

# Klima 2.0 Fair Launch FAQ

## What is Klima 2.0?

Klima 2.0 is a redesigned decentralized carbon market infrastructure aimed at enhancing carbon monetization, retirement, and offset mechanisms. The new model introduces a bond market for \$KLIMA, a new economic governance token \$KLIMAX, a synthetic pricing model for carbon credits underlying \$KLIMA, and an Automated Asset Manager (AAM) that facilitates pricing and liquidity for tokenized carbon assets.

## What is an Automated Asset Manager?

An Automated Asset Manager (AAM) is a collection of smart contracts that facilitate pricing and trading of assets. KlimaDAO is applying this technology to carbon credits. The AAM enables carbon asset issuers to access deep liquidity through synthetic pricing of real-world assets (RWAs) using \$KLIMA and \$KLIMAX.

## What is the Fair Launch?

A transition program is anticipated to conclude in Q3/Q4 of 2025, where current \$KLIMA holders can stake their tokens to receive the new Klima 2.0 tokens (\$KLIMA + \$KLIMAX).

New \$KLIMA is distributed pro-rata upon relaunch, calculated as share of \$KLIMA staked.

\$KLIMAX distributed pro-rata upon relaunch, calculated as share of points accrued.

Stake early and earn more points. Stake longer, earn more points.

Unstake and an increasing share of \$KLIMA are burned. Points are redistributed to the remaining stakes.

Any \$KLIMA not staked will not be eligible for new \$KLIMA on relaunch.

## What is Klima 2.0?

Autonomous Asset Manager (AAM), liquidity and bond markets powered by a dual token structure designed for efficient and rational decentralized liquidity in the carbon offset markets.

This system separates carbon asset exposure from governance rights, enabling more sophisticated carbon market infrastructure.

## What if I don't stake?

Unstaked KLIMA tokens will maintain their 1:1 BCT backing but won't receive:

- Any allocation of the new KLIMA or KLIMAX tokens
- Future protocol rights
- Governance participation in the new system

## Why wouldn't I stake?

To maintain an option on short-term \$KLIMA price volatility.

Reasons to consider carefully:

- Early unstaking incurs significant burns (25% base burn, scales up to 100% towards relaunch)

## What happens to old \$KLIMA after relaunch?

- Staked tokens: Permanently locked and replaced with new token allocations
- Unstaked tokens: Maintain 1:1 BCT backing but won't participate in the new system
- Trading: May continue on existing platforms but with limited utility

## When exactly does staking start?

This will be announced 7 days before Staking opens on the @KlimaDAO discord and Twitter.

## When exactly does staking end?

Staking ends when the Klima 2.0 protocol is ready for deployment.  
Current projections are Q3/Q4 2025.

## Can I add more \$KLIMA to my stake over time?

Yes!

## How are points calculated exactly?

### Base Points Calculation

*Daily Points = Staked Amount  $\times e^{(0.00274 \times \text{Days})} \times \text{Entry Bonus}$*

where Entry Bonus is:

- 2.0x for Week 1 participants

- 1.5x for Week 2 participants
- 1.0x for all subsequent participants

To illustrate the compounding effect, consider a 1,000 KLIMA stake:

*Early Entry (Week 1) Scenario:*

Initial Points (Day 1): 2,000 (base × 2.0 bonus)

Month 1 (Day 30): 2,164 (8.2% growth)

Month 3 (Day 90): 2,568 (28.4% growth)

Month 6 (Day 180): 3,244 (62.2% growth)

Month 12 (Day 365): 5,400 (170% growth)

How is the burn calculated exactly?

*The burn mechanism creates increasing exit costs over time, reinforcing a "last man standing" dynamic. When a participant unstakes early, the system calculates and executes a burn that grows with time staked.*

## **Burn Calculator**

*Total Burn = Base Burn + Time-Based Burn*

*where:*

*Base Burn = 25% of staked amount*

*Time-Based Burn =  $\min((\text{Days Staked} / 365) \times 75\%, 75\%)$*

*Maximum Total Burn = 100%*

Example Burn Scenarios:

Early Exit (Day 30):

Base Burn: 25.0%

Time-Based Burn: 6.2%

Total Burn: 31.2%

Mid-Term Exit (Day 180):

Base Burn: 25.0%

Time-Based Burn: 37.0%

Total Burn: 62.0%

Late Exit (Day 365):

Base Burn: 25.0%

Time-Based Burn: 75.0%

Total Burn: 100.0%

## What's the minimum stake amount?

There is no minimum stake amount.

## Will there be a UI for tracking points/allocations?

Yes. See: [KlimaProtocol.com](https://KlimaProtocol.com)

### 3. What are the two tokens in Klima 2.0?

- **\$KLIMA**: Represents a claim on the underlying carbon portfolio. Can be minted in exchange for carbon, and can be burned to obtain carbon retirement certificates.
- **\$KLIMAX**: Economic governance token for carbon portfolio management, influencing \$KLIMA issuance and retirement rates.

### 4. How does staking work in Klima 2.0?

- **\$KLIMA staking**: Determines the base pricing of carbon assets.
- **\$KLIMAX staking**: Modulates trading capacity and risk management.

### 5. What is the Yield Waterfall?

The Yield Waterfall allocates 100% of the protocol's fees and emissions to different participants, including:

- Liquidity Providers (LPs)
- \$KLIMA Locks
- \$KLIMAX Stakers
- \$KLIMAX Burns

## Market Mechanisms & Incentives

### 6. How is Klima 2.0 sustainable?

Klima 2.0 is designed to generate protocol fees by enabling spot carbon swaps and synthetically settling carbon liquidity in \$KLIMA pools. All of the collected fees are distributed to stakeholders as emissions via the Yield Waterfall.

### 7. How does the Autonomous Asset Manager (AAM) work?

The AAM is a smart contract platform that:

- Facilitates continuous carbon asset trading with dynamic pricing.
- Supports forward markets with pricing up to 10 years.
- Optimizes portfolio allocation based on staking signals.
- Manages automated market-making for carbon assets.

## **8. How are incentives structured in Klima 2.0?**

The system includes:

- Base yields for \$KLIMA staking (System “risk-free” rate)
- Liquidity rewards for market-making (System “risky” yield)
- Emissions for \$KLIMAX staking (System “risky” yield)

## **9. What is the purpose of the bond market in Klima 2.0?**

The bond market generates floating rate returns awarded in a zero-coupon fashion based on system activity and participation, helping stabilize the \$KLIMA carbon market.

## **Governance & Risk Management**

### **10. How does governance work in Klima 2.0?**

\$KLIMAX holders participate in governance by voting on:

- Carbon classes \$KLIMA should buy more of

### **11. How does Klima 2.0 manage risk?**

Risk is managed through:

- Marginal carbon allocation decisions based on collective staking.
- Differentiation between risk-free and risky system yield
- Time-locked liquidity yield and bond market yield
- Dynamic pricing curves
- Dynamic fee rates

## **Carbon Asset Standardization**

### **12. How does Klima 2.0 standardize carbon assets?**

The new model introduces an on-chain framework that:

- Standardizes carbon asset classification by “class”.
- “Class” includes: methodology, region, vintage, and issuer stratification.
- Class stratification enables forward delivery contract purchase with time value of \$KLIMA data from bond market.
- Classes are represented as fungible carbon tokens.
- Fungible carbon tokens allow for automation of issuance and retirement.

## **Token Distribution & Implementation**

### **13. How are \$KLIMA and \$KLIMAX initially distributed?**

Table 3: KLIMA Token

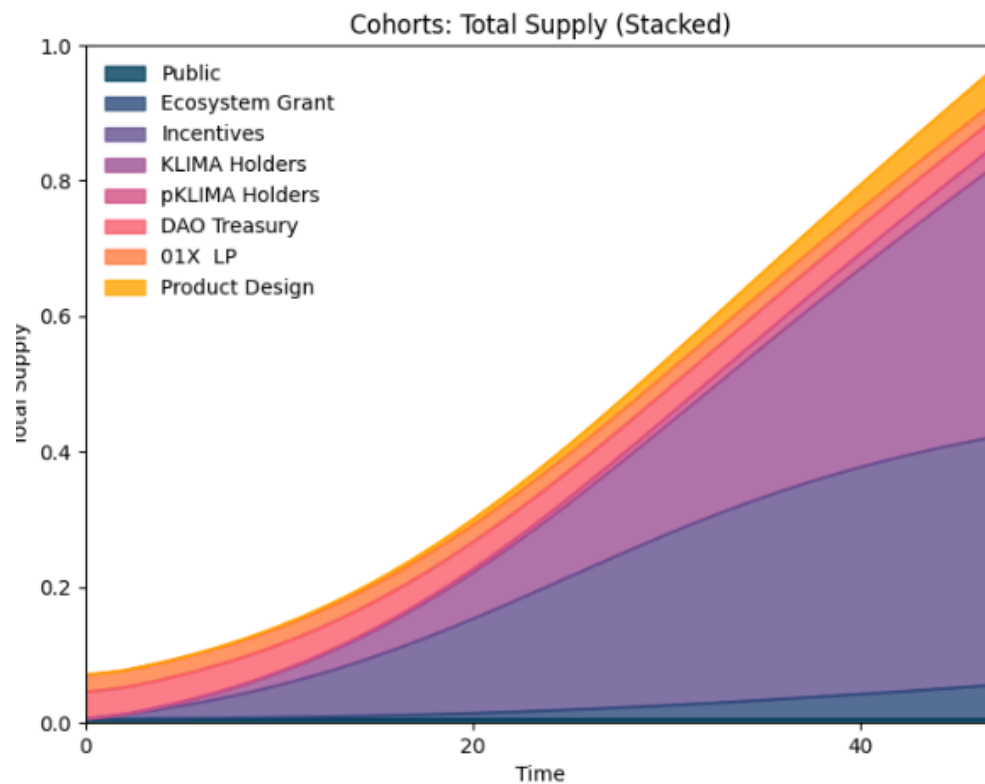
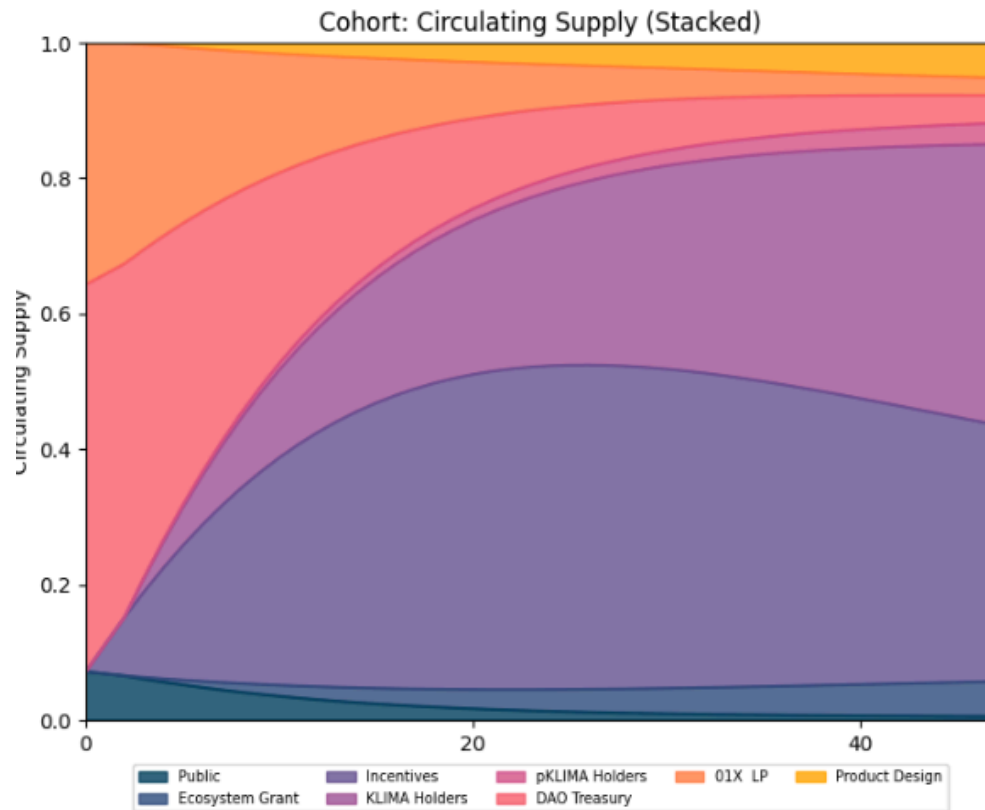
Cohort	Proportion	Quantity (m)
Klima Holders	87.5%	17.5
DAO / Treasury	10%	2.0
01X	2.5%	0.5
Total		20

Table 4: KLIMAX Token

Cohort	Proportion	Quantity (m)	Liquidity
Klima Holders	40%	40	Logistic Vesting 48 months
Ecosystem Grant	5%	5	Logistic Vesting 48 months
Programmatic Incentives	40%	40	Incentive Curve
pKlima Holders	3.0%	3	Logistic Vesting 48 months
DAO / Treasury	4.5%	4.5	24 month locked LP of $\overline{AG}$
01X	2.5%	2.5	24 month locked LP of $\overline{AG}$
Product design and development	5%	5	Logistic Vesting 48 months
Total		100	

14. What do these allocations look like over time?

Figure 22: KLIMAX Token Supply Over Time



## 15. How will incentives be distributed?

### 9.2 Programmatic Incentive Curve

The incentive issuance is built on a sigmoid curve,  $P$  to generate total proportion of supply in issue. It is calibrated from the initial issuance at TGE,  $P_0$  and the inflection point time  $T$  where 50% of G token incentives have been released.

Initiating  $x_0$  from the initial issuance parameter:

$$x_0 = \ln \left[ \frac{P_0}{1 - P_0} \right] \quad (35)$$

with  $t$  at time point  $t$ , ( $t \in (0, \infty)$ ):

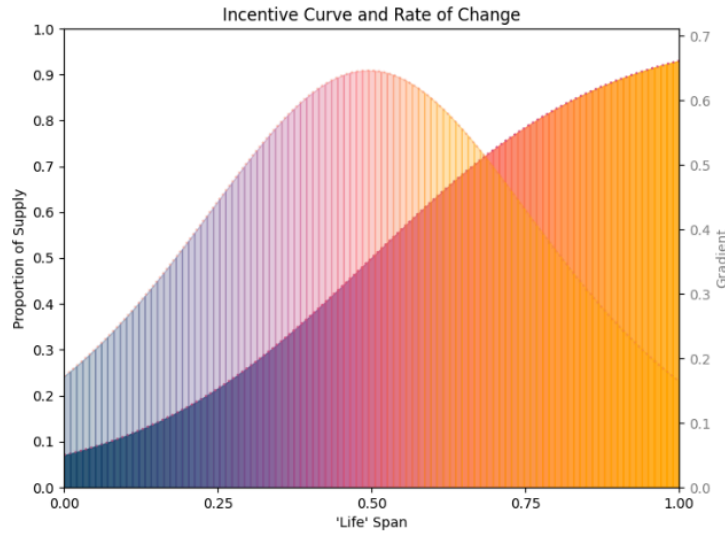
$$x_t = x_0 \cdot \left[ 1 - \frac{t}{T} \right] \quad (36)$$

Giving supply function  $P_t$  as:

$$P_t = \frac{e^{x_t}}{e^{x_t} + 1} \quad (37)$$

Setting  $P_0$  set at 7.0%:

Figure 21: Incentive Issuance



The inflection point ( $T$ ) is set at 24 months.

## 16. How will Klima transition to 2.0?

The transition will be executed in phases:

1. Fair launch begins
2. Migration of existing carbon assets.
3. Introduction of new market mechanisms.



4. Immediate decentralization of governance.
5. Rapid data gathering as carbon classes are whitelisted/blacklisted.
6. Gradual rollout of market carbon integrations.

## **Conclusion**

### **17. What is the goal of Klima 2.0?**

KlimaDAO 2.0 aims to become the primary venue for global asset liquidity by introducing rational pricing mechanisms for illiquid assets (like carbon) and ensuring long-term token sustainability through 100% fee redistribution to its dual-token model and liquidity providers.