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## MBK Carbon Credit Risk Mitigation Strategy

*Engineering Trust. Minimizing Risk. Maximizing Impact.*

MBK International Services Inc. provides a comprehensive, multi-layered risk mitigation framework designed to protect buyers, institutional investors, and strategic partners throughout the carbon credit value chain. Our strategy integrates top-notch technology, extensive certifications, and legal protections to reduce uncertainty and enhance credit reliability.

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### 1. Market Risk

**Challenge:** Volatility in carbon prices and demand-side fluctuations.

**MBK Strategy:**

- **Multi-Registry Certification:** Credits are eligible for Verra, Puro.Earth, Gold Standard, and CAR, ensuring acceptance across both voluntary and compliance markets.
  - **Sector-Diverse Demand:** Our credits cater to ESG buyers, government programs, and net-zero compliance funds.
  - **Contractual Volume Lock-Ins:** Long-term FPAs secure stable revenue and delivery schedules, minimizing risks in cash flow projections.
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### 2. Financial Risk

**Challenge:** Upfront infrastructure costs, offtake certainty, payment defaults.

**MBK Strategy:**

- **Milestone-Based FPA Structure:** Payments are linked to project milestones: signing, pre-commissioning, commissioning, and credit issuance.
- **Forward Purchase Agreements (FPAs):** Offer buyers future volume security at discounted forward pricing, while protecting MBK's capital planning.

- **Third-Party Audited Batches:** Verification provides buyers with assurance before each tranche delivery, minimizing credit risk.
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### 3. Technological Risk

**Challenge:** System failures, equipment downtime, data loss.

**MBK Strategy:**

- **Verified Technology Vendors:** All pyrolysis and sensor systems are sourced from industry leaders (e.g., Pyreg, ABB, etc.).
  - **Modular Redundancy:** Core components include failover redundancy to prevent single-point failure.
  - **MRV Integrity:** Continuous data streams are fed into IBM Hyperledger, ensuring real-time monitoring and post-hoc audit trails.
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### 4. Regulatory & Compliance Risk

**Challenge:** Evolving carbon market standards, climate-related disclosure rules.

**MBK Strategy:**

- **Certification Compliance:** Projects align with Verra VM0044, Gold Standard protocols, Puro.Earth CORCs, and CAR Biochar Methodology.
  - **Policy Readiness:** MBK's credits meet emerging regulatory frameworks including:
    - **SEC Climate Risk Disclosures (USA)**
    - **EU Emissions Trading System (EU ETS)**
    - **CORSIA (International Aviation)**
    - **Climate Bonds Initiative (CBI) – for green financing compatibility**
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### 5. Data & IP Risk

**Challenge:** Unauthorized data access, misuse of MRV data, competitive IP leaks.

**MBK Strategy:**

- **Blockchain Encryption:** Batch-level blockchain entries are immutable and protected through encryption using IBM Hyperledger.
- **Data Sovereignty:** MRV servers adhere to international data protection standards, ensuring host redundancy.

- **NDA-Governed Data Access:** All verifier access and buyer-level MRV dashboards are protected by executed NDAs.
- **Feedstock Chain-of-Custody:** Inputs are traceable to certified sustainable sources (FSC, PEFC).