



Due Diligence Procedure in the COLCX Registry

Version 1.0



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® Canal Clima – COLCX

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1. INTRODUCTION

This document sets out the due diligence procedure adopted by COLCX Registry for the opening of accounts for the registration of Greenhouse Gas (GHG) mitigation projects within the COLCX program.

As part of the account opening process, Know Your Customer (KYC) checks are conducted for any natural or legal person interested in registering on the COLCX Registry platform. These verifications are performed prior to the activation of the account and are intended to ensure compliance with the standards of the program in terms of prevention and mitigation of risks related to money laundering, terrorist financing, corruption and bribery, in accordance with the operational guidelines of the COLCX Program.

2. ABOUT COLCX REGISTRY

COLCX Registry is a technology platform designed to manage and register carbon credit projects with high standards of quality, integrity and transparency. It operates as the official registry system of the COLCX certification program, using blockchain technology in a virtual private network to ensure the traceability of credits, from their origin to their final use, and prevent double counting.

The system is operated by XM, a company with more than 20 years of experience in advanced technology solutions based on blockchain. XM has no financial or operational interests in the carbon market, which ensures its independence and eliminates risks of conflicts of interest.

3. OBJECTIVE

Ensure the transparency and impartiality of COLCX Registry through a due diligence process that allows to:

- Verifying the legitimacy and suitability of the applicants
- Prevent conflicts of interest through adequate control mechanisms
- Establish and communicate in a clear and accessible way the rules of the due diligence process

The evaluation applies both at the level of the Owner, Proponent, VVB, Trader, as well as to each of the projects they register. This ensures that all people or entities involved comply with the established standards, and that each project is reviewed individually before being admitted to the platform and initiating a certification process.

4. OPERATING PRINCIPLES OF THE SYSTEM

The COLCX Registry platform is based on the following operating principles:



- **Transparency:** All information related to the implementation of GHG initiatives, project development and the results of evaluation and certification processes will be clear, truthful and accessible. This documentation will be openly and permanently available on the platform, allowing stakeholders to make informed decisions. COLCX Registry is governed by high ethical and professional standards, ensuring traceability in its processes. The evaluation criteria are public, and decisions are based exclusively on the fulfillment of these criteria.
- **Accessibility:** The system operates in a cloud-based environment, ensuring continuous availability and access from any device with an internet connection. Authorized users can access the platform at any time, facilitating efficient management without geographical or time restrictions. The registry has public access sections so that interested parties can consult information of public nature, in line with the principle of transparency of the program.
- **User-Friendliness:** Designed with a functional interface, the platform optimizes user experience, allowing project owners and/or proponents, validators, verifiers, and other market actors to interact efficiently and effectively with the registration and tracking tools, while reducing operational complexity.
- **Integrity:** The data stored is consistent, immutable and protected against unauthorized modifications using blockchain technology, ensuring that the information accurately reflects the status of projects and credits throughout their life cycle, from issuance to cancellation.
- **Confidentiality:** Participants' information is protected, especially during the evaluation stages prior to registration. This information includes legal, financial or contractual data, and is only accessible to authorized users according to their role. The platform classifies information according to its level of sensitivity and defines which information is confidential, restricted or public. Once the registration is approved, the project information will be accessible according to the program's transparency principles.
- **Risk Control:** The system incorporates continuous risk assessment and mitigation processes, with special emphasis on the prevention of illicit activities such as money laundering and terrorist financing. This is achieved through monitoring and the application of protocols aligned with global compliance regulations.

5. USER REGISTRATION

5.1 Online Registration Form

Each Owner and/or Project Developer, VVB or Trader must create an individual account in the COLCX Registry. These accounts are designed to manage the functions corresponding to each user's role within the system. In the case of the Owners/Owners and Proponents, the account allows them to manage all the carbon credits issued associated to one or several registered projects. For their part, VVB and Traders have access to specific functionalities to carry out their respective activities, such as

project validation/verification or credit trading. Each account is the central point of interaction with the Registry, and it is mandatory to operate within the COLCX program.

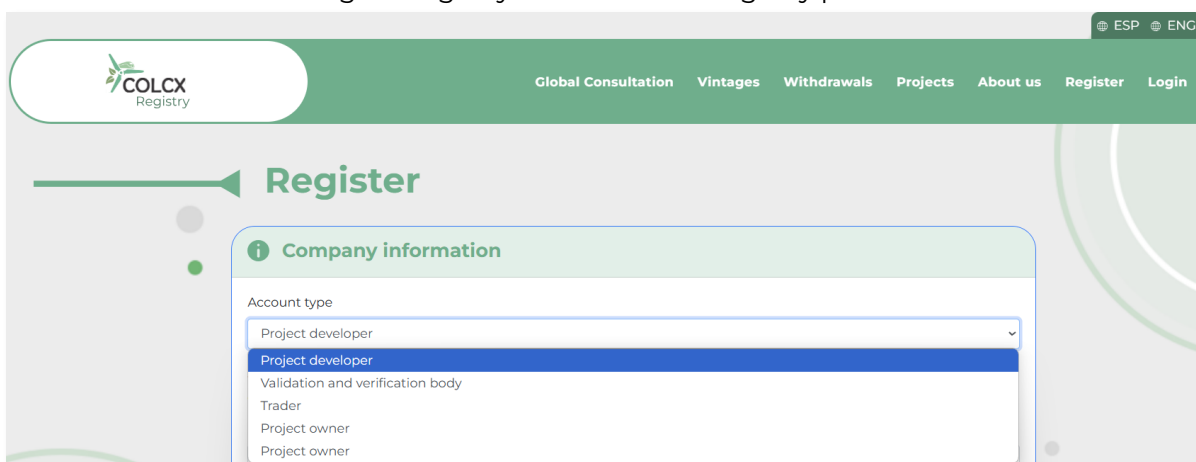
The opening of the account is done through the online form available on the platform. Applicants must comply with the identity verification and due diligence (KYC) requirements, as well as make the payments defined in the COLCX Program Charging Guide, as applicable.

Applicants, whether natural or legal persona, should complete the following steps:

1. Purpose of the relationship with COLCX Registry

- Specify the role to be performed (e.g. project owner, Proponent, Validation and Verification Body, trader, etc.).

Image 1. Registry in the COLCX Registry platform




The screenshot displays the 'Register' page of the COLCX Registry platform. The header includes the COLCX Registry logo and navigation links: Global Consultation, Vintages, Withdrawals, Projects, About us, Register, and Login. The main heading is 'Register'. Below it, the 'Company information' section is highlighted. A dropdown menu for 'Account type' is open, showing options: Project developer (selected), Validation and verification body, Trader, Project owner, and Project owner.

2. Company information

- Legal name or company name
- Registered address of operation (country, state, municipality, complete address)
- Legal form (e.g., association, cooperative, corporation, foundation, limited liability company)
- Industrial sector (e.g. energy, agriculture, environmental consulting)
- Official website and e-mail
- Company's legal registration number (e.g., NIT in Colombia or equivalent)
- Brief description of activities related to the carbon market (e.g. development, representation or accompaniment of projects).

Image 2. Company information COLCX Registry

 **Company information**

Account type

Project developer

It is the natural or legal person who, due to its technical and professional qualities, can be empowered by the Head of the Initiative to be responsible for the formulation, implementation, monitoring, registration of a Mitigation Initiative GHG and, in some cases, the cancellation of GHG emission reduction certificates.

Full name / Commercial name

Full name / Commercial name

Main location

Country

Seleccionar

State

Seleccionar

Town

Seleccionar

Address

Address

Document type

ID


ID number

ID number

3. Legal representative and/or account manager contact

- Full name (*).
- Type and number of identity document (*).
- Official e-mail (*).

Image 3. COLCX Registry Legal Representative Information

 **Legal representative information**

Name of legal representative

Name of legal representative

Document type

ID

ID number

ID number

Email of legal representative

Email of legal representative

Write your email again

Write your email again

Teléfono/Celular


 +57

Image 4. Contact information of the COLCX Registry account administrator

The screenshot shows a web form titled "Contact administrator information" with a green header bar. The form contains the following fields:

- Name:** A text input field with the placeholder "Name".
- Document type:** A dropdown menu with "ID" selected.
- ID number:** A text input field with the placeholder "ID number".
- E-mail:** A text input field with the placeholder "E-mail". To the left of the field is a green icon with a white "i".
- Write your email again:** A text input field with the placeholder "Write your email again".
- Cell phone number:** A text input field with a country code dropdown showing "Spain" and "+57".

4. Associated Entities (if applicable):

- Name and address of entities related to the project (e.g., parent company, subsidiaries, or other related parties).

5.2 Supporting documentation

1. Documentation required for all users

All users (Registrant, Project Developer, VVB and Trader) must submit the following basic documentation for the creation of their account in the COLCX Registry:

- Document proving the existence and legal representation.
- Tax Identification Number (RUT or its fiscal equivalent in the relevant country)
- Identity document of the legal representative or of the authorized signatory

2. Additional documentation (depending on the type of user)

a) Project Owners and Project Developers

- Letter identifying all legal owners of the project (if applicable).
- Formal designation of an account manager authorized to act on behalf of the owners, including their primary and secondary contact details (if applicable).

b) Validation and Verification Bodies (VVB)

The VVB shall submit:

- Supporting documents for current accreditation under ISO 14065:2020 and ISO/IEC 17029:2019
- List of projects validated and/or verified under other carbon programs or standards
- Signed COLCX Validation and Verification Agreement Form

c) **Traders**

- Letter of authorization issued by a Project Owner or Project Developer authorizing it to trade the carbon credits registered in COLCX.

5.3 Initial Confirmation

Once the request is submitted, the system automatically issues a confirmation email with provisional access credentials. These credentials remain inactive until due diligence is completed.

6. ROLE OF THE ACCOUNT MANAGER

The Account Manager is the person designated to represent a registered user before the COLCX Registry. This role is mandatory for all types of Registry users: Registrants, Project Developers, Validation and Verification Bodies (VVB) and Traders.

Depending on the type of account, the Account Manager may be one of the project owners, a legal representative or a duly authorized third party.

6.1 General responsibilities

- Manage the opening, configuration and administration of the account in the COLCX Registry.
- Act as the primary point of contact between the registered user and the COLCX program team.
- Submit, update and maintain required documentation through the online portal.
- Ensure compliance with the requirements and regulations established by the COLCX program.
- Coordinate the interaction with the different actors of the system, such as validators, verifiers, licensees and traders, as appropriate.
- Answer in a timely manner to requests for information or clarifications issued by COLCX.

6.2 Specific responsibilities by type of user

a) Project Owners and Project Developers

- Respond to requests issued by COLCX or the VVB during the project validation, verification and certification process, ensuring a timely and complete response.
- Manage the administration of carbon credits issued on behalf of one or more registered projects.
- Carry out, according to the instructions of the legal owners, the transfer, withdrawal or cancellation of credits.

b) Validation and Verification Bodies (VVB)

- Perform validation and/or verification services for assigned projects, in accordance with the procedures and standards established by the COLCX program.
- Keep in communication with the project owner and/or proponent during the different stages of the validation and verification process.

c) Traders

- Execute carbon credit trading operations, only with the prior authorization of the corresponding owners or proponents.

7. DUE DILIGENCE

The COLCX Program applies a due diligence process to all natural and legal persons interacting with the COLCX Registry, with the aim of preventing and mitigating legal, reputational, operational, and financial risks related to money laundering (ML), terrorist financing (TF), the financing of the proliferation of weapons of mass destruction (FPWMD), corruption, bribery, and other illicit activities.

This process is aligned with the *Due Diligence and Segmentation Procedure* and is framed within the *Self-Control and Comprehensive Risk Management System Manual – SAGRILAF*T of Canal Clima.

7.1 Phases of the Evaluation Process

The counterparty evaluation process for the opening of an account in COLCX Registry is carried out in the following phases:

a) Confirmation of identity

Validation of the authenticity, validity and consistency of the documents provided by the applicant, to confirm his identity and verify his legal relationship with the entity he represents.

b) Consultation in restrictive lists

International and national databases are systematically searched to identify possible links to illicit activities. These checks are supported by specialized tools such as LexisNexis, which integrate globally recognized lists including:

- OFAC (U.S. Office of Foreign Assets Control)
- United Nations Security Council
- European Union Consolidated List
- HM Treasury (United Kingdom)
- Interpol and FBI Notices

At regional and national level, databases such as the Clinton List, the UIAF and the Superintendence of Corporations of Colombia are consulted. This procedure allows COLCX to comply with program standards and Canal Clima's SAGRILAFI guidelines.

c) Risk Analysis

COLCX applies risk assessment methodologies based on internal criteria and scenarios defined in the Self-Control and Integral Risk Management System Manual - SAGRILAFI of Canal Clima. These methodologies allow segmenting counterparties into low, medium or high-risk levels, and applying proportional controls according to the exposure detected.

Risk factors include:

- Politically Exposed Person (PEP) status, whether domestic, foreign or from international organizations such as the UN, OECD or UNICEF
- Critical jurisdictions with weak regulatory standards or international sanctions
- Initiatives involving high financial volumes or complex beneficial ownership structures

In high-risk cases, enhanced control measures are adopted, such as comprehensive source of funds reviews, reputational assessments, and post-approval follow-up.

d) Continuous Monitoring

After account activation, COLCX may perform periodic and/or event-driven reviews, such as changes in the owner's organizational structure, new international sanctions or internal alerts. This continuous monitoring allows us to identify deviations from the risk profile and to take corrective or preventive actions.

7.2 Typologies of Due Diligence

According to the level of risk identified, COLCX applies one of the following approaches, as defined by Canal Clima:

- **Standard Due Diligence:**

Applies to low to medium risk counterparties. Includes verification of identity, basic background and restrictive list review.

- **Enhanced Due Diligence:**

Applies to counterparties with a high-risk level, including:

- Politically Exposed Persons (PEP)

- Entities located in critical jurisdictions
Project Developers whose estimated certification cost exceeds 250 Monthly Legal Minimum Wages (MLMW) in Colombia

This modality includes additional measures such as:

- Source of funds declarations
- Extended technical, legal and financial risk assessment of the project
- Active monitoring of the counterparty and its operations over time

7.3 Account approval and activation decision

Upon completion of the due diligence process, COLCX makes a decision on the application for account activation in COLCX Registry, based on the outcome of the risk assessment and compliance with the established requirements. The possible decisions include:

- **Approval:** If the evaluation is satisfactory, the account activation is authorized, and an official notification is issued to the applicant via e-mail.
- **Request for Additional Information:** If inconsistencies, information gaps or mitigable risk elements are identified, additional documentation will be requested. The account will remain in inactive status until the observations are satisfactorily resolved.
- **Denial or Suspension:** When unmitigable risks, links to illegal activities or non-compliance with the principles of the program are detected, COLCX may deny the opening of the account or, if the finding occurs at a later stage, proceed with the suspension of the account. This decision may be made at any time and will be communicated to the applicant based on compliance and ethical policies.

8 COMPLEMENTARY DOCUMENTS

- Money Laundering and Terrorist Financing Risk Prevention Policy
- *Self-Control and Comprehensive Risk Management System Manual – SAGRILAF*
- Due Diligence and Segmentation Procedure

These documents are not publicly available. Interested parties should request them directly from COLCX through the official contact channels. Their delivery will be subject to confidentiality and relevance criteria determined by Canal Clima.

--- History of the Document

Version	Date	Description
1.0	25/04/2025	Initial version.