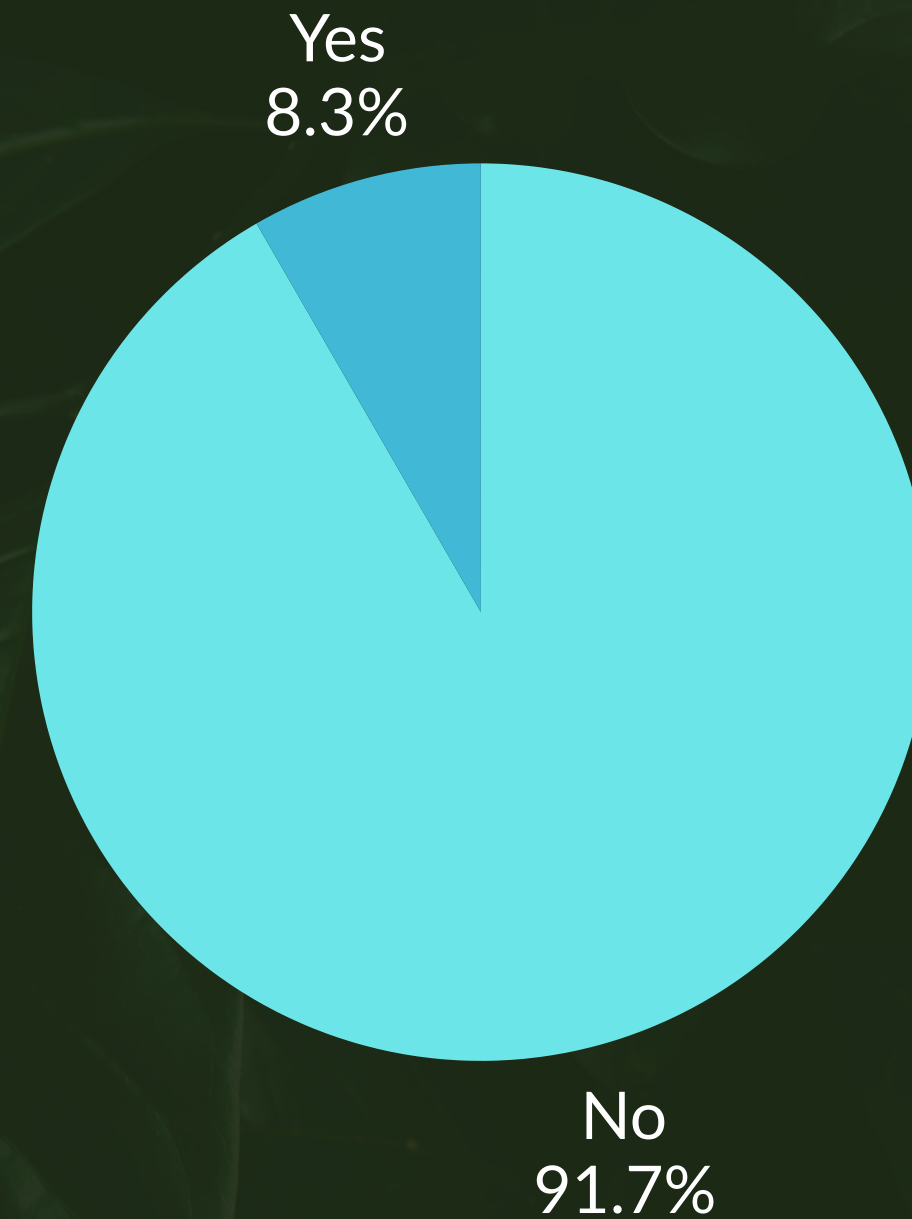


# ANALYSIS



**Reason #5: KlimaDAO is anchored on altruistic behaviour, which will not attract users**

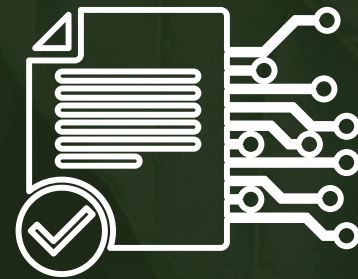
**Do you consider yourself a climate activist?**



**ANALYSIS**



# There are also potentially regulatory and technological concerns



## Smart Contract Risks

By nature are immutable, cannot account for every scenario or automatically adapt to changes in laws or regulations.

In 2023 when Verra paused tokenization due to regulatory pressure, KlimaDAO's protocol could not respond to external changes in time and had to halt bonding of tokenized carbon credits.



## Evolving Regulatory Gaps

Regulatory frameworks for crypto and carbon markets vary by country and are still evolving which could impact KlimaDAO.

Exposed to legal risks including imperfect Verra oversight, restrictions in terms of access, staking and issuance of tokens due to non-uniformity of laws across jurisdictions.

# ANALYSIS



# We think that KlimaDAO could be improved by refining its core value proposition and target market



## Redefine it as a financial product

Position it as a climate risk hedge for both individuals and businesses, especially if governments later do not take climate change seriously



## Redefine it as being about providing market access

Position it as a tool to allow individuals to have better access to carbon credits, and target individuals who want it but do not have access currently



## Redefine their target audience to focus on businesses

Refine its features to better cater to businesses, for e.g., in providing greater publicity of businesses using it to reduce carbon emissions

# RECOMMENDATION



# KlimaDAO is taking some of these steps in developing Klima 2.0



## Improved Liquidity

- Establishment of Carbonmark to make buying carbon credits more user-friendly
- Launching of KlimaX as an Automated Market Maker



## Improved Transparency

- Standardised carbon asset classification, enabling liquid forward contracts with quarterly settlement cycles



## Improved Regulation

- Appreciation based model and establishment of Klima Foundation to engage legally and financially with traditional institutions

# RECOMMENDATION



But the effect is likely to be minimal in our view, given  
that it does not target demand

~~No Focus on  
Generating  
Demand~~

Improved  
Product  
Features



RECOMMENDATION





# Thank You

FOR YOUR ATTENTION

Randolph Lee, V Divya, Mihika  
Gandhi, Tang En ci Nathan, Pranav  
Ramachandran, Olivia Tang Shu Hui