Free Seas S.r.l. Società Benefit

PROJECT ENVIRONMENTAL REGENERATION

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The Earth is a fine place and worth fighting for.

Ernest Hemingway

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01 CONTEXT

In Italy, and across the world, the urgency to act to regenerate the environment encounters significant regulatory, legislative and economic obstacles; the investment of public resources fails to keep pace with the speed with which new situations emerge, the reaction time of the organizations in the territory is long and incongruent with the real need for intervention.

The implementation of environmental regeneration projects is not effective and uniform, thus limiting the possibility for objective assessment, the efficiency of public spending and thus the response to present and future emergencies.

Our objective is to create a model to establish rigorous and recognized evaluation standards to quantify the damage caused by different environmental emergencies and consequently finance the regeneration of the environment itself, bringing community and territory closer together.

We will achieve this by creating **the first platform to finance high-impact, blockchain-traced environmental regeneration projects**.

02 PROJECT

Our programme consists of the creation of the first Italian platform to support high-impact environmental regeneration projects, on which innovative intervention plans will be developed with the key tools listed below:

1 By identifying emergency and critical environmental situations, and collaborating with sector organizations and the various stakeholders.

2 By collecting and analyzing all data characterizing environmental emergencies, carrying out economic analyses, and social and environmental impact assessments.

3 By bringing together those who want to act in the first person (businesses and citizens), giving the possibility of directly financing projects, and strengthening the commitments already in place in the area alongside institutions, foundations, and bodies.

4 By certifying commitment, issuing our CfER® tokens, utility assets that certify participation in project implementation, in proportion to the support of each project participant. The token is a credit to the environment whose value is not symbolic but reflects the positive externalities, i.e. the external effects on society, the environment and the economy, that are achieved by regenerating the environment.

5 We transcribe project phases in blockchain, to create a transparent and public record of results, and to improve future projects according to standards that set an example for other initiatives.

6 Aiming for the result. If the project is approved, we use the resources to entrust the interventions to those who are best qualified[1]) to complete the regeneration intervention; if the conditions for starting the project are not met, the amounts received are returned net of a 5% retention to cover project costs. The 5% retention is compensated to the supporters through the issuance of a CfER® number equal to the compensated value.

7 The token objectively and concretely represents and enhances the virtuous action towards the environment. The owner of the FREE SEAS SB token becomes the owner and "evident" actor of a positive action towards protecting and safeguarding the health of the Planet.

03 FINALITY

The FREE SEAS Benefit Society initiative aims to

Define a system for financing environmental regeneration projects, based on impact quantification, cost benefit analysis and cost tokenization i.e.:

Environmental Capital = Social Capital + Natural Capital

Giving value, through the issuing of tokens, proportionally to the regeneration implemented on land, air, water and forests, resources essential to human life, where the quality and maintenance of these have so far been neglected and/or taken for granted.

To encourage the participation and collaboration of the private and public sector in environmental regeneration projects by providing the opportunity to offset the side effects of civil and industrial activities, the direct and indirect cost of which falls on our society as a whole.

The long-term goal is to restore value to the environment through the creation of the Italian credit market for environmental regeneration, in which tokens, attesting to the regeneration that has taken place, are accepted as tax credits, or other forms of incentives and concessions, for virtuous companies and private individuals, as a concrete investment for the benefit of the environment and the community.

04 TEAM

FREE SEAS S.r.l. Società Benefit is an innovative start-up based in Trento, established in June 2019 by a group of entrepreneurs and professionals, who share the need to provide a concrete answer to environmental problems that need to be addressed quickly. The company took on the configuration of a Benefit Company in July 2020 to confirm its constant commitment to improving the environment.

Diego Albertini

Class 46, Sole Director and responsible for compliance in accordance with Paragraph 380 of Law no. 208 of 28 December 2015. With an overall vision, he verifies the achievement of growth objectives and the satisfaction of the company's impact results. Since 1987, through ECOS Srl, he has been involved in hygiene and environmental ecology.

Pietro Francesco Noci

Born in 1955, a technician and entrepreneur, he has been involved in the collection and transport of MSW since the 1970s. He is responsible for identifying and choosing the most appropriate treatment techniques and technologies.

Paride Gregorini

Class 62, mechanical engineer and entrepreneur, works through the company SISPA Quality Srl dealing with management consulting and organisational systems, as well as acting as a facilitator in the start-up of several start-ups. He holds the R&D function for research into innovative circular economy and environmental enhancement solutions.

Marco Bogarelli

Born in 1965, an industrial engineer and technologist, he runs a professional consultancy business through the company Tecno Consulting Srl. He is responsible for the company's organisation and system planning as well as being in charge of partner and supplier selection activities.

Lavinia Albertini

Born in '89, a graduate in Biological Sciences, she is passionate about and studies the problems of pollution, particularly that caused by plastic; she has significant skills in environmental assessments and circular economy models.

Ludovico Seppi

Class of '94, Bachelor's degree in International Politics. He follows developments in Decentralised Ledger technologies such as blockchain and is responsible for tech implementation.

In order to safeguard its activities, FREE SEAS Società Benefit has endowed itself, at a statutory level, with a Technical-Scientific Committee, external to the company and independent, with the function of supervising and guaranteeing the regulatory-legislative constraints related to the company's activities; the evaluation of the Committee's members is currently underway.

05 MODEL

The Reference Model, on which part of the operations of FREE SEAS Società Benefit is based, is a digital platform/application to aggregate resources for environmental regeneration programmes:

On-demand environmental regeneration

The platform connects different actors in the territory, including entities such as the state, regions, provinces, municipalities as well as companies, citizens, foundations and environmental associations, who identify the need to carry out environmental regeneration projects and interventions with capital, resources and skills of qualified companies.

The region generates the demand, partner companies provide the technologies and services, and the Platform acts as a facilitator, smoothly aggregating and making available the transaction of value.

VALUE PROPOSITION

FOR PUBLIC ADMINISTRATIONS	FOR QUALIFIED COMPANIES	SOCIETY AT LARGE
• On-demand expertise • Resource management transparency • Clear assessment of social and environmental costs • Accurate estimation of regeneration times • Public register of activities • Efficiency and de-bureaucratisation	• Market Access • Assistance for authorisations • Reduction of inactivity from project to project • Execution flexibility • Certification of results	• Improving the environment • Investment opportunities • Participation • Transparency

The environment in which this Virtuous Model is developed is that of the blockchain.

The blockchain is a network (web) ledger technology capable of linking blocks of data (blocks) in concatenation (chains) by means of advanced cryptography. Each new transcript of information on the ledger must receive the full consensus of the network in order to be approved. Each approved transcript then becomes a constituent part of a block that is recorded for network validation, thus being immutable.

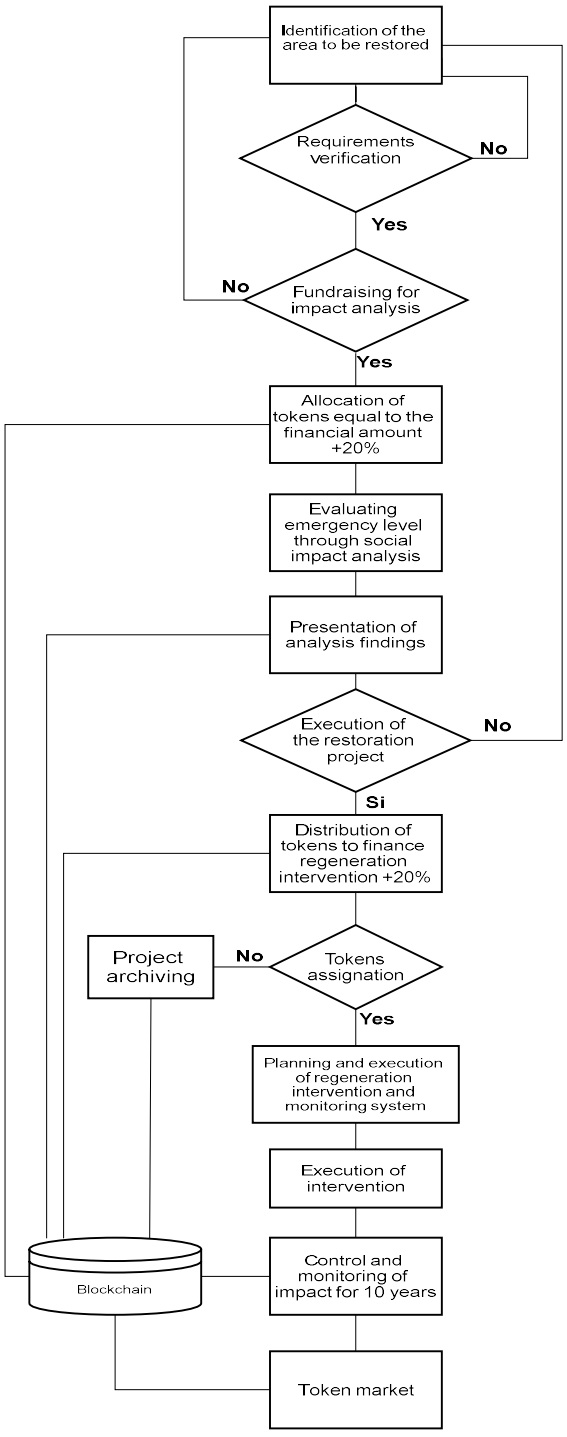
Reference models can be those of Solarcoin, Efforce and, indirectly, the Italian system of White Certificates, all of which recognise a value, also economic, to virtuous actions in the environmental field.

Another reference model is SARA (Superfund Amendments and Reauthorization Act) formerly CERCLA (Comprehensive Environmental Response, Compensation, and Liability Act); a model that reserves and allocates, through a fund, resources, collected through direct taxation, for environmental actions.

FREE SEAS Benefit Society, through the use of blockchain, ensures transparency and total traceability and immutability of data and information generated by the entire environmental regeneration process.

06 OPERATION

Operationally, the model follows a precise flow chart, where the various operational phases are schematised, which are reflected in precise activities: the following diagram illustrates the operational phases of the management of environmental regeneration projects through the FREE SEAS Model Benefit Society, as illustrated in the flow chart.



FREE SEAS Benefit Society has released 13.000.000.000 tokens; no new tokens will ever be issued; these tokens will finance projects to regenerate portions of the environment, be it land, water or air, that have been damaged by pollutants.

The name given to the token is CfER® (Coin for Environmental Regeneration) and it can be purchased either with current currency (fiat) or through cryptocurrency; it was created on the Algorand blockchain and is identified by ID 693432395.

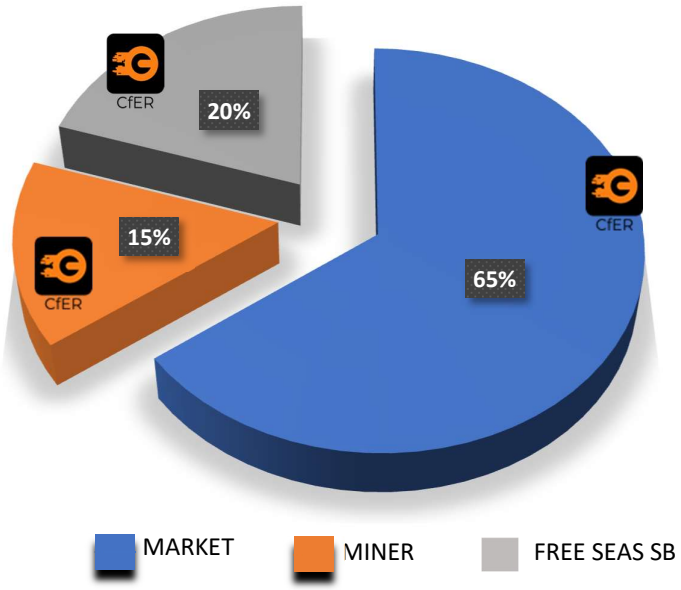
For each project, which is deemed worthy of examination and consequently activated, the first phase (tokenized) of Impact Analysis of the present critical environmental situation is developed; based on the result of the negative

social impact, through calculation models, the annual cost, which the degenerative situation creates for society, is economically quantified.

At this point, FREE SEAS Benefit Society plans the environmental regeneration intervention and defines the quantity of CfER® tokens, which must be released and placed to support the intervention.

In a project, the issue and subsequent placement of CfER® tokens takes place in two stages: a first pre-placement phase, in which tokens are allocated, prior to their offer to the market, to those who already have CfERs at a 10% discount; the second "ordinary" allocation, in which tokens are offered to the market, both professional and retail.

The distribution of the tokens follows the pattern:



Token CfER®

Within a project, the distribution of the CfER®s issued follows the above scheme where: the Market is represented by the supporters of the project, FREE SEAS SB is the organisation that manages the entire process while the Miner, in the CfER® model, are those who operationally implement the environmental regeneration actions; in practice, they are the Partners, as better indicated in the FRS 13001 Specification to whom a number of CfER®s equal to 15% of the total number of those issued during the implementation of the project is awarded. The CfERs® are allocated proportionally to the economic value of the order assigned to the individual Partner. Explanatory examples detailing the quantities and relative proportions of the allocation of CfERs® can be found in this document.

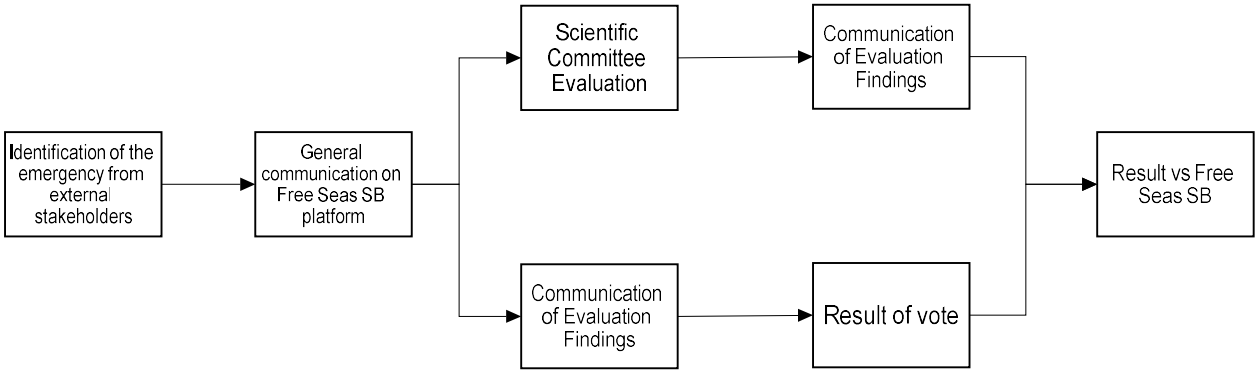
Environmental regeneration projects must follow a specific procedure to be selected after the application, which can be reported and received from various sources, to ensure maximum transparency of activities and information.

Once the possibility of implementing an environmental regeneration project is submitted to FREE SEAS SB and the Scientific Committee, an activity is initiated that involves the collection of opinions (voting) on the FREE SEAS SB platform among all CfER® token holders. This opinion, while not opposing the decision of the FREE SEAS SB Company to start the project, gives an indication of merit as to whether it is appropriate to start the process.

The opinion, expressed by the community of CfER® token holders, is counted not with a weight proportional to the tokens owned but regardless of the CfER® tokens owned, each token holder (regardless of the amount owned) may cast its vote.

At the end of the period set aside for expressing an opinion, the final figure is confirmed and submitted, together with the opinion of the Scientific Committee, to the management of FREE SEAS SB, which acquires it and considers it in its final evaluation.

In order to ensure maximum transparency, both opinions, from the Scientific Committee and the CfER® holders, are made public and deposited on the blockchain, becoming public information available to the various stakeholders.



This system of consultation, which, as mentioned above, cannot be an impediment to project start-up, turns out to be a very important and fundamental tool for FREE SEAS SB to have an opinion on how effective a project can be and be completed.

The policy, which FREE SEAS Società Benefit pursues in the CfER® token economy (tokenomics), is to generate digital assets so that, once on the market, they can become an exchange system and be valued on the basis of the supply/demand mechanism.

Possession of CfER® demonstrates the commitment that a subject, be it a natural person or a legal entity (be it public or private), makes to the environment, but not only that, it is to be hoped that possession of these securities may soon become a rewarding fact such as, for example, facilitating access to economic facilitations or in the need/obligation to comply with future constraints and legislative dictates on environmental issues.

A futuristic scenario is that CfER® holders can reduce their costs in the day-to-day management of the waste they produce or have concessions recognised, e.g. in terms of taxation.

At the end of each regeneration project, an NFT (photograph, image, film or other digital element related to the specific project) will be created equal in number to the supporters of the specific regeneration campaign. These NFTs, as well as representing and testifying to participation and commitment to the environment, can be used (as long as they remain the property of the first assignee) to explicitly indicate and publicise in their communications the projects in which they have participated.

CfER® is thus essentially a new electronic currency (cryptocurrency) whose underlying value is the health of our Planet, arguably the most important value for mankind and nature in general. Contributing to the regeneration of the environment, by recovering areas and ecosystems damaged by polluting materials and substances, ensures a better and healthier development of all activities on Earth.

Examples of CfER® logo

CfER® is a registered name owned by FREE SEAS S.r.l. SB. The registration references are application number 018498731 of 22 June 2021.

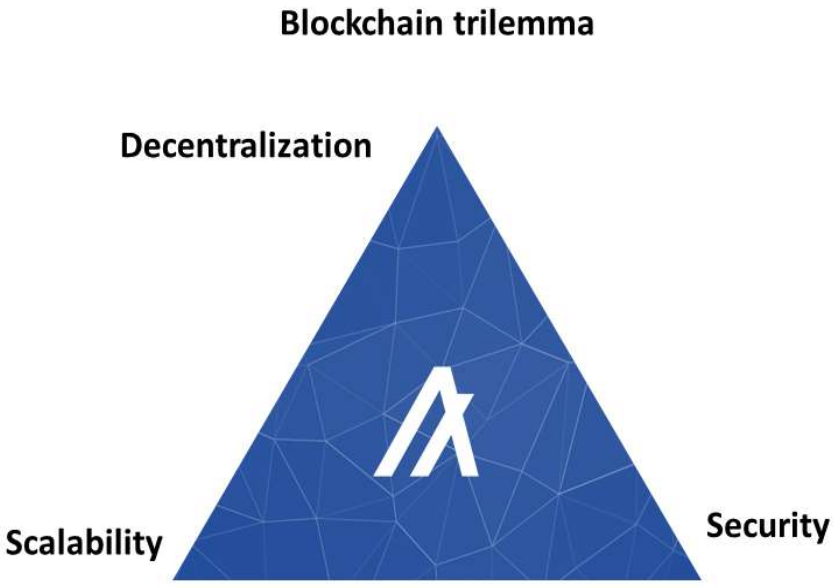
07 BLOCKCHAIN

FREE SEAS SB considers the blockchain tool to be the only one, to date, that can guarantee maximum transparency of both operations and transactions; through the blockchain, every operation, whether related to impact analysis or to regeneration and disposal activities, is traceable and tracked.

Likewise, all transactions, from the issuing of CfER® tokens to their trading, are tracked and deposited on the Algornad® blockchain, thus traceable and immutable over time.

The blockchain platform, which FREE SEAS Società Benefit Society has chosen for the creation and issuing of CfER® tokens, is that of Algorand®, a blockchain particularly suited to our project both for the completeness of the model and its security, and for its minimal energy consumption.

Algorand® is one of the first blockchains to have solved the blockchain trilemma: security, scalability and decentralisation through the Pure Proof of Stake (PPoS) consensus algorithm. This model guarantees full participation, protection and speed within a truly decentralised network. With finalised blocks within seconds, the transaction throughput of Algorand® is on par with large financial and payment networks. Algorand® is the first blockchain to provide immediate transaction finality, no forking and no transaction uncertainty.



08 EXAMPLES OF APPLICATION

As an example, the following is a simulation of an application of the FREE SEAS SB-CfER® system referring to two cases, the first relating to a process of environmental regeneration of a portion of sea surface, through the recovery of waste by fishermen during their ordinary fishing activity, the second relating to the recovery of an abandoned landfill.

08.1 CASE STUDY: RECOVERY OF MARINE PLASTICS

1. Identification of the problem: the environmental problem is identified either through direct reporting or through the various media.
2. The Technical Board of FREE SEAS SB and the Scientific Committee carry out a pre-analysis of the feasibility of the project in technical-regulatory-authorisation terms.
3. In the event of a positive outcome, the economic amount for carrying out the Impact Analysis is defined.
4. A number of CfER® Tokens are issued according to the defined protocol (65% Market, 15% Miner and 20% FREE SEAS SB, Fig.1), aimed at financing the Impact Analysis. At this stage, the Miners coincide with the companies/laboratories carrying out the analysis and impact assessment.
5. If the placement of CfER®, carried out in phase 4, is successful (>95%), the operational phase of the Impact Analysis is initiated, the result of which will be the valuation and economic quantification of the damage that the "degenerated" environmental situation creates over time for society and nature in general.
6. CfER® tokens are issued in a value equal to the estimated costs of the regeneration operation (Fig.2)
7. 65% of the CfER® is allocated free of charge and proportionally for each "recovered waste unit" (defined in the implementation project) and given for proper disposal to those who recover and deliver the waste; the remaining 35% of CfER® is allocated according to the protocol defined in Fig. 2 (15% Miner and 20% FREE SEAS SB). In this specific phase, the Miners coincide with the fishermen who recover the waste and receive 65% of it, so in total the fishermen will receive 80% of the tokens issued.
8. The process ends when all project-related CfER® tokens have been allocated.
9. Once issued, CfER® tokens can be exchanged and used as defined by the token policy.

OBJECT	Analysis	CfER Emission	fER to the marke	CfER to Miners	CfER to FREE SEAS SB
Scientific analisis of the state of the site	30.000,00 €	461.538,46	300.000,00	69.230,77	92.307,69

Fig.1 CfER® distribution in the Impact Analysis phase

Waste recovery premium in 5 years	CfER Emission	CfER to fishermen	CfER to Miners	CfER to FREE SEAS SB
5.000.000,00 €	76.923.076,92	50.000.000,00	11.538.461,54	15.384.615,38

Fig.2 CfER® Distribution during the Regeneration Process

From the diagram in Fig. 2, it can be seen that fishermen who recover polluting material at sea are recognised a number of tokens of 61,384,610 equal to a nominal countervalue (1 CfER® = 0.1 €) of €6,138,461.00 (€5,000,000+€1,138,461); this "reward", as well as providing an incentive for operators in their recovery activities, has no impact on public finance.
The generation and trading of CfER® can create a 'virtuous' economy where positive actions, towards the environment, are also valued in economic terms.
Another positive aspect is the fact that all activities (recovery actors, dates, quantities, material types, etc.) are recorded on the CfER® blockchain and therefore absolutely traceable and immutable over time.

Note: the amounts in tables Fig.1 and Fig.2 are purely indicative and serve only to explain the CeFR system

08.2 CASE STUDY: LANDFIELD RESTORATION

1. Identification of the problem: the environmental problem is identified either through direct reporting or through the various media.
2. The Technical Board of FREE SEAS SB and the Scientific Committee carry out a pre-analysis of the feasibility of the project in technical-regulatory-authorisation terms.
3. In the event of a positive outcome, the economic amount for carrying out the Impact Analysis is defined.
4. A number of CfER® Tokens are issued according to the defined protocol (65% Market, 15% Miner and 20% FREE SEAS SB, Fig.1), aimed at financing the Impact Analysis. At this stage, the Miners coincide with the companies/laboratories carrying out the analysis and impact assessment. In this case the 65% of CfER® to the supporters corresponds to the total amount needed to cover the costs of the site analysis (Fig.3).
5. If the placement of CfER® made in phase 4 is successful (>95%), the operational phase of Site Analysis is initiated, the result of which will be the valuation and economic quantification of the damage that the "degenerated" environmental situation creates for the company over time together with the cost of regenerating the area.
6. CfER® tokens are issued in a value equal to the estimated cost of regeneration (Fig.4).
7. 65% of the CfER® tokens, which are equal to the entire amount needed for the regeneration operation, are allocated in proportion to the amounts paid by the project supporters; the remaining 35% of CfER® tokens are allocated according to the protocol defined in Fig. 4 (15% Miner and 20% FREE SEAS SB). In this specific phase, the Miners coincide with the operators who carry out the regeneration intervention; in practice, the operators (Miners) receive, in addition to their remuneration in fiat currency for the activity in the field, an amount of CfER® (15% of the CfER® issued) in proportion to their intervention (Fig.4).
8. The process ends when the area has been completely regenerated.
9. CfER® tokens, once issued, can be exchanged and used as defined by the token policy

Object	Analysis	CfER Emission	CfER to the market	CfER to Miners	CfER to FREE SEAS SB
Analisi scientifica dello stato del sito	30.000,00 €	461.538,46	300.000,00	69.230,77	92.307,69

Fig.3 CfER® distribution in the Impact Analysis phase

Object	Regeneration cost	CfER Emission	CfER to the market	CfER to Miners	CfER to FREE SEAS SB
Rigenerazione	3.000.000,00 €	46.153.846,2	30.000.000,00	6.923.076,9	9.230.769,2

Fig.4 CfER® Distribution during the Regeneration Process

From the diagram in Fig. 4, it can be seen that the supporters/financiers of the regeneration project are allocated 30,000,000 CfER® in proportion to the amount paid, the qualified companies carrying out the regeneration work are allocated a number of tokens in addition to the contractually agreed amount in fiat currency of 6,923,076.9: these tokens are allocated in proportion to the specific value of the amount allocated to each individual Miner (partner) for their part of the work.
The generation and trading of CfERs® can create a 'virtuous' economy where positive actions, towards the environment, are also valued in economic terms.
Another positive aspect is the fact that all activities (recovery actors, dates, quantities, material types, etc.) are recorded on the CfER® blockchain and thus absolutely traceable and immutable over time.

Note: the amounts in tables Fig.3 and Fig.4 are purely indicative and serve only to explain the CeFR system

The "market", meaning the number of unmanaged and in some cases even unknown environmental emergencies in Italy, reveals decidedly alarming numbers; below are some statistics on local/national and European emergency situations updated in 2019.

ITALIAN SITES: 16,264
OF WHICH 533 AT NATIONAL LEVEL WITH SEVERE HEALTH RISK (Fig.5)

EUROPEAN SITES: 340,000

As far as national sites are concerned, between 25-30 billion have been budgeted for regeneration and remediation in 2021. The above summary data give a clear indication of the seriousness of the environmental situation not only in Italy, a concerted action between the public and private sectors, through the technologies available today, can be a feasible solution and a scalable model to effectively address the problem.

Fig. 5 national health risk sites as of 2019

10 ADVANTAGES

The benefits of the platform, which we are promoting, are clearly identifiable and can be summarised as follows. We enhance the natural capital by improving the quality of the environment and bringing communities and territory closer together; Italy's natural capital is immense, driving many sectors such as tourism, food, agriculture, etc.; protecting and managing it strengthens and solidifies key sectors for the Italian economy with a view to the future, as well as ensuring the inflow of investment and capital, including international capital, which can help improve our trade balance. The responsibility of this contribution is evident in view of improving the social and environmental impact and has a positive effect nationally and beyond, the environment is in fact a global and social good. Creating the tools, to invest in the environmental services sector, means supporting a model of innovative finance, an engine for fair economic growth in the long term.

The Youth Observatory of the Giuseppe Toniolo Institute, with the support of the Cariplo Foundation and Intesa Sanpaolo, finds, in environmental issues: "It is difficult to find a topic on the collective present and future that is able to gather such a transversal recognition, not only on its importance, but also on the need to commit oneself personally". Surveys show that the vast majority of young people declare themselves sensitive and concerned, with 49% saying they are 'very' concerned. For more than half of the respondents, interest has increased in recent years. It should be noted that connections have recently been made between the quality of the environment and the health of citizens. Tackling the environment, with serious proposals, provides long-term benefits on both the economic and health fronts.

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