

Advanced Global Trading (“AGT”) is an international carbon trading and environmental consultancy firm headquartered in Dubai, United Arab Emirates. AGT deals in sourcing and trading of carbon credits, and specializes in buying and selling of Voluntary Emissions Reduction, or VERs, in the dynamic over-the-counter green markets. Of the two quality standards for the voluntary carbon offset industry, the Verified Carbon Standard (“VCS”) and the Gold Standard, AGT currently only deals in sourcing and trading of VCS approved carbon credits but plans to expand its business to include the Gold Standard approved carbon credits. VCS VERs are called “VCUs”.

The carbon credit market is currently unregulated in most of the jurisdictions around the world including the United States, United Kingdom and much of European Union, and the Middle East countries. Notwithstanding, AGT has incorporated many operational and management practices and principles akin to those found in regulated entities in an effort to, among other things, (i) distinguish itself from other market participants by establishing itself as a more professional, secure and viable business, (ii) provide greater confidence and security to its clients and other stakeholders, and (iii) position itself for its long term expansion and growth initiatives and aspirations.

Currently, AGT sells VCUs to both corporations and individual investors.

Corporates

AGT sells VCUs to corporations that buy them for the purposes of investment and/or retirement. When a corporation buys VCUs from AGT for investment purposes, AGT imposes a minimum threshold for such purchases of USD 25,000. AGT does not have such minimum threshold requirements when the purchase is for retirement purposes so long as AGT retires the VCUs on behalf of the corporate client.

AGT requires that the funds for the purchase of VCUs come from the bank account of the corporate client (ie. AGT will not accept third party payments). AGT does not accept cash for purchases and only accepts cheques in the name of the client and/or wire transfers. If payment is made by cheque, a copy of the cheque is also scanned and added as a client record in AGT’s Salesforce CRM system.

AGT does not allow any type of leveraging, margin purchase and/or payment plan schemes which would allow or encourage clients to invest beyond their financial means.

Individuals

AGT sells VCUs to natural persons or individuals who buy them for the purposes of investment and/or retirement. When an individual buys VCUs from AGT for investment purposes, AGT imposes a minimum threshold for such purchases of USD 25,000. AGT does not have such minimum threshold requirements when the purchase is for retirement purposes so long as AGT retires the VCUs on behalf of the individual.

AGT requires that the funds for the purchase of VCUs must come from the bank account of the individual client (ie. AGT will not accept third party payments). AGT does not accept cash for purchases

and only accepts cheques in the name of the client and/or wire transfers. If payment is made by cheque, a copy of the cheque is also scanned and added as a client record in AGT's Salesforce CRM system.

AGT does not allow any type of leveraging, margin purchase and/or payment plan schemes which would allow or encourage clients to invest beyond their financial means.

Know-Your-Client Procedures

Each client of AGT (corporate or individual) must be approved by AGT pursuant to AGT's know-your-client ("KYC") procedures and requirements. The KYC procedures begin with the provision by a client to AGT of a completed and executed copy of AGT's application form which, among other things, provides identification details of the client.

AGT has instituted a KYC and anti-money laundering ("AML") policy. The four key provisions of the policy are to:

- (a) conduct customer due diligence on new clients;
- (b) conduct periodic customer due diligence on existing clients;
- (c) establish the beneficial ownership of corporate/trust clients; and
- (d) monitor client activity to establish whether there is any change in AGT's risk from a money laundering perspective.

KYC requirements in respect of a corporate client entail the provision by the corporate client of the following documents or information to AGT:

- (a) Certificate of incorporation or trade license;
- (b) Passport and proof of address for beneficial owner(s) of the corporate client;
- (c) Passport and proof of address for the directors of the corporate client; and
- (d) Bank account details.

KYC requirements in respect of an individual client entail the provision by the individual client of the following documents or information to AGT:

- (a) Passport or government issued identification card;
- (b) Proof of residential address dated within preceding 3 months; and
- (c) Bank account details.

Based on the completed application form and the above noted documents/information, AGT does the following for its KYC purposes:

- (a) Generates a client record within its Salesforce CRM system;
- (b) All client provided documentation is loaded into the Salesforce CRM system and linked to the applicable client; and
- (c) A full risk assessment on the client is conducted by two employees of AGT upon which a client due diligence form is completed and signed off by such employees.

THE BUSINESS

AGT is an Emissions Spot Trading organisation within the voluntary carbon credit market. AGT's team of emissions professionals specialise in the sourcing and trading of VCUs.

Sourcing Clients

AGT currently has a team of members who source, qualify and identify potential clients for sale of VCUs. In addition, AGT conducts advertising within various mediums including online and print in connection with its business of selling VCUs. Furthermore, AGT participates in various marketing initiatives in such forums as exhibitions, malls and sporting events. Most recently, AGT has been approved as the official carbon neutral partner of the Lotus Formula 1 team for a 3 year period. These are the primary methods by which AGT promotes its business and attracts potential clients for the sale of VCUs.

(A) Sourcing Clients by Telephone

It is important to note that AGT does not sell VCUs to clients over the telephone (see below for discussion on AGT's sales process). Given the complexities associated with the sale of carbon credits generally, and VCUs specifically, and the importance of ensuring there is sufficient and necessary information regarding potential clients (see discussion regarding KYC above), AGT believes that it should be set as a market standard and part of best practices for carbon credits and/or VCUs not to be sold over the telephone.

The only part of AGT's current operations that is conducted over the telephone is (i) the sourcing of potential clients, (ii) qualification of potential clients' interest in VCUs and the introduction of the carbon credit and/or VCU markets to potential clients on an informational basis (as opposed to sales basis), (iii) introduction of AGT to potential clients, and (iv) the booking of appointments with potential clients for face-to-face meetings with AGT sales team.

In order to ensure that the use of the telephone by AGT members is limited to the enumerated activities listed above, AGT does the following:

(a) Training – AGT members who conduct telephone operations are put through week long training on carbon credits, VCUs, sourcing of clients, company information, company policies and procedures and more specifically, regarding the strict usage of the telephone (ie. reinforce the rule that no sales are to be conducted over the telephone). After the training process, each AGT member is tested as to acquired skill sets, market and company knowledge and to ensure AGT’s guidelines and requirements in connection with telephone operations are learned and followed.

(b) Script – AGT members who conduct telephone operations are provided with a company standard and approved script to be used during telephone calls. It is important to note that while a script is provided, members are also (i) provided with a set of guidelines as to how to deal with questions that may be raised during a telephone session by a potential client, and (ii) trained on how to address and respond to “off-script” discussions that may arise with potential clients during a telephone session.

(c) Recording of telephone calls – All telephone calls are recorded by AGT and kept indefinitely (currently). Reasons for recording of telephone calls include: (i) quality control, (ii) training, and (iii) ensuring AGT and its members are adhering to the requirements mentioned above regarding telephone usage.

(d) Monitoring of telephone calls – Authorized team managers and supervisors of AGT members monitor telephone calls on “live” basis to ensure quality control and strict adherence to the requirements mentioned above regarding telephone usage. A supervisor may, if deemed necessary by such supervisor, either take over the call or terminate the call.

(e) Retraining – AGT conducts on a frequent and consistent basis retraining exercises to ensure the skill sets of AGT members who conduct telephone operations are maintained and improved upon over time as well as to reinforce the company’s policies and procedures in respect of telephone usage. Each day, a sample of AGT members together with a supervisor review recent telephone calls of such members to highlight and review in specific ways telephone performances.

All telephone numbers dialed by AGT members are entered into AGT’s Salesforce CRM system prior to making such call to ensure (i) the number is not on any do-not-call list (depending on requirements of the particular jurisdiction, either on an official do-not-call list or a list produced by AGT comprised of anyone who has indicated that they are not interested in being approached), and (ii) the number is not of an already existing client or a potential client in AGT’s system which may have already been contacted by another member.

AGT believes that the policies and procedures that it has in place associated with telephone usage (in particular the requirement not to conduct any telephone sales and to limit telephone usage for informational purposes and establishment of face-to-face appointments) should be made market standards and part of best practices to ensure protection of (i) potential clients, (ii) the registries, (iii) the standards, (iv) the exchanges, and (v) the companies that are in this business including AGT.

(B) Sourcing Clients by Other Methods

AGT's policy is that all advertising and marketing initiatives for the sale of VCUs are done on an informational basis only (as opposed to on a sales basis). For example, none of AGT's advertising and marketing initiatives contain any price or profit predictions, return on investment suggestions or the like. It is important to note that in the event any advertising or marketing initiative generates a potential client, such potential client is contacted by AGT via telephone and therefore the policies and procedures set out above regarding sourcing of clients by telephone are followed.

AGT believes that the policies and procedures that it has in place associated with such other client sourcing protocols as described above should be set as market standards and part of best practices to ensure protection of (i) potential clients, (ii) the registries, (iii) the standards, (iv) the exchanges, and (v) the companies that are in this business including AGT.

Face-to-face Meeting

Based on the appointment that is generated through the above described telephone procedures, the potential client then has a face-to-face meeting with another more senior AGT member (ie. different member from the one who made the telephone call and the appointment). During the face-to-face meeting, the potential client is presented with more in depth information regarding, among other things, (i) the carbon market, (ii) VCUs, (iii) AGT's trading platform and other services, (iv) the sales process, (v) after sales process and service, (vi) risks associated with investment in VCUs, and (vii) answers to any queries of the potential client.

AGT does the following to ensure consistency and adherence to company policies and procedures associated with face-to-face meetings:

(a) Training – It is important to note that any AGT member who conducts face-to-face meetings, will have already spent at least 3 months as a telephone operative and therefore those members conducting face-to-face meetings will have gone through the training described above. Additionally, AGT members who conduct face-to-face meetings are put through a more in depth training that would include a fundamental understanding and knowledge of (i) AGT's corporate structure, (ii) AGT's terms and conditions with its clients, (iii) platform usage and technology, (iv) liquidity of the investment, and (v) market conditions generally and specifically regarding carbon credit or VCU issues, practices and/or trends. Such additional training includes "role play" scenarios in camera which can then be reviewed and analyzed. After the training process, each AGT member is tested as to acquired skill sets, market and company knowledge and to ensure AGT's guidelines and requirements in connection with face-to-face meetings are learned and followed.

(b) Script – AGT members who conduct face-to-face meetings are provided with a company standard and approved script to be used during meetings. It is important to note that while a script is provided, members are also (i) provided with a set of guidelines as to how to deal with certain questions that may be raised during a meeting with a potential client, and (ii) trained on how to address and respond to "off-script" discussions that may arise with potential clients during a meeting.

(c) Retraining – AGT conducts on a frequent and consistent basis retraining exercises to ensure the skill sets of AGT members are maintained and improved upon over time as well as to reinforce the company’s policies and procedures in respect of face-to-face meetings.

AGT believes that the policies and procedures that it has in place associated with face-to-face meetings should be set as market standards and part of best practices to ensure protection of (i) potential clients, (ii) the registries, (iii) the standards, (iv) the exchanges, and (v) the companies that are in this business including AGT.

Terms and Conditions

AGT has developed a bespoke set of terms and conditions (“T&Cs”) specific for the purchase and sale of VCUs within its platform. The T&Cs have been developed by AGT with best practices in mind to, among other things, give due protection and information to clients. AGT frequently revisits its T&Cs to bring about any amendments that may be prudent and/or necessary to improve upon best practices. The T&Cs provide specific mechanism for exits or sales of VCUs by clients within AGT’s platform.

Furthermore, the T&Cs set out risk warnings associated with investments in carbon credits generally, and VCUs in particular. These risk warnings reinforce the investment risk discussions that were held with the client during the face-to-face meetings. AGT believes that such highlighting of potential risks to investors should be a required part of best practices.

Each client must specifically agree with the T&Cs, which are incorporated by reference in the application and order form, before any VCUs are sold. The T&Cs are also set out in the AGT platform and the clients are asked, upon entry into the platform, to reconfirm their agreement to the T&Cs as well as at the point of any dealings in VCUs within the AGT platform.

AGT Platform

AGT has developed a bespoke electronic and online platform for the facilitation of the purchase and sale of VCUs between clients. Access to AGT’s platform is provided to clients upon completion of the sales process as described above. AGT’s clients benefit from access to its web-based platform. The system is SSL encrypted and allows clients to manage all aspects of their account, including:

- View current pricing
- View open positions (purchases)
- Open buy order (purchase more units)
- Manage account information
- Transfer units to AGT for onward sale

- View latest AGT market news

Furthermore, AGT has developed an iPhone App which enables clients to perform via iPhone the same functionalities as above. The iPhone App is approved and available to download on the Apple iTunes store for anyone but access is only available to AGT clients which further highlights the point that only AGT approved individuals (having satisfied AGT on KYC and investment criteria set out above) may have access to AGT's platform and therefore purchase VCUs.

AGT is constantly improving upon its platform to provide the maximum level of service to its clients. For example, clients will soon be able to assign to others (ie. their financial advisors) "read-only" access to their AGT account.

AGT's platform and related procedures are designed to promote and ensure responsible investments and trading by its clients. For example, once a client passes the initial approval process, the client must still obtain approval by AGT in order to conduct subsequent trading on the online platform, such approval being given on the basis of the KYC and investment criteria established by AGT. Thus, clients cannot undertake trades automatically on the online platform.

After sales support and liaison

Once the sale process is completed, AGT has dedicated members specifically responsible for after sales support and liaison. The after sales support and liaison are to facilitate the ongoing client service and relationship and include the following services:

- Inform client of payment receipts for trades;
- Issue client with trade notification (proof of payment);
- Assist client with administrative matters such as platform access, support requests and general inquiries;
- Deliver weekly market and carbon news;
- Dedicated non-commissioned point of contact for the client (not incentivized to sell more VCUs).

Dealings in VCUs by Clients

Once VCUs have been purchased from AGT by a client, the VCUs belong to the client and, notwithstanding that such VCUs may be in AGT's care and custody within AGT's registry account, the client is free to conduct any further dealings thereon (ie. retire, sell or move on to another registry).

