



澳門碳交所
Macao Emission Exchange

Standard Carbon Offset Market Tool Program v2.1

Macao International Carbon
Emission Exchange (MEX)



Part 1: Overall Framework	01
1. Program Vision and Strategic Goals	01
2. Core Principles	01
3. Market Participants	02
4. Connotation of the SCMP	02
Part II: Governance and Rules	04
1. SCMP Governance Structure	04
2. Definition of Key Terms	04
3. SCMP Rules	05
Part III: Products and Standards	06
Appendix A: SCM Tool List	06
Appendix B: SCM Tool Operating Framework	06
Appendix C: SCM Tool Framework Table	15
Framework Table 1: SCM Nature-Based Removal Units Spot Contract (NRU)	15
Framework Table 2: SCM Engineering-Based Removal Units Spot Contract (ERU)	16
Framework Table 3: SCM Avoidance-Based Carbon Units Spot Contract (ACU)	18
Framework Table 4: SCM Reduction-Based Carbon Units Spot Contract (RCU)	19
Framework Table 5: SCM Paris Agreement Article 6-Based Carbon Units Spot Contract (A6X)	21
Framework Table 6: SCM CCP-Labelled Carbon Credits Spot Contract (CCP-X)	23

Part 1: Overall Framework

1. Program Vision and Strategic Goals

Vision:

Macao International Carbon Emission Exchange (MEX) is committed to developing the Standard Carbon Offset Market (SCM) into a high-standard, high-transparency digital carbon credit market. It aims to provide reliable and efficient financing channels and market solutions for Global Climate Action.

Strategic Goals:

To realize this vision, the Standard Carbon Offset Market Program (SCMP) establishes the following four strategic goals:

- (1) **Ensure market integrity:** Develop and strictly implement a screening framework based on best international practices such as ICVCM and CCQI. This framework will ensure that carbon credits on the market are real, additional, quantifiable, verifiable, and permanent.
- (2) **Promote market digitalization:** Apply mature digital technologies, including digital Monitoring, Reporting, and Verification (dMRV), blockchain, and artificial intelligence. These technologies will enhance the market's efficiency, transparency, and data accuracy.
- (3) **Facilitate climate finance:** Through standardized and clear product design, the program aims to channel international capital into high-quality climate projects worldwide—especially those in developing countries and Portuguese-speaking countries. This will support actions for mitigation and adaptation.
- (4) **Support corporate climate action:** Provide enterprises with high-quality carbon credits and supporting data tools. These resources will help enterprises make credible climate contribution statements in accordance with international frameworks such as VCMI, and effectively manage carbon emissions in their own operations and value chains.

2. Core Principles

The SCM operates on the following three core principles:

- (1) **High-Quality Principle:** All carbon credit projects listed on the SCM must undergo professional and rigorous screening and assessment. The screening system references international standards such as ICVCM and CCQI to ensure the real and verifiable environmental benefits of carbon credits.
- (2) **One-Stop Principle:** To meet the diverse needs of clients, the platform provides end-to-end services—from customized carbon credit trading and portfolio management to offset retirement. It also supports data integration with mainstream ESG reporting frameworks, helping clients achieve their climate goals scientifically and efficiently.

(3) Inclusivity Principle: The platform accommodates credible projects related to the avoidance, reduction, or removal of greenhouse gases from all regions. It also offers dedicated trading channels for projects that meet the requirements of specific international mechanisms (e.g., Article 6 of the Paris Agreement), providing clients with diversified options to participate in global climate governance.

3. Market Participants

The SCM welcomes the following institutions and individuals from around the world:

Project Owners: Developers of climate projects that meet the SCM's high-integrity standards.

Corporate Buyers: Enterprises seeking high-quality carbon credits to fulfill their neutrality goals, net-zero commitments, or supply chain responsibilities.

Financial Institutions: Including banks, asset management companies, and hedge funds, which trade and invest in carbon credits as an emerging asset class.

Market Makers and Brokers: Professional institutions that provide liquidity and intermediary services to the market.

Verification and Rating Bodies: Institutions that offer independent third-party validation, verification, and rating services.

4. Connotation of the SCMP

Standardized contracts are a common feature in commodity markets, providing the advantage of lower transaction costs and allowing multiple entities to agree on standards, thereby bringing transparency and reliability to the market while enhancing liquidity. SCM establishes standardized physical delivery requirements for carbon credits.

As the market operator, MEX has established the Standard Carbon Offset Market Tool Program (SCMP) based on SCM to manage the issuance and physical delivery of spot contracts for carbon credits. These contracts are defined using a screening method developed by MEX based on existing high-quality market standards. The objectives of SCMP are:

- (1) To ensure that the carbon credits purchased by participants meet high-quality standards;
- (2) To promote the development and implementation of high-quality climate projects at scale.

SCMP connects three critical and dispersed participants in the carbon credit market: projects, registries, and buyers. Standardized contracts that comply with SCMP's detailed specifications ensure the integrity of the carbon credit supply chain, enhancing overall competitiveness and ultimately attracting large-scale climate finance. MEX, as the market operator, establishes a standard tool list. SCMP forms part of the trading rules and processes, organized as follows:

- (1) The governance structure of the SCMP;
- (2) Appendix A: SCM Tool List (e.g., spot contracts linked to evaluation frameworks);
- (3) Appendix B: SCM Tool Operating Framework.

Unless otherwise specified, in the event of any inconsistency between SCMP and market rules or trading guidelines, the market rules and trading guidelines shall prevail.

The governance section of SCMP establishes the rules and processes for implementing SCMP. When MEX introduces a new product contract, it will be included in Appendix A, and product definitions, screening methods, and physical delivery procedures will be described in Appendix B.

Part II: Governance and Rules

1. SCMP Governance Structure

The governance of SCMP is designed to ensure market fairness, order, and transparency. MEX has established an independent SCM High-Quality Carbon Credit Advisory Committee, composed of experts from the fields of climate science, carbon markets, fintech, and international policy. This committee is responsible for reviewing and approving all core rules, standards, and methodologies.

2. Definition of Key Terms

Basket: Refers to one or more groups of environmental commodities or units distinguished according to the "Definition Standards".

Environmental Commodity: Refers to an environmental commodity or unit recognized by MEX as meeting the delivery requirements.

Definition Standards: Refers to specific environmental attributes, quality or performance standards, and other requirements, including eligibility criteria established by standard-setting bodies and/or MEX, as further defined and described in the SCM Tool Operating Framework.

Screening Method: Refers to the process by which MEX determines whether one or more environmental commodities meet or exceed the applicable "Definition Standards" to qualify for physical delivery under the SCM Tool Operating Framework.

Standard-Setting Body: Refers to an independent organization that publishes, maintains, or certifies environmental quality or performance standards, definition standards, or project-based methodologies.

Standard Tool: Refers to spot contracts listed on the market for the settlement and physical delivery of environmental commodities contained in the "basket."

SCM Tool Operating Framework: Refers to the framework listed in Appendix B, which establishes and identifies approved standard contracts and the "Definition Standards" and "Screening Methods" applicable to those contracts.

Label: Refers to any mark, tag, or label used by a certification body or recognized registry in connection with any environmental commodity to describe or identify its certification as compliant with "Definition Standards."

Market Registry Account: Refers to accounts in recognized registries used exclusively to facilitate the clearing and settlement of spot contracts within the SCM.

Corresponding Adjustment (CA): As defined under Article 6 of the Paris Agreement, it refers to an authoritative adjustment made by a carbon credit-exporting country to its national greenhouse gas inventory. This adjustment is intended to prevent double counting and to reflect the transfer of mitigation outcomes authorized for use by another party towards achieving its Nationally Determined Contributions (NDC) or achieve other international mitigation goals.

Digital MRV (dMRV): Refers to the process of using digital technologies (such as satellite remote sensing, IoT sensors, artificial intelligence, and blockchain) to monitor, report, and verify greenhouse gas emission reduction or removal projects automatically in real time.

VCMI Claims Code of Practice: A guiding framework issued by the Voluntary Carbon Market Integrity Initiative (VCMI). It aims to help enterprises make clear, transparent, and credible claims when using carbon credits to support their climate goals.

3. SCMP Rules

MEX General Rights: MEX may create, implement, and manage this SCMP, managing one or more standard tools under the applicable SCM Tool Operating Framework.

Membership Requirements: (1) To participate in SCMP or trade environmental commodities, members agree to be bound by market rules and the applicable operating framework. (2) Members must provide necessary authorization for MEX to manage recognized market registry accounts and product transfer functions. (3) Each member subject to SCMP must submit all notices, reports, and evaluations required under the applicable SCM Tool Operating Framework. Members must maintain accurate and complete records of all environmental commodities registered or transferred under such a framework. (4) When using carbon credits to make public claims, members shall follow the guidance of the VCMI Claims Code of Practice.

Standardization Measures: It is crucial to establish and maintain "Definition Standards" and quality standards for environmental commodities under SCMP to ensure that any standard tool provides members with acceptable, marketable high-quality products.

Screening Methods: MEX develops screening methods to review any environmental commodities available for sale or physical delivery. MEX may, at its discretion, review, pre-screen, inspect, and/or classify any environmental commodities. MEX may adopt, update, amend, or revoke any screening methods or other rules as necessary.

Recognized Registries: MEX shall only adopt and manage environmental commodities registered or to be registered in recognized registries. Recognized registries must provide stable API interfaces to support MEX in conducting real-time credit information queries, ownership transfers, and status synchronization.

Notifications and Reviews: All operating frameworks for SCM tool shall be adopted, modified, or updated in accordance with market rules.

Data Governance and Privacy: MEX will formulate strict data governance policies to ensure the security, integrity, and compliant use of all market data—especially dMRV data.

Indemnification: MEX makes no representation or warranty regarding the qualification, suitability, or quality of environmental commodities. Members agree to defend and hold MEX harmless from any loss, claim, or litigation arising from environmental commodity transactions, except where such matters arise from MEX's gross negligence, fraud, or willful misconduct.

Part III: Products and Standards

Appendix A: SCM Tool List

In accordance with the SCM Tool Operating Framework outlined in Appendix B, the physical settlement and/or transfer of environmental commodities under the following products are subject to its regulations.

1.SCM Nature-Based Removal Units Spot Contract (NRU)

2.SCM Engineering-Based Removal Units Spot Contract (ERU)

3.SCM Avoidance-Based Carbon Units Spot Contract (ACU)

4.SCM Reduction-Based Carbon Units Spot Contract (RCU)

5.SCM Paris Agreement Article 6-Based Carbon Units Spot Contract (A6X)

6.SCM CCP-Labelled Carbon Credits Spot Contract (CCP-X)

Appendix B: SCM Tool Operating Framework

The operating framework for SCM tool consists of two parts: first, the screening criteria for recognized registries, and second, the screening criteria for individual carbon credit projects. Carbon credits included in the SCM market system must meet the both screening criteria.

I. Screening Requirements for SCM Recognized Registry

To date, over 2 billion carbon credits have been registered across various carbon registries. Evaluating each individual registry helps avoid risks that governance issues of registries could compromise the quality of carbon credit projects. This evaluation method will assess existing carbon registries across 10 dimensions, including governance effectiveness, governance transparency, soundness of third-party auditing, reliability of quantification, prevention of double counting, sustainable development benefits and safeguard measures, API system and technical compatibility, digital monitoring, support for Article 6 (of the Paris Agreement), and interoperability.

(1) Governance Effectiveness

A. Effective Governance Structure

Table 1: Requirements for an Effective Governance Structure

The carbon registry shall:

- a. Be endorsed by a jurisdiction or governed by a board of independent directors and operate in accordance with jurisdictional rules or the board's established bylaws.
- b. Have formal working procedures, including standardized documents for carbon credit standards, rules for approving, registering, issuing, transferring, and retiring carbon credits.
- c. Follow practices consistent with anti-money laundering (AML), anti-bribery, and anti-corruption guidelines and regulations.
- d. Establish a code of conduct (or similar document) outlining the rules that both employees and non-employee personnel of the registry must follow, including provisions to address any conflicts of interest that may arise during management.

B. Effective Governance Procedures

Table 2: Requirements for Effective Governance Procedures

- a. Significant rule updates (e.g., new or updated standard documents) must undergo public consultation.
- b. Mechanisms must be in place for stakeholder consultation, providing public feedback and solutions to issues.
- c. Procedures for handling complaints and resolving disputes must be established.

(2) Governance Transparency

Table 3: Transparency Requirements

- a. Publicly disclose at least names and positions of management team members, along with contact information on its website.
- b. Publicly disclose its clauses of conflict of interest, employee code of conduct, and relevant registry documents on its website.
- c. Define and publicly disclose the scope of allowable emission reduction activities.
- d. Publicly disclose the public consultation feedback and how issues were addressed.
- e. Ensure the public accessibility of its database via its website.
- f. Publicly disclose a list of all approved third-party verification and validation bodies (VVBs).
- g. Publicly disclose all documents related to registered carbon credit projects, including project design, validation, monitoring, verification, and review reports.

(3) Sound Third-Party Auditing

Table 4: Requirements for Sound Third-Party Auditing

- a. Publish a list of accredited VVBs.
- b. Require VVBs to assess whether projects meet all registry requirements before issuing carbon credits and establish quality control review procedures for carbon credit projects.
- c. Have clear standards, procedures, or guidelines for validation and verification.
- d. Restrict project owners from using the same VVB for both validation and verification.
- e. Ensure VVB audit reports include audit date, location, scope, audit team composition, key findings, and corrective action requests.
- f. Supervise approved VVBs, regularly evaluate their performance, and implement disciplinary measures for problematic entities.

(4) Reliable Quantification of Project

A. General Principles of Reliable Quantification

Table 5: General Principles of Reliable Quantification

- a. Specify carbon credits represent the reduction or removal of one metric ton of CO₂e (tCO₂e), with disclosed Global Warming Potential (GWP) values used in calculations.
- b. Have procedures that define conservative principles for quantification of reduction or removal, and address overestimation risks.
- c. Define the duration of the crediting period.
- d. Require re-evaluation of baseline scenarios and additionality when renewing crediting periods.
- e. Ensure uncertainty factors in assumptions, equations, models, parameters, and measurement methods are considered when estimating overall uncertainty.

B. Reliability of Quantification Methodology

Table 6: Reliability of Quantification Methodology

- a. Have procedures for developing and updating quantification methods.
- b. Approved methods must cover project eligibility, boundaries, additionality, baseline scenarios, emission reduction or removal quantification, and monitoring.
- c. New methods require independent technical review and public stakeholder consultation.
- d. Quantification methods must be reviewed and updated at least every five years.
- e. There must be procedures to suspend or revoke methods if emission reductions are overestimated or additionality cannot be guaranteed.

(5) Prevention of Double Counting

A. Sound Database System

Table 7: Requirements for a Sound Registry and Project Database System

- a.Ensure the registry system securely handles carbon credit issuance, transfer, and retirement.
- b.Assign a unique identifier to each carbon credit and link it to a specific project.
- c.Formulate procedures and compensation measures to address erroneous credit issuance, including cancellation or replacement of credits and responsible entities for enforcement.
- d.The registry or project database system ensures that relevant carbon credit information is publicly accessible, including: 1) Identification details of the project issuing the carbon credit (such as project number, name, applied methodology, project owner and backers, registration date, issuance volume, etc.); 2) Host country and geographic location of the related project; 3) Status information of the carbon credit (e.g., canceled, retired, or active).

B. Prevention of Double Issuance

Table 8: Requirements for Prevention of Double Issuance

- a.There must be fundamental provisions in place to handle the transition of projects from one registry to another and to prevent the same project from being registered under two registries.
- b.Require project owners to provide legal declarations that their projects have not been and will not be registered for credit issuance in multiple registries.
- c.Require VVBs to verify that there is no double issuance.
- d.Establish procedures to identify and prevent indirect overlaps between projects.
- e.Ensure that emission reduction activities that overlap with mandatory domestic reduction programs (e.g., emission trading systems or renewable energy quotas) are not registered and/or carbon credits are not issued.

C. Prevention of Double Use

Table 9: Requirements for Prevention of Double Use

- a. The registry system must have the capability to record the purpose of carbon credit use and allow public access.
- b. Require users (or their representatives) of carbon credits to transparently indicate the following information in the registry system or another information system:
 - 1) Achievement of voluntary targets or requirements through the cancellation or retirement of carbon credits.
 - 2) The beneficiary, i.e., the entity whose voluntary target or requirement has been fulfilled.
 - 3) The date on which the voluntary target or requirement was met.

(6) Soundness of Environmental and Social Safeguards

A. General Requirements

Table 10: General Requirements

- a.Require project owners to identify, mitigate, and manage potential negative environmental and social impacts, and define the types of such impacts.
- b.Require project owners to identify and comply with legal requirements in any jurisdiction relevant to the project and disclose all information related to environmental or social impact assessments.
- c.Require VVBs to verify potential social and environmental negative impacts before project registration.
- d.Establish a grievance mechanism to allow local stakeholders to submit complaints throughout the project life cycle, with project owners required to respond within the designated time.

B. Requirements for Consultation with Local Stakeholders

Table 11: Requirements for Consultation with Local Stakeholders

- a.Require project owners to assess which local stakeholders will be affected by the project.
 - b.When assessing local stakeholders impacted by the project, require the identification of local stakeholders with land ownership or usage rights, particularly for land-use projects.
 - c.Require project owners to provide key project information to local stakeholders before project validation, conduct consultations, disclose mitigation measures, and have this process evaluated by VVBs.
 - d.If Indigenous peoples are directly impacted by the project, project owners must obtain their prior consent.
 - e.Require project owners to establish a continuous communication mechanism with local stakeholders.
- Require VVBs to contact affected local stakeholders during verification.

C. Requirements for Global Stakeholder Consultation

Table 12: Requirements for Global Stakeholder Consultation

- a.Require the project to be publicly open for comments via an online platform before registration and publicly disclose received feedback and the corresponding mitigation measures.
- b.Require VVBs to evaluate whether the project owner has sufficiently considered all feedback received during the public consultation process.
- c.Allow the public to submit comments to the project throughout its lifetime.

D. Requirements for Environmental and Social Safeguards

Table 13: Requirements for Environmental and Social Safeguards

- a.Require project owners to comply with jurisdictional laws and regulations and, where applicable, international conventions and agreements.
- b.Explicitly prohibit project owners or other entities involved in the project from violating human rights.
- c.Implement measures to protect cultural heritage.
- d.Establish measures to address health, safety, and security risks potentially arising from the project.
- e.Require that any relocation of Indigenous peoples or changes in land use occur within a legal framework, with fair compensation mechanisms and clear consent from and full participation of the affected communities.
- f.Require projects to guarantee labor rights, including decent, safe, and healthy working conditions, fair treatment, and sound labor relations.
- g.Require projects to implement environmental protection measures, addressing air and water pollution, soil conservation, waste management, and biodiversity protection.
- h.For specific project types, require the establishment of benefit-sharing mechanisms with local stakeholders and disclosure of relevant information.
- i.Prohibit the introduction of invasive alien species.
- j.Any other potential impacts from emission reduction activities should be addressed with mitigation or resolution measures in the verified design documents.

(7) API System and Technical Compatibility

Table 14: API System and Technical Compatibility

- a.The registry must have a mature, secure, and highly available API system. This system must integrate seamlessly with MEX's Central API Gateway and comply with the Data Transmission Specifications and Technical Protocols issued by MEX.
- b.The registry's API must be capable of processing automated instructions from the MEX system, transferring specific credit units to a custodial account controlled by MEX for "immobilization," and providing real-time feedback on this status change.

(8) Digital Monitoring

Table 15: Requirements for dMRV Data Integration Capability

- a.The registry's Project Information System must include dedicated, structured fields to store and display dMRV Data Summaries and links to external data sources provided by MEX—rather than using simple comment fields.
- b.The registry must require its recognized Validation and Verification Bodies (VVBs) to confirm, in their verification reports, the data sources and methodologies declared by project owners and those already entered into the MEX dMRV Data Center, ensuring consistency in information disclosure.

(9) Support Capability for Article 6 of the Paris Agreement

Table 16: Requirements for Article 6 Framework Support Capability

- a. The registry's labeling system and database fields must be sufficiently granular to accurately reflect and transmit, via API, all statuses that align with MEX's "Conditional Settlement" process (e.g., "Authorized," "CA Pending," "CA Applied").
- b. The registry system must include dedicated fields to record and store links to official documents or hash values for CA completion certificates. It must also ensure this information can be reliably accessed by the MEX system via API.

(10) Interoperability and Risk Mitigation

Table 17: Interoperability Requirements

- a. Cross-Registry Duplication Check Mechanism: When registering a new project, the registry must have internal procedures to proactively check if the project has already been registered with other major registries. This check is conducted by comparing the project's core identification information (e.g., geographic coordinates, project type, owner, technology) and can be implemented via shared databases or API calls.
- b. The registry must agree to and be capable of responding to API-based duplicate project registration query requests from the MEX system, and promptly provide accurate query results.
- c. The registry must comply with the Standard Operating Procedures (SOPs) for credit "Immobilization," "Demobilization," and cross-platform retirement formulated by MEX, to support MEX's Tokenization-based risk management model.

II. SCM Recognized Project Screening Requirements

(1) Additionality of Projects

Table 1: Requirements for Additionality

- a. The additionality of the project should be demonstrated using tools or barrier analysis prescribed by the methodology.
- All elements of the additionality analysis should be evaluated by VVBs and/or carbon credit programs as part of verification, and reflected in the verification and validation report.

(2) Reliability of Quantification

Table 2: Requirements for Reliability of Quantification

- a. The quantification methodology employed by the project must be conservative, considering the overall uncertainty of quantified emission reductions or removals.
- b. Overall uncertainty to be considered should include all potential uncertainties, including assumptions, estimation equations or models, parameters, and data quality issues.
- c. The quantification methodology must account for all significant emission sources or sinks altered by project activities and define the boundaries of the emission reduction activities, unless omission results in more conservative quantification and the rationale for omission is properly stated in the methodology.
- d. The quantification methodology should conservatively select baseline scenarios, with updates or reviews of baseline scenarios and baseline emission/removal quantification conducted at frequencies that appropriately reflect changes.
- e. The quantification methodology should consider all significant and potential leakage sources in the quantification of emission reductions or removals.

(3) Permanence of Projects

Table 3: Requirements for Permanence

- a. Projects with significant reversal risks include: protection and avoided conversion (e.g., grassland/rangeland management, avoiding deforestation); agricultural soil carbon sequestration; forestry carbon sequestration (improved forest management, afforestation/reforestation, agroforestry); wetland and ocean ecosystem restoration/management (including seagrass, salt marshes, mangroves, peatlands). Projects with potential reversal risks include: 1) emission reduction activities involving non-renewable biomass transfers; 2) biochar; 3) geologically stored carbon capture and storage (CCS); 4) enhanced weathering; 5) mineralized CCS; 6) CO₂ utilization in concrete.
 - b. Reversal risks for these project types should be verified and evaluated by verification/validation entities and reassessed upon occurrence of reversal risks.
- A reversal risk compensation mechanism should be established for these projects, including specifying the timeframes required for monitoring and reporting reversals starting from the first crediting period, measures to address reversal risks in case of monitoring interruptions and after routine monitoring ends, and measures for compensating reversals (e.g., through buffer reserves), with clear responsibility for compensation.

(4) Low-Carbonization of Projects

Table 4: Requirements for Low-Emission, Zero-Emission, or Negative-Emission Technologies and Practices

- a. Projects should not include emission reduction activities that directly lead to increased fossil fuel extraction.
- b. Projects should not include emission reduction activities related to fossil fuel-based power generation, including coal-fired power plants.
- c. Projects should not include emission reduction activities that rely on fossil fuel-powered transportation.

(5) Sustainable Development Impacts

Table 5: Requirements for Sustainable Development Impacts

- a. Projects should be assessed in accordance with the United Nations' 17 Sustainable Development Goals (SDGs).
- b. Additional Co-benefit assessments may be conducted.
- c. Positive SDG impacts or other co-benefits, as quantified using methodologies, tools, or standards, must be verified by the VVB.

(6) Article 6 Alignment

Table 6: Requirements for Article 6 Alignment

- a. The registry's Project Information System must include dedicated, structured fields to store and a. Projects applying for the A6X Label must provide the authorization certificate issued by the host country government.
- b. The methodology used by the project must be approved or recognized by the United Nations Framework Convention on Climate Change (UNFCCC).
- c. Clear mechanisms must be in place to track and verify the implementation of the "CA".

Appendix C: SCM Tool Framework

Framework Table 1: SCM Nature-Based Removal Units Spot Contract (NRU)

The SCM Nature-Based Removal Units Spot Contract (NRU) is a standard instrument for carbon credit offsetting offered by MEX. This contract provides members with the ability to directly buy and sell carbon credits that meet specified quality standards. Each NRU delivers carbon credit units that meet the NRU screening standards. These carbon credit units originate from recognized registries and represent a mitigation outcome equivalent to the same amount of carbon dioxide equivalent (tCO₂e) represented by the NRU. The NRU spot contract simplifies the procurement of carbon credits for members and offers transparent pricing signals. MEX, as the market operator, reserves the right to update and modify these screening standards in accordance with the rules of the SCMP.

I . Product Definition: Nature-based removal units refer to carbon credits generated from projects that remove CO₂ from the atmosphere through natural solutions.

II . Scope: This SCM Tool Framework is limited to the MEX NRU listed in the Market Rules Appendix 1. The terms "seller" and "buyer" refer to the product's seller and buyer, respectively.

III . Environmental Commodity: A carbon removal credit unit that meets the requirements of the NRU screening standards.

IV. Screening Method: "NRU screening standards" means: (1) The carbon credit unit screening standards confirm the carbon credit unit's eligibility for physical delivery under the NRU spot contract, and (2) Compliance with the following procedures:

➤ MEX will coordinate with recognized registries to confirm, publish, and regularly update a list of pre-screened carbon credit projects ("pre-screened projects") that can provide environmental commodities meeting the defined standards.

➤ Before an NRU sell order, members must transfer eligible NRU carbon credit units into MEX's market registry account managed by the recognized registry below.

➤ The following accredited registries will coordinate with MEX to review individual carbon credit project files and carbon credit unit information. MEX-authorized sellers will deposit eligible carbon credit units into the aforementioned market registration accounts. This process ensures that only carbon credits meeting the NRU screening criteria are marketable and deliverable. The review includes, but is not limited to, verification of Appendix B (I), Appendix B (II), and SDG eligibility.

V. Definition Standard: "NRU Eligibility" herein means a carbon credit unit is issued under a carbon credit mechanism recognized by MEX, and meets the corresponding methodology, vintage, and labeling requirements.

1. MEX-Recognized Registries: In accordance with the standards in Appendix B (I), the accredited registries that meet the NRU screening standards under Appendix 1 of the Market Rules and are qualified to deliver units are as follows:

(1) Verified Carbon Standard (VCS)

(2) Puro.earth

(3) BioCarbon Standard

(4) OCP

(5) EcoRegistry

MEX will collaborate with members to explore potential updates and revisions to the NRU screening criteria, including the addition of more accredited registries.

2. MEX-Recognized Methodologies: In accordance with the requirements in Appendix B (II), these refer to compliant NRU methodologies under MEX-recognized registries.

3. Project Eligibility: In addition to meeting the requirements in Sections 1 and 2, NRU projects must satisfy the following:

(1) Have labels for at least five SDGs.

(2) Obtain recognition of Sylvera ratings.

(3) Be sourced from least developed countries (LDCs), small island developing states (SIDS), and developing countries as defined in the United Nations' World Economic Situation and Prospects 2024.

(4) Project Vintage: For projects meeting the above criteria, their asset units must still satisfy the "Vintage 2020+" requirement.

VI. Delivery: Delivery of the SCM NRU Standard Spot Contract must comply with the provisions of the market rules and trading guidelines.

Framework Table 2: SCM Engineering-Based Removal Units Spot Contract (ERU)

The SCM Engineering-Based Removal Units Spot Contract (ERU) is a standard instrument for carbon credit offsetting offered by MEX. This contract provides members with the ability to directly buy and sell carbon credits that meet specified quality standards. Each ERU delivers carbon credit units that meet the ERU screening standards. These carbon credit units originate from recognized registries and represent a mitigation outcome equivalent to the same amount of carbon dioxide equivalent (tCO₂e) represented by the ERU. The ERU spot contract simplifies the procurement of carbon credits for members and offers transparent pricing signals. MEX, as the market operator, reserves the right to update and modify these screening standards in accordance with the rules of the SCMP.

I . Product Definition: Engineering-based removal units refer to carbon credits generated from projects that capture and store CO₂ from the atmosphere in specific areas through technological solutions.

II . Scope: This SCM Tool Framework is limited to the MEX ERU listed in the Market Rules Appendix 1. The terms "seller" and "buyer" refer to the product's seller and buyer, respectively.

III . Environmental Commodity: A carbon removal credit unit that meets the requirements of the ERU screening standards.

IV. Screening Method: "ERU screening standards" means: (1) The carbon credit unit screening standards confirm the carbon credit unit's eligibility for physical delivery under the ERU spot contract, and (2) Compliance with the following procedures

▣ MEX will coordinate with recognized registries to confirm, publish, and regularly update a list of pre-screened carbon credit projects ("pre-screened projects") that can provide environmental commodities meeting the defined standards.

▣ Before a ERU sell order, members must transfer eligible ERU carbon credit units into MEX's market registry account managed by the recognized registry below.

▣ The following accredited registries will coordinate with MEX to review individual carbon credit project files and carbon credit unit information. MEX-authorized sellers will deposit eligible carbon credit units into the aforementioned market registration accounts. This process ensures that only carbon credits meeting the ERU screening criteria are marketable and deliverable. The review includes, but is not limited to, verification of Appendix B (I), Appendix B (II), and SDG eligibility.

V. Definition Standard: "ERU eligibility" herein means a carbon credit unit is issued under a carbon credit mechanism recognized by MEX, and meets the corresponding methodology, vintage, and labeling requirements.

1. MEX-Recognized Registries: In accordance with the standards in Appendix B (I), the accredited registries that meet the ERU screening standards under Appendix 1 of the Market Rules and are qualified to deliver units are as follows:

- (1) Verified Carbon Standard (VCS)
- (2) Puro.earth
- (3) OCP

MEX will collaborate with members to explore potential updates and revisions to the ERU screening criteria, including the addition of more accredited registries.

2. MEX-Recognized Methodologies: In accordance with the requirements in Appendix B (II), these refer to compliant ERU methodologies under MEX-recognized registries.

3. Project Eligibility: In addition to meeting the requirements in Sections 1 and 2, ERU projects must satisfy the following:

- (1) Have labels for at least three SDGs.
- (2) Obtain recognition of Sylvera ratings.
- (3) Be sourced from least developed countries (LDCs), small island developing states (SIDS), and developing countries as defined in the United Nations' World Economic Situation and Prospects 2024.

(4) Project Vintage: For projects meeting the above criteria, their asset units must still satisfy the "Vintage 2020+" requirement.

VI. Delivery: Delivery of the SCM ERU Standard Spot Contract must comply with the provisions of the market rules and trading guidelines.

Framework Table 3: SCM Avoidance-Based Carbon Units Spot Contract (ACU)

The SCM Avoidance-Based Carbon Units Spot Contract (ACU) is a standard instrument for carbon credit offsetting offered by MEX. This contract provides members with the ability to directly buy and sell carbon credits that meet specified quality standards. Each ACU delivers carbon credit units that meet the ACU screening standards. These carbon credit units originate from recognized registries and represent a mitigation outcome equivalent to the same amount of carbon dioxide equivalent (tCO₂e) represented by the ACU. The ACU spot contract simplifies the procurement of carbon credits for members and offers transparent pricing signals. MEX, as the market operator, reserves the right to update and modify these screening standards in accordance with the rules of the SCMP.

I . Product Definition: Avoidance-based carbon units refer to carbon credits generated from projects that prevent emissions through technological means or by avoiding certain actions due to policy measures.

II . Scope: This SCM Tool Framework is limited to the MEX ACU listed in the Market Rules Appendix 1. The terms "seller" and "buyer" refer to the product's seller and buyer, respectively.

III . Environmental Commodity: A carbon avoidance credit unit that meets the requirements of the ACU screening standards.

IV. Screening Method: "ACU screening standards" means: (1) The carbon credit unit screening standards confirm the carbon credit unit's eligibility for physical delivery under the ACU spot contract, and (2) Compliance with the following procedures:

▣ MEX will coordinate with recognized registries to confirm, publish, and regularly update a list of pre-screened carbon credit projects ("pre-screened projects") that can provide environmental commodities meeting the defined standards.

▣ Before an ACU sell order, members must transfer eligible ACU carbon credit units into MEX's market registry account managed by the recognized registry below.

▣ The following accredited registries will coordinate with MEX to review individual carbon credit project files and carbon credit unit information. MEX-authorized sellers will deposit eligible carbon credit units into the aforementioned market registration accounts. This process ensures that only carbon credits meeting the ACU screening criteria are marketable and deliverable. The review includes, but is not limited to, verification of Appendix B (I), Appendix B (II), SDG eligibility, and CORSIA eligibility.

V . Definition Standards: "ACU eligibility" herein means a carbon credit unit is issued under a carbon credit mechanism recognized by MEX, and meets the corresponding methodology, vintage, and labeling requirements.

1. MEX-Recognized Registries: In accordance with the standards in Appendix B (I), the accredited registries that meet the ACU screening standards under Appendix 1 of the Market Rules and are qualified to deliver units are as follows:

- (1) Verified Carbon Standard (VCS)
- (2) Gold Standard (GS)

MEX will work with members to explore potential updates and revisions to ACU screening standards, including the addition of more recognized registries.

2. MEX-Recognized Methodologies: In accordance with the requirements in Appendix B (II), these refer to compliant ACU methodologies under MEX-recognized registries.

3. Project Eligibility: In addition to meeting the requirements in Sections 1 and 2, ACU projects must satisfy the following:

(1) Have labels for at least five SDGs.

(2) Meet the eligibility requirements of CORSIA.

(3) Obtain recognition of Sylvera ratings.

(4) Be sourced from least developed countries (LDCs), small island developing states (SIDS), and developing countries as defined in the United Nations' World Economic Situation and Prospects 2024.

(5) Project Vintage: For projects meeting the above criteria, their asset units must still satisfy the "Vintage 2020+" requirement.

VI. Delivery: Delivery of the SCM ACU Standard Spot Contract must comply with the provisions of the market rules and trading guidelines.

Framework Table 4: SCM Reduction-Based Carbon Units Spot Contract (RCU)

The SCM Reduction-Based Carbon Units Spot Contract (RCU) is a standard instrument for carbon credit offsetting offered by MEX. This contract provides members with the ability to directly buy and sell carbon credits that meet specified quality standards. Each RCU delivers carbon credit units that meet the RCU screening standards. These carbon credit units originate from recognized registries and represent a mitigation outcome equivalent to the same amount of carbon dioxide equivalent (tCO₂e) represented by the RCU. The RCU spot contract simplifies the procurement of carbon credits for members and offers transparent pricing signals. MEX, as the market operator, reserves the right to update and modify these screening standards in accordance with the rules of the SCMP.

I . Product Definition: Reduction-based carbon units refers to carbon credits generated from projects that reduce emissions by improving energy efficiency or enhancing industrial processes through technical means.

II . Scope: This SCM Tool Framework is limited to the MEX RCU listed in the Market Rules Appendix 1. The terms "seller" and "buyer" refer to the product's seller and buyer, respectively.

III . Environmental Commodity: A carbon removal credit unit that meets the requirements of the RCU screening standards.

IV. Screening Method: "RCU screening standards" means: (1) The carbon credit unit screening standards confirm the carbon credit unit's eligibility for physical delivery under the RCU spot contract, and (2) Compliance with the following procedures:

▣ MEX will coordinate with recognized registries to confirm, publish, and regularly update a list of pre-screened carbon credit projects ("pre-screened projects") that can provide environmental commodities meeting the defined standards.

■ Before an RCU sell order, members must transfer eligible RCU carbon credit units into MEX's market registry account managed by the recognized registry below.

■ The following accredited registries will coordinate with MEX to review individual carbon credit project files and carbon credit unit information. MEX-authorized sellers will deposit eligible carbon credit units into the aforementioned market registration accounts. This process ensures that only carbon credits meeting the RCU screening criteria are marketable and deliverable. The review includes, but is not limited to, verification of Appendix B (I), Appendix B (II), SDG eligibility, and CORSIA eligibility.

V . Definition Standards: "RCU eligibility" herein means that a carbon credit unit is issued under a carbon credit mechanism recognized by MEX and meets the corresponding methodology, vintage, and labeling requirements.

1. MEX-Recognized Registries: In accordance with the standards in Appendix B (I), the accredited registries that meet the RCU screening standards under Appendix 1 of the Market Rules and are qualified to deliver units are as follows:

- (1) Verified Carbon Standard (VCS)
- (2) Gold Standard (GS)

MEX will work with members to explore potential updates and revisions to RCU screening standards, including the addition of more recognized registries.

2. MEX-Recognized Methodologies: In accordance with the requirements in Appendix B (II), these refer to compliant RCU methodologies under MEX-recognized registries.

3. Project Eligibility: In addition to meeting the requirements in Sections 1 and 2, RCU projects must satisfy the following:

- (1) Have labels for at least five SDGs.
- (2) Meet the eligibility requirements of CORSIA.
- (3) Obtain recognition of Sylvera ratings.

(4) Be sourced from least developed countries (LDCs), small island developing states (SIDS), and developing countries as defined in the United Nations' World Economic Situation and Prospects 2024.

(5) Project Vintage: For projects meeting the above criteria, their asset units must still satisfy the "Vintage 2020+" requirement.

VI. Delivery: Delivery of the SCM RCU Standard Spot Contract must comply with the provisions of the market rules and trading guidelines.

Framework Table 5: SCM Paris Agreement Article 6-Based Carbon Units Spot Contract (A6X)

The SCM Paris Agreement Article 6-Based Carbon Units Spot Contract (A6X) is a top-tier market instrument established by MEX to address the growing demand for international climate compliance. This contract is specifically designed for trading mitigation outcomes that have obtained official authorization from the host country government and are applicable to international cooperation under Article 6 of the Paris Agreement. Each A6X unit embeds the host country's official endorsement and a commitment to "CA" to prevent double counting, representing the highest level of environmental integrity and international compliance in the current market. The A6X aims to provide countries, multilateral development banks, and enterprises with international compliance obligations a transparent, credible, and efficient trading platform to collaboratively achieve the ambitious goals of the Paris Agreement. As the market operator, MEX reserves the right to update and modify these screening standards in accordance with international negotiation progress and market best practices.

I . Product Definition: Paris Agreement Article 6-based carbon units refer to internationally transferred mitigation outcomes (ITMOs) authorized by the host country government, which can be used for international transfer to achieve NDCs or other international mitigation purposes. These mitigation outcomes must undergo "CA" by the host country to avoid double counting.

II . Scope: This SCM Tool Framework is limited to the MEX A6X Spot Contract listed in the Market Rules Appendix 1. The terms "seller" and "buyer" refer to the product's seller and buyer, respectively.

III . Environmental Commodity: Authorized mitigation outcome units that meet the requirements of the A6X screening standards".

IV . Screening Method: "A6X screening standards" means: (1) Carbon credit unit screening standards to confirm that the credit units are eligible for physical delivery under the A6X Spot Contract; and (2) Compliance with the following procedures:

■ MEX will coordinate with recognized registries to confirm, publish, and regularly update a list of pre-screened projects that meet the A6X standards.

■ Before placing an A6X sell order, members must transfer eligible credit units into the market registry account managed by a MEX-recognized registries specified below.

■ The recognized registries will coordinate with MEX to review individual carbon credit project documents and credit unit information. The core of this review is to verify the authenticity and completeness of the Letter of Authorization (LoA) issued by the host country's Designated National Authority (DNA). MEX will authorize sellers to deposit eligible credit units into the market registry account. This process ensures that only carbon credits meeting the A6X screening standards are available for sale and delivery.

V . Definition Standards: "A6X eligibility" herein means a credit unit is a mitigation outcome generated in accordance with Article 6 of the Paris Agreement and authorized by the host country. It must be registered in a registry with Article 6 tracking capabilities and meet the requirements on methodology, vintage, and labeling.

1. Article 6 of the Paris Agreement: Refers to the provisions on market and non-market mechanisms in the Paris Agreement, aiming to promote voluntary cooperation among countries to achieve their NDCs. Article 6.2 specifies the cooperative approach for using ITMOs and requires "CA" to ensure environmental integrity. Article 6.4 establishes an UN-supervised global carbon market mechanism for generating and transferring emission reductions. The A6X product is designed to trade mitigation outcomes that comply with these international rules.

2. MEX-Recognized Registries: In accordance with the standards of Appendix B (I), accredited registries that meet the A6X screening standards under Appendix 1 of the Market Rules and are eligible for unit delivery must have clear, auditable Article 6 labeling and CA tracking functions. The initially accredited registries are as follows:

- (1) Verified Carbon Standard (VCS)
- (2) Gold Standard (GS)

MEX will collaborate with members to explore potential updates and revisions to the A6X screening standards, including the addition of more recognized registries.

Note: In the future, this will also include the UN-established Article 6.4 Mechanism Registry and national registry systems that have established effective connection mechanisms with MEX.

3. Project Eligibility: In addition to meeting the requirements of registration with the aforementioned recognized registries and Appendix B (II), A6X projects must meet the following criteria:

(1) Host Country Government Authorization: The project must provide a written LoA issued by the host country's DNA. The LoA must clearly specify:

- ① Authorization for the project's generated emission reductions to be used for international transfer;
- ② Commitment that the authorized emission reductions will undergo "CA";
- ③ The specific accounting period, quantity, or proportion covered by the authorization.

(2) Methodology Eligibility: The methodology used by the project must be approved by the host country government or the United Nations, and be consistent with the accounting scope and methodology of the host country's NDC.

(3) Prevention of Double Use: The emission reductions generated by the project cannot be simultaneously used to meet the host country's own NDC and other purposes (e.g., voluntary offsetting) unless explicitly authorized.

(4) Labeling/Certification: The project must bear a clear "Article 6 Authorized" label.

(5) Project Vintage: For projects meeting the above criteria, their asset units must still satisfy the "Vintage 2020+" requirement.

VI. Delivery: Delivery of the SCM A6X Standard Spot Contract must comply with the provisions of the Market Rules and Trading Guidelines. Delivery will adopt a "conditional settlement mechanism", and final settlement is contingent upon the seller submitting proof of completion of "CA".

Framework Table 6: SCM CCP-Labelled Carbon Credits Spot Contract (CCP-X)

The SCM CCP-Labelled Carbon Credits Spot Contract (CCP-X) is a standardized market instrument established by MEX to meet the growing demand for high-integrity and high-quality carbon assets in the international carbon market. This contract is specifically designed for trading carbon credits that have obtained official "Core Carbon Principles" (CCP) label certification from the Integrity Council for the Voluntary Carbon Market (ICVCM). Each CCP-X unit represents mitigation outcomes that have undergone rigorous review and possess the highest levels of environmental integrity, transparency, and sustainable development impact. The CCP-X aims to provide enterprises, financial institutions, and entities with high-standard voluntary climate commitments a secure, efficient trading tool with price discovery functions to reduce "Green-washing" risks and enhance market trust. As the market operator, MEX reserves the right to update and modify these screening standards in accordance with ICVCM policy updates and market best practices.

I. Product Definition: CCP-labelled carbon credits refer to carbon credit units that have received official CCP label certification from the ICVCM. Pooled assets must hold a valid CCP label at the time of delivery. This product does not anchor a single project but utilizes an asset pool model to aggregate liquidity. Based on the underlying asset type, it is divided into two trading codes: Nature-Based (MEX-CCP-NBS-Y) and Technology-Based (MEX-CCP-TEC-Y).

II. Scope: This SCM Tool Framework is limited to the MEX CCP-X Spot Contract listed in the Market Rules Appendix 1. The terms "seller" and "buyer" refer to the product's seller and buyer, respectively.

III. Environmental Commodity: Mitigation outcome units (trading unit is 1 ton of CO₂e) that meet the requirements of the "CCP-X screening standards" and carry a valid CCP label.

IV. Screening Method: "CCP-X screening standards" means: (1) Carbon credit unit screening standards to confirm that the credit units are eligible for physical delivery under the CCP-X Spot Contract; and (2) Compliance with the following procedures:

▣ MEX will coordinate with recognized registries to confirm, publish, and regularly update a list of pre-screened projects and assets that hold valid CCP labels.

▣ Before placing a CCP-X sell order, members must transfer eligible credit units into the market registry account managed by MEX-recognized registries specified below.

▣ The recognized registries will coordinate with MEX to review individual carbon credit project documents and the label status of the credit units. The core of this review is to verify the authenticity and validity of the ICVCM CCP label. MEX will authorize sellers to deposit eligible credit units into the market registry account. This process ensures that only carbon credits meeting the CCP-X screening standards are available for sale and delivery.

V. Definition Standards: "CCP-X eligibility" herein means a credit unit is a mitigation outcome

generated in accordance with the Core Carbon Principles issued by the ICVCM, registered in a recognized registry with CCP label tracking capabilities, and meets the requirements on category, vintage, and validity.

1.Core Carbon Principles (CCP): Refers to the global benchmarks issued by the Integrity Council for the Voluntary Carbon Market (ICVCM) aimed at ensuring high-quality and high-integrity carbon credits. CCP covers three pillars: governance, emission impact, and sustainable development. The CCP-X product is designed to trade carbon assets that fully comply with these high-integrity standards.

2.MEX-Recognized Registries: In accordance with the standards of Appendix B (I), accredited registries that meet the CCP-X screening standards under Appendix 1 of the Market Rules and are eligible for unit delivery must have clear, auditable CCP label tracking and display functions. The initially accredited registries are as follows:

- (1) Verified Carbon Standard (VCS)
- (2) Gold Standard (GS)

MEX will collaborate with members to explore potential updates and revisions to the CCP-X screening standards, including the addition of more recognized registries.

3.Project and Asset Eligibility: In addition to meeting the requirements of registration with the aforementioned recognized registries and Appendix B (II), CCP-X projects must meet:

- (1) Valid Label: Pooled assets must hold a valid CCP label officially recognized by the ICVCM at the time of delivery.
- (2) Category Management: Assets are divided into Nature-based (NBS) and Technology-based (TEC), where the TEC category explicitly excludes Carbon Removal projects.
- (3) Project Vintage: For projects meeting the above criteria, their asset units must satisfy a rolling 4-year window requirement, currently defined as 2022 to 2025.

VI. Delivery: Delivery of the SCM CCP-X standard spot contract shall comply with the provisions of the market rules and trading guidelines. Delivery will utilize a strict Delivery Versus Payment (DVP) mechanism to establish a trust hub.

