

INTERNATIONAL DIGITAL LAW MOOT · FIRST EDITION

THE PROBLEM

SCC Case No. 2026/117

AEROLITH CARBON SOLUTIONS S.A.

Claimant

v.

VERDELEDGER REGISTRY LTD.

Respondent

Academic Year 2026–2027

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4 May 2026

BY EMAIL

SCC Arbitration Institute
Stockholm, Sweden

Re: Aerolith Carbon Solutions S.A. v. VerdeLedger Registry Ltd.

Dear Sir or Madam,

We act for Aerolith Carbon Solutions S.A. On its behalf, we submit the enclosed Request for Arbitration against VerdeLedger Registry Ltd. together with the supporting documents. The registration fee has been paid.

All communications concerning this arbitration should be directed to the undersigned at the address above.

Yours faithfully,

Dr Emilia Ravel
Counsel for Claimant
Ravel & Mornay Advocates

REQUEST FOR ARBITRATION

Aerolith Carbon Solutions S.A., Claimant v. VerdeLedger Registry Ltd., Respondent Date: 4 May 2026

I. The Parties

Claimant, Aerolith Carbon Solutions S.A. (“ACS”), is a company incorporated in the Republic of Lydora with its seat in Helion. ACS was established by the Aerolith group to acquire, hold and dispose of digital environmental assets and to manage the carbon obligations of aviation clients.

Respondent, VerdeLedger Registry Ltd. (“VLR”), is a company incorporated in the Federation of Montavera with its seat in Novaris. VLR operates a permissioned distributed-ledger registry, issues tokens linked to verified carbon units, and provides registry, verification-interface and retirement services.

II. The Arbitration Agreement and Jurisdiction

Clause 20.2 of the Agreement provides for the final resolution under the SCC Rules of any dispute arising out of or in connection with the Agreement; the seat is Bellhaven, Auralia; and the number of arbitrators is three. Clause 20.3 subjects the arbitration agreement to Auralian law.

ACS became a full party to the Agreement on 2 April 2025. AHL and ACS signed the Transfer Instrument, and VLR provided the electronic consent required by Clause 19.2 through PortalFlow. The audit log records the application of VLR’s corporate electronic seal by Mira Solen, its Chief Commercial Officer.

Irrespective of the formal characterisation of the PortalFlow action, VLR welcomed ACS in writing as the “contracting buyer”, completed KYC on ACS, issued invoices to it, accepted EUR 2,400,000 from it, created a registry account in its name and delivered to a wallet designated by ACS. That consistent course of conduct establishes consent, ratification and a separate agreement in electronic form.

The arbitration clause is broadly worded and encompasses performance of the Agreement, the proprietary consequences of digital assets, automated-system output, non-contractual obligations and VLR’s countervailing payment claims.

III. Summary of the Dispute

The Agreement required VLR to deliver 24,000 NCRU-25 and to maintain a reliable and traceable link between each token and the corresponding Registry Unit. The Parties expressly restricted VLR’s use of the Administrator Key: tokens could be cancelled only following a Final Reversal Determination by OVF and, where buffer units were available, cancellation had to be accompanied by replacement.

On 11 February 2026, VLR put ReversalController v2.4 into production. The signed Technical Schedule said a preliminary warning should only pause tokens. The deployed system, however, contained a path that could cancel tokens when the reversal probability was 0.80 or higher. The Parties dispute why that path was active in production and whether ACS had accepted it.

On 17 February 2026, OVF sent a signed preliminary packet. It stated PRELIMINARY, final=false, reversal probability 0.82, and recommended a temporary hold. One sensor value was missing (NULL). VLR’s adapter later recorded that missing value as 0. The 0.82 probability had already been calculated by OVF, so the later NULL → 0 conversion did not create that score. VLR’s system nevertheless cancelled 9,600 ACS tokens instead of temporarily pausing them.

On 18 March, OVF issued its Final Reversal Determination. It found that only 2,400 of the 9,600 units had actually lost their environmental basis; the other 7,200 remained eligible. VLR created 7,200 replacement tokens on 20 March, but they remained locked and could not be transferred or retired. AeroNova therefore could not accept them for ACS’s 31 March delivery.

ACS had told VLR about its 31 March AeroNova deadline. Because no usable replacement was available, ACS bought 9,600 substitute units on 4 March at EUR 410 each. ACS says this was necessary to ensure timely delivery. VLR says ACS bought too early and should have waited.

IV. Legal Grounds

VLR breached the express terms of the Agreement by exercising Administrator power before a Final Reversal Determination and by failing to effect atomic replacement. Technical capacity to cancel is not equivalent to legal authority to do so.

The automated output is attributable to VLR as the person that developed, deployed and used ReversalController. VLR cannot rely on the absence of a particular human click. The outcome was not external or insurmountable: it followed from the deployment decision, the treatment of the null value and the absence of production safeguards.

The Burn Event altered ACS’s practical ability to dispose of the tokens but did not automatically terminate ACS’s proprietary rights in the 7,200 erroneously affected Registry Units. Linkage is governed by the Agreement and the Montaveran Act; the off-chain units continued to exist. In relation to the 2,400 genuinely affected units, VLR was required to use the buffer in a timely manner.

VLR breached its duties of good faith, cooperation and reasonable care, as well as its duty to correct erroneous automated output. Neither force majeure nor unexpected outcome is available to a Party that materially contributed to the result and assumed the risk of operating the system.

V. Relief Sought

ACS requests that the Tribunal:

- declare that it has jurisdiction;
- declare that VLR breached the Agreement and the applicable law;
- award EUR 1,536,000 in cover damages;
- award EUR 186,420 in documented incident, transaction and bridge-financing costs, or such other amount as is proved;
- order VLR to remove the transfer lock from the Replacement Series and implement such return, set-off or cancellation mechanism as the Tribunal directs to prevent unjust enrichment;
- declare that ACS is entitled to set off the amounts awarded against the EUR 1,200,000 final instalment and EUR 144,000 service fee;
- award interest, the costs of the arbitration and reasonable legal costs.

ACS nominates Professor Elias Dorn as arbitrator.

Yours faithfully,
Dr Emilia Ravel
Counsel for Claimant
Ravel & Mornay Advocates



TOKENISED CARBON REMOVAL UNIT FORWARD PURCHASE AND REGISTRY SERVICES AGREEMENT

Date: 18 December 2024 **Original Parties:** Aerolith Holdings plc (“Buyer”, AHL) and VerdeLedger Registry Ltd. (“Registry Operator”, VLR)

Agreement ID: VLR-NCRP7-2025-024K

The provisions of the Agreement set out below form part of the case record. The administrative schedules not reproduced here contain no terms material to the dispute.

1. Definitions

- 1.1.** Administrator Key means VLR’s cryptographic and organisational mechanism that, subject to this Agreement, permits VLR to suspend a transfer, cancel a token, alter its status or create a Replacement Token.
- 1.2.** Automated System means the Registry Protocol, ReversalController, PortalFlow, APIs, oracle interface and other software used to create or execute electronic records without requiring a person to review every operation.
- 1.3.** Final Reversal Determination means OVF’s final signed report confirming how many Registry Units actually lost their environmental basis. A preliminary alert, probability score or anomaly warning is not a Final Reversal Determination.
- 1.4.** NCRU-25 means a digital token in the 2025 series. Each token refers to one Registry Unit from project NCRP-7.
- 1.5.** Registry Unit means an intangible right recorded in VLR’s off-chain registry. One Registry Unit represents one verified tonne of CO₂e that may be transferred or retired under the Agreement and Rulebook.
- 1.6.** Reversal Event means a verified loss of, or material impairment to, the carbon outcome of NCRP-7 as a result of fire, flooding, unlawful harvesting or a comparable event.
- 1.7.** Technical Package means Schedule 4, the interface documentation, the approved deployable-bytecode hash and any other document expressly identified as accepted by both Parties.

2. Purchase and Supply

- 2.1.** VLR shall issue and deliver to Buyer 24,000 NCRU-25, each linked to one Registry Unit from the 2025 vintage of NCRP-7. Buyer shall accept conforming tokens and pay the Purchase Price.
- 2.2.** The total Purchase Price is EUR 6,000,000, equal to EUR 250 per NCRU-25.
- 2.3.** VLR warrants that, upon delivery: (a) each Registry Unit exists and has not been retired; (b) the same environmental outcome is not represented by more than one active token; (c) VLR is entitled to create the token–Registry Unit link; and (d) the Registry Protocol enables Buyer or its custodian to identify itself as the person having the abilities recognised by the system.

3. Legal Nature and Linkage

- 3.1.** The Parties agree that an NCRU-25 is a digital asset that may be subject to proprietary rights. “Control” describes who can practically use the asset; it does not by itself decide who legally owns it.
- 3.2.** A transfer of control of an NCRU-25 between registered participants carries with it the corresponding Registry Unit entitlement, unless otherwise stated in an immutable status field or resulting from a valid suspension or cancellation under Clauses 9–10.
- 3.3.** If a token is cancelled by mistake, without authority, or too early, the linked Registry Unit does not automatically disappear. VLR must restore the link or provide a legally and commercially equivalent asset.
- 3.4.** VLR’s possession of the Administrator Key does not mean that VLR retains beneficial ownership of a delivered NCRU-25. Any use of the Administrator Key is limited by the Agreement, applicable law and the duty of good faith.

4. Payment

- 4.1.** Buyer shall pay: (a) EUR 2,400,000 within five Business Days of signature; (b) EUR 2,400,000 upon delivery of 24,000 NCRU-25; and (c) EUR 1,200,000 on 30 April 2026, subject to delivery of a conforming Final Assurance Report and the absence of any unresolved material deficiency in the eligibility of the delivered units.
- 4.2.** The annual registry service fee is EUR 144,000 and is payable on 1 March of each year following delivery.
- 4.3.** An undisputed late payment bears simple interest at 7% per year. Buyer may not withhold an undisputed payment. Set-off is allowed if the Parties agree in writing or if the Tribunal orders it. Either Party may also raise set-off in the arbitration.

5. Delivery and Control

5.1. VLR shall deliver 24,000 NCRU-25 to the Designated Wallet by 30 September 2025. After delivery, Buyer or its custodian shall have control as defined by Section 5 of the Montaveran Digital Assets and Automated Transactions Act and the UNIDROIT Principles on Digital Assets and Private Law (DAPL Principles).

5.2. The wallet may use a 2-of-3 multi-signature system. This means that two of three authorised signing parts are needed to act. Buyer may still have control if it can receive the benefits, prevent unauthorised use and initiate transfers under the agreed system.

5.3. Buyer bears the risk of normal market-price changes after delivery and of credentials controlled only by Buyer or its custodian. VLR bears the risk of defective issuance, unauthorised cancellation, incorrect token-to-unit linkage and failures in components controlled by VLR.

6. Custody and Nomination

6.1. Buyer may nominate an affiliate or regulated custodian to receive, hold or retire the tokens. This nomination alone does not transfer the Agreement or release Buyer from its obligations.

6.2. VLR shall keep a registry account identifying the beneficial client behind a custodial wallet. Any separate custody agreement is between Buyer and the custodian; VLR is not a party to it.

7. Verification and Oracle Data

7.1. OVF is the independent verifier. VLR shall arrange to receive OVF's signed oracle packets and Final Assurance Reports. VLR does not guarantee that all raw environmental data will always be error-free.

7.2. A preliminary oracle alert may place tokens UNDER REVIEW and pause voluntary transfers for up to 72 hours. A preliminary alert does not authorise permanent cancellation.

7.3. A Final Reversal Determination must be based on a field inspection or an equally reliable method. It must identify the affected serial numbers, the cause, the confidence level and the available buffer units.

8. Automated System; Code and Prose

8.1. The Parties authorise the Automated System to create records and carry out delivery, transfer, retirement, temporary status changes and other operations under this Agreement.

8.2. An automated action is not invalid merely because no person reviewed it. The Party on whose behalf a system component was developed, deployed or used remains responsible for performance and cannot rely only on the absence of a human decision.

8.3. The Registry Protocol shows what happened technically. The Agreement determines whether the action was legally authorised. If the code conflicts with the Agreement, the Agreement prevails.

8.4. Each Party shall reasonably test and control changes to the components under its control. Any material change to a legal trigger requires both Parties' written consent. Testing an API, acknowledging a software hash or not objecting to a routine patch does not amount to consent unless the trigger change was clearly disclosed. The DAPL Principles apply as agreed interpretive rules where relevant and not inconsistent with mandatory law or this Agreement.

9. Reversal Procedure

9.1. After a preliminary alert, VLR may mark the tokens UNDER REVIEW and pause transfers for up to 72 hours. VLR shall notify Buyer without undue delay.

9.2. VLR may cancel NCRU-25 only after a Final Reversal Determination. If buffer units are available, cancellation and replacement must occur at the same time, or as close to the same time as reasonably possible, so Buyer does not lose the eligible quantity.

9.3. Before a Final Reversal Determination, VLR may take emergency protective action, including cancellation, only where information from OVF or another reliable source gives VLR reasonable grounds to believe that affected units may no longer have a valid environmental basis and the action is reasonably necessary to prevent an imminent double retirement or an irreversible transfer that cannot adequately be addressed by a temporary pause. In determining whether cancellation is necessary, VLR shall take account of the reliability and status of the information received, the availability of less restrictive measures and the risk of harm from acting before final verification. VLR must record the reasons for the action and bears the burden of proving that the measure was necessary and proportionate.

9.4. An erroneous cancellation must be corrected promptly, without requiring Buyer to waive any claim. The Party controlling the cause of the error shall bear the cost. The correction should preserve the original vintage and commercial usability as far as possible.

10. Buffer and Replacement

10.1. VLR shall maintain a project buffer of no less than 12 per cent of active units. Upon a Final Reversal Determination, VLR shall provide equivalent replacement units within 20 Business Days, unless the buffer has been exhausted.

10.2. A Replacement Token must be transferable and capable of retirement on the same essential terms, must have the same vintage or a later vintage acceptable to Buyer, and must not result in double counting.

10.3. A cure does not require a release of claims unless the Parties separately enter into a settlement. Acceptance of a technical replacement does not constitute a waiver of claims for delay damages.

11. Buyer Obligations

11.1. Buyer shall secure its credentials, nominate authorised contacts and timely communicate deadlines, material resale commitments and detected anomalies.

11.2. Buyer shall not retire, transfer or pledge a token bearing a valid UNDER REVIEW status until the status has been removed or the dispute resolved.

12. Costs of Extraordinary Verification

12.1. Routine verification is included in the Purchase Price and the service fee.

12.7. Following a verified Reversal Event, VLR may recover from Buyer a reasonable and proportionate share of extraordinary field-verification and reminting costs, but only in respect of validly affected units and only where the costs were not caused by VLR's breach, gross negligence or defective system deployment. VLR shall provide an itemised statement.

13. Cooperation, Notice and Cure

13.1. The Parties shall cooperate in good faith, exchange material incident information and take reasonable steps to preserve the commercial purpose of the Agreement.

13.2. A Party identifying a material breach must normally give at least ten Business Days to cure it where cure is possible. This period is not required if waiting is highly likely to cause irreversible loss of an important third-party deadline, but reasonable warning must still be given.

14. Force Majeure and Unexpected Output

14.1. A Party is excused for the period and to the extent that non-performance is caused by an impediment beyond its reasonable control that could not reasonably have been foreseen when the Agreement was concluded, or avoided or overcome. Lack of funds, ordinary price movements, failure of a subcontractor without an independent qualifying impediment, and a defect in a component selected or deployed by the Party do not, by themselves, constitute force majeure.

14.2. A Party may seek adjustment or avoidance of the consequences of unexpected automated output that materially departs from both Parties' reasonable expectations if that Party: (a) did not assume the relevant risk; (b) did not materially contribute through a lack of reasonable care; (c) gave prompt notice; and (d) is able to make restitution. This Clause does not authorise an act outside express authority.

15. Liability and Damages

15.1. The aggrieved Party is entitled to a sum that places it, so far as possible, in the position it would have occupied upon proper performance, subject to reasonable certainty, causation, foreseeability and mitigation.

15.2. Replacement, cure and retained benefit shall be taken into account to avoid double recovery. The aggrieved Party is not required to accept a cure that is conditional upon waiver of accrued claims or does not provide commercial usability by a disclosed deadline.

15.3. Each Party's aggregate liability under the Agreement is limited to the Purchase Price.

15.4. Neither Party is liable for remote, punitive or purely reputational loss. Loss arising from a reasonable substitute transaction, a direct difference in the cost of performance and a previously disclosed resale margin shall not be treated as consequential merely because a third-party contract is involved. The same economic loss may not, however, be recovered twice.

15.5. The liability cap and exclusions do not apply to fraud, wilful misconduct, gross negligence, knowing misuse of the Administrator Key, breach of confidentiality or deliberate concealment of a material system change.

16. Audit and Records

16.1. VLR shall retain deployment logs, Administrator actions, oracle packets and change approvals for no fewer than seven years.

16.2. In a dispute, VLR must provide information reasonably needed to check compliance, while protecting trade secrets, third-party rights and cybersecurity. Protection may include an NDA, redactions, an independent expert or a secure clean room.

17. Confidentiality

17.1. Each Party shall keep confidential the other Party's source code, model documentation, keys, business plans, prices and incident reports.

17.2. Disclosure is permitted to counsel, experts, the arbitral institution and the Tribunal on a need-to-know basis and subject to equivalent confidentiality obligations, as well as where required by law or a binding order.

17.3. The Tribunal may establish confidentiality tiers, restrict copying, direct clean-room inspection and order other measures that do not deprive a Party of a reasonable opportunity to present its case.

18. Interpretive Principles

18.1. The Agreement shall be interpreted in good faith, having regard to common intention, commercial purpose, negotiations, technical context, conduct and usages of digital markets.

18.4. In matters concerning the definition of a digital asset, control, change of control, a linked asset, transfer and custody, the Parties intend the Agreement and Montaveran law to be applied consistently with the UNIDROIT Principles on Digital Assets and Private Law, unless inconsistent with mandatory law or an express allocation in this Agreement.

19. Assignment and Transfer

19.1. Nomination of a wallet, custodian, payment agent or retirement beneficiary does not constitute an assignment of the Agreement.

19.2. Neither Party may assign or novate the Agreement without the other Party's prior written consent. A transfer to a wholly owned affiliate shall not be unreasonably delayed or withheld where the transferor remains a guarantor and the transferee satisfies KYC. Consent may be expressed by a signed data message or by an authenticated corporate seal in PortalFlow that expressly relates to the Transfer Instrument.

19.3. A transfer takes effect on the date stated in the Transfer Instrument following satisfaction of Clause 19.2. Unless the consent expressly releases the transferor, the transferor remains a guarantor.

19.4. The arbitration agreement in Clause 20 is separable and is intended to bind and confer rights upon the Parties and their permitted successors or assignees. Whether a transferee became a party to the arbitration agreement shall be determined under Clause 20.3 and applicable law.

20. Governing Law and Dispute Resolution

20.1. The Agreement is governed by the substantive law of the Federation of Montavera, excluding its conflict-of-laws rules.

20.2. Any dispute, controversy or claim arising out of or in connection with the Agreement, including its breach, termination, existence, validity or interpretation, automated performance, proprietary consequences, non-contractual obligations and remedies, shall be finally settled by arbitration under the Arbitration Rules of the SCC Arbitration Institute. The Tribunal shall consist of three arbitrators. The seat of arbitration shall be Bellhaven, Republic of Auralia. The language of the arbitration shall be English.

20.3. The arbitration agreement is governed by the substantive law of the Republic of Auralia. The Tribunal may rule on its own jurisdiction and grant declaratory, monetary, injunctive and protective relief to the extent permitted by applicable law.

20.4. Negotiations during the 20 days following a Dispute Notice are an obligation of good-faith conduct, but are not a condition to the existence or admissibility of the arbitration where the other Party refuses to meet or interim relief is urgently required.

21. Entire Agreement; Hierarchy

21.1. The Agreement and the signed Schedules constitute the entire agreement. The hierarchy is: (1) a signed amendment; (2) the main body of the Agreement; (3) Schedule 4; (4) mutually approved interface documentation; (5) the signed bytecode hash; (6) release notes; and (7) interface labels and marketing materials.

21.2. The entire-agreement clause does not preclude reliance on negotiations and subsequent conduct for purposes of interpretation, authority, waiver, estoppel or identification of a party to the Agreement.

22. Electronic Communications and Counterparts

22.1. The Agreement, a consent, a notice or an amendment may be made by electronic communication where the information is accessible for subsequent reference and the method reliably identifies the sender and indicates the sender's intention.

22.2. Application of the corporate seal in PortalFlow has the effect of a signature where the user acts within actual or apparent authority. Internal limitations shall be assessed under applicable law.

Signatures:

Elena Voss
Group Director for Aerolith Holdings plc

Mira Solen
Chief Commercial Officer for VerdeLedger Registry Ltd.

TRANSFER AND ASSUMPTION INSTRUMENT

Date: 2 April 2025 **Transferor:** Aerolith Holdings plc **Transferee:** Aerolith Carbon Solutions S.A. **Remaining Party:** VerdeLedger Registry Ltd.

1. Transfer. AHL transfers to ACS, and ACS accepts, all rights, interests, obligations and liabilities of Buyer under Agreement ID VLR-NCRP7-2025-024K with effect from the Effective Date, subject to VLR's consent under Clause 19.2.

2. Assumption. ACS undertakes to perform all obligations of Buyer accruing on and after the Effective Date. AHL remains guarantor unless and until VLR releases it in writing.

3. Dispute resolution. The Parties intend that the arbitration agreement in Clause 20 be transferred to and apply to ACS to the same extent as it applied to AHL, subject to the law governing that arbitration agreement.

4. Effective Date. 2 April 2025 or, if later, the date on which VLR's authenticated corporate seal is applied to this Instrument.

5. Counterparts. The Instrument may be executed by electronic signature and confirmed by the Remaining Party through PortalFlow. The PortalFlow confirmation shall display the Instrument ID and a warning as to its legal effect.

Signed: AHL — Elena Voss, 2 April 2025, 09:12 UTC ACS — Elena Voss, Managing Director, 2 April 2025, 09:18 UTC

Remaining Party block: VERDELEDGER REGISTRY LTD. — CONSENT RECORDED BY AUTHENTICATED CORPORATE SEAL User: m.solen@verdeledger.mva Timestamp: 2 April 2025, 18:42:16 UTC Instrument digest: PF-TR-8841 / SHA256 7f31...a09c

Mira Solen did not place a handwritten signature on the PDF. The legal effect of the PortalFlow record is disputed.

PORTALFLOW AUDIT LOG

Exported: 8 April 2026 **Workflow:** Transferee Onboarding / Contract Transfer **Instrument:** PF-TR-8841

UTC	User / Event	Recorded Content
2 Apr 2025 18:39:04	m.solen@verdeledger.mva	Successful login; hardware security key; IP registered to VLR's Novaris office
18:39:31	System	Opened workflow landing page: ACS — Affiliate Transferee
18:40:02	User	Opened Transfer Instrument PF-TR-8841; document viewer active for 18 seconds
18:40:20	System	Banner delivered: Confirming applies VLR corporate seal and records consent under clause 19.2. Board approval may be required under internal policy.
18:40:21	UI telemetry	Browser viewport 1280×720; banner expanded; legal-effect tooltip not opened
18:41:08	User	Checked KYC complete and AHL remains guarantor
18:42:11	User	Selected control labelled CONFIRM TRANSFEREE
18:42:16	System	Corporate seal applied to digest 7f31...a09c; webhook sent to AHL and ACS
18:42:17	System	Warning: Finance Committee approval reference blank
18:42:31	User	Closed workflow without entering approval reference
3 Apr 2025 07:14:05	p.rhee@verdeledger.mva	Opened sealed Instrument; no revoke action
7 Apr 2025 16:05:42	System	Workflow auto-archived as COMPLETED — GUARANTOR RETAINED

System note. PortalFlow could apply the corporate seal only after hardware-key authentication by a user holding the Commercial Approver role. That role permitted the user to approve onboarding and contract transfers. It did not check the limits in the Authority Matrix and displayed a warning where the Board-approval field remained blank. No separate revocation of the seal was recorded in the system.

CORRESPONDENCE CONCERNING THE TRANSFER, KYC AND PERFORMANCE

C 4A — 28 March 2025

From: Elena Voss, AHL **To:** Mira Solen, VLR **Subject:** ACS transfer package — NCRP-7

Mira,

As discussed, the group has completed the incorporation of Aerolith Carbon Solutions S.A. All carbon assets and related contracts are to be held by ACS. I attach the Transfer Instrument; AHL will remain guarantor, so VLR's credit risk will not change. Please confirm consent under Clause 19.2 through PortalFlow. It is important to us that ACS itself becomes the contracting buyer before the second payment and delivery.

Kind regards, Elena

C 4B — 31 March 2025

From: Mira Solen **To:** Elena Voss **Cc:** Patrick Rhee, VLR General Counsel

Elena,

This makes commercial sense. I am initiating the affiliate onboarding. Since AHL remains guarantor, I do not expect any objection. PortalFlow will collect the KYC information and apply our approval record. Patrick—please flag if anything is required beyond the standard committee housekeeping.

Mira

C 4C — 3 April 2025, 07:35 UTC

From: Mira Solen **To:** Elena Voss; Amir Kade **Subject:** Welcome ACS / PF-TR-8841 completed

We are pleased to welcome Aerolith Carbon Solutions as the contracting buyer for NCRP-7. PortalFlow shows the transfer as completed and AHL retained as guarantor. Legal housekeeping concerning the committee reference can follow; operationally, we are ready to open the ACS registry account and move the invoicing.

Please send the wallet nomination and contact matrix.

Mira

C 4D — 3 April 2025, 08:02 UTC — internal VLR email

From: Patrick Rhee, General Counsel **To:** Mira Solen **Subject:** RE: PF-TR-8841 completed

Under the Authority Matrix, a transfer exceeding EUR 5m requires Finance Committee + Legal. For some reason, PortalFlow permitted completion without a reference. Since AHL remains guarantor and the remaining unpaid exposure is EUR 3.6m, this can probably be ratified at the next meeting. Do not promise a release of AHL for the time being.

C 4E — Extract of Subsequent Conduct

Date	Document / Action	Party Identified as Buyer
7 Apr 2025	VLR KYC Certificate KYC-9912	Aerolith Carbon Solutions S.A.
15 Apr 2025	Registry Account Opening Notice	ACS; beneficial account ACS-NOVA-02
22 Apr 2025	VLR Invoice 2025-188 for second instalment	Billed to ACS; Agreement ID referenced
25 Apr 2025	Bank receipt for EUR 2,400,000	Remitter ACS; accepted without reservation
30 Sep 2025	Delivery Confirmation signed by VLR Operations	Buyer: ACS, as transferee of AHL
1 Oct 2025	Email from VLR Finance	ACS account balance: EUR 1,200,000 remaining
Oct 2025–Feb 2026	11 operational notices	Addressed to ACS as Buyer
18 Feb 2026	First express denial that the transfer was completed	Letter from General Counsel following the Burn Event

Agreed fact. The minutes of the Finance Committee meeting of 17 April 2025 included “ACS affiliate transfer / ratification” on the agenda, but the item was deferred for lack of quorum. It was not subsequently revisited. ACS did not receive the agenda or VLR's internal email of 3 April 2025 until disclosure in the arbitration.

BURN EVENT RECORDS AND INITIAL CORRESPONDENCE

A. Environmental Event

1. On 15–16 February 2026, a wildfire and storm surge occurred in the area of NCRP-7. Field access was temporarily closed by the local safety authorities. Coastal sensor S-14 ceased transmitting salinity readings at 23:41 UTC. The other four sensors remained operational.

B. Signed Oracle Packet OVF-4.2-7719

```
projectID: NCRP-7
timestamp: 2026-02-17T02:11:44Z
status: PRELIMINARY
final: false
reversalProbability: 0.82
estimatedAffectedUnits: 9600
dataQualityFlag: PARTIAL / S-14 NULL
recommendedAction: REVIEW_AND_TEMPORARY_HOLD
signature: OVF-node-04 / valid
```

C. Registry Transaction Log

UTC, 17 Feb	Event	Result
02:11:45	Oracle packet validated	Valid OVF signature; status=PRELIMINARY; final=false
02:11:45	Adapter handling of missing data	Missing S-14 value (NULL) recorded as 0 inside VLR adapter; this occurred after OVF had already calculated the 0.82 probability
02:11:46	ReversalController	System selected AUTO_PROTECTIVE_BURN because the 0.82 probability met the ≥ 0.80 threshold
02:11:47	Tokens NCRU-25-14401... 24000	Status changed from ACTIVE to CANCELLED; ordinary transfer and retirement disabled
02:11:48	Reserve manager	9,600 reserve positions set aside, but no usable replacement tokens were created for ACS
02:11:50	Notification service	Alert sent to VLR incident mailbox; Buyer notification failed: template expected status UNDER_REVIEW, received CANCELLED
06:28:03	VLR Operations	Manual incident ticket opened
08:15:19	VLR Operations	Email notice sent to ACS

The transaction was validated by network consensus and technically cannot be deleted from the ledger history. The Protocol permits the creation of resulting assets linked to the previous serials.

D. VLR Email of 17 February, 08:15 UTC

From: Sofia Nemm, VLR Operations **To:** ACS Incident Contact; Novacustody

The overnight oracle alert activated the protective cancellation of 9,600 NCRU-25. We regard this as a temporary risk-containment measure pending field verification. The underlying Registry Units are marked SUSPENDED, not retired. Do not attempt retirement. We are investigating why the system performed a cancellation rather than a 72-hour hold.

E. ACS Reply of 17 February, 09:02 UTC

From: Amir Kade **To:** Jonas Vale; Sofia Nemm; Mira Solen

The wallet shows 9,600 units as destroyed/cancelled, not paused. Clause 9 does not authorise this before a Final Determination. We disclosed to VLR our 31 March deadline to AeroNova. Restore the tokens immediately or issue unconditional transferable replacements. Please preserve the source, configuration, logs and communications.

F. Internal VLR Incident Summary of 18 February

Preliminary cause: a mismatch between the OVF API 4.2 status mapping and the ReversalController 2.4 environment configuration. The signed packet was preliminary. The system created contingent reserve slots, so the underlying

entitlement may be restored. It is unclear whether the $p \geq 0.80$ path was intended production behaviour or a staging safeguard. Repository review is required.

Immediate actions: disable the automated path; implement manual approval; request a field inspection; do not remind until double counting has been excluded.

Privilege marking: The first page of the summary is marked Prepared at request of General Counsel. The technical table was created by Operations 43 minutes before General Counsel became involved. Respondent claims privilege over the deliberative portions but does not dispute the operational facts reproduced above.

FINAL ASSURANCE REPORT OVF-2026-NCRP7-03

Date: 18 March 2026 **Author:** Orbis Verification Foundation **Status:** Final Reversal Determination under the Agreement

Executive Findings

1. OVF conducted a satellite comparison, drone survey, sample field inspection and reconciliation of data from the five coastal sensors. The wildfire and storm surge constituted a genuine Reversal Event, but the initial estimate of the affected area was materially overstated.
2. Of the 9,600 Registry Units placed in doubt:
 - **2,400 units** correspond to areas in which the carbon-storage outcome was lost and cannot be verified for the 2025 vintage;
 - **7,200 units** correspond to areas that retained the required environmental outcome and remain eligible.
3. The preliminary probability of 0.82 was calculated using partial data. Sensor S-14 returned a null value; in one downstream integration, null was displayed as zero. OVF's model took account of the data-quality flag and therefore expressly identified the signed packet as PRELIMINARY, final=false and REVIEW_AND_TEMPORARY_HOLD.
4. The OVF API 4.2 migration guide sent to registered operators on 6 January 2026 renamed the determinationStatus field to the boolean field final. For backward compatibility, the old field returned blank, not FALSE. A recipient was required to read the new field and the recommended action.
5. OVF did not recommend irreversible cancellation on 17 February. The first Final Reversal Determination was made in this Report. OVF expresses no legal opinion on the Parties' rights, VLR's architecture or whether reminting is an appropriate remedy.

Serial Allocation

Range	Quantity	Final Registry Unit Status
NCRP7-25-14401... 16800	2,400	INVALID — confirmed reversal
NCRP7-25-16801... 24000	7,200	ELIGIBLE — no final reversal

Buffer

6. The project buffer contained 4,080 available units on 18 March. This was sufficient to replace the 2,400 invalid units. OVF identified no double issuance as of the date of the Report.

Timing

7. Field access was impossible until 26 February. OVF could not produce a reliable result before 15 March; a three-day editorial review was completed on 18 March. Neither ACS nor VLR caused the delay in field access.

REMEDIATION, REPLACEMENT SERIES AND AERONOVA**C 7A — VLR Proposal of 23 February 2026**

VLR proposed to record 9,600 SHADOW-NCRU in ACS's account with an economic reference to the project buffer. The document stated:

1. the shadow credits were an internal accounting entry and could not be transferred or retired before the Final Report;
2. if the Final Report confirmed eligibility, VLR would convert the entry into NCRU-25R;
3. ACS would confirm that it would not use both cover units and the Replacement Series for the same obligation;
4. a separate Schedule B, entitled Mutual Release, provided for ACS to waive claims relating to the temporary cancellation if the Parties signed Schedule B.

ACS signed an acknowledgement of receipt of the proposal but did not accept paragraphs 1–3 and did not sign Schedule B. The Parties dispute whether the proposal constituted a practically useful cure and whether the waiver was a condition of the proposal as a whole or part of a separate settlement.

C 7B — Creation of the Replacement Series on 20 March 2026

Field	Value
Asset	7,200 NCRU-25R
Linked serials	NCRP7-25-16801...24000
Beneficial account	ACS-NOVA-02
Technical controller	VLR Replacement Vault pending acceptance
Status	RESTORED / TRANSFER_LOCK=TRUE / RETIREMENT_LOCK=TRUE
Unlock condition	Confirmation of reconciliation and no double retirement
Market display	Hidden from ordinary orderbook while locked

VLR email of 20 March: “We have restored the 7,200 eligible units. Sign the reconciliation confirmation and Operations will then remove the locks. This is a technical safeguard against double use, not a waiver of a damages claim. We are also willing to discuss a settlement release separately.”

ACS reply of 20 March: “We are already required to deliver the cover units purchased on 4 March. Locked tokens are not a cure: they cannot be used to perform the AeroNova contract. The proposed confirmation does not explain ownership and requires disclosure of our cover transaction. We reserve all rights.”

C 7C — Letter from AeroNova Airlines of 21 March 2026

To: ACS

Our compliance engine can accept only transferable and retireable units with status ACTIVE. NCRU-25R displayed as TRANSFER_LOCK=TRUE cannot be credited or retired. If the lock is removed and the registry confirms the absence of duplicate claims no later than 25 March at 17:00 UTC, we are willing to re-screen the series; after that time, settlement by 31 March will require a confirmed cover batch.

VLR did not remove the lock by 25 March. VLR submits that ACS did not sign a simple reconciliation confirmation; ACS submits that VLR could verify the absence of retirement itself and was not entitled to condition access to units belonging to ACS.

C 7D — Buffer Offer of 10 April 2026

VLR offered 2,400 verified buffer units from the 2026 vintage to replace the units found to be invalid. By that date, the AeroNova deadline had passed. ACS did not accept the offer without agreement on a monetary set-off. The units remained in VLR's Buffer Account.

Current status as at 15 July 2026: The 7,200 NCRU-25R remain recorded in ACS's beneficial account but are controlled by the VLR Replacement Vault and locked; the 2,400 buffer units have not been credited to ACS. The Parties agree that the Tribunal may determine the consequences of return, unlocking, cancellation or valuation only as between ACS and VLR.

COVER PURCHASE, MARKET DATA AND CALCULATION OF DAMAGES

A. AeroNova Offtake Agreement — Agreed Extracts

Date: 10 October 2025 **Quantity:** 9,600 eligible verified removal units, vintage 2025 or later **Price:** EUR 335 per unit; total EUR 3,216,000 **Delivery and retirement window:** by 31 March 2026 **Source restriction:** units must be transferable, unencumbered and accepted by AeroNova's compliance engine **Late delivery:** AeroNova may purchase replacements and recover the difference, or terminate the batch.

On 13 October 2025, ACS entered the offtake deadline and counterparty in the Material Commitments field of the registry account. VLR's system confirmed the entry. VLR therefore knew the quantity of 9,600, the price of EUR 335 and the 31 March deadline, although it was not a party to the offtake agreement.

B. Cover Purchase of 4 March 2026

ACS purchased from BluePeak Markets Ltd. 9,600 units from another verified coastal project, vintage 2025, at EUR 410 per unit, for a total of EUR 3,936,000. Settlement occurred on 9 March; the units were accepted by AeroNova and retired on 31 March. BluePeak is not an affiliate of either Party.

Compared with the Agreement acquisition cost of EUR 250 per unit, the difference is $\text{EUR } 160 \times 9,600 = \text{EUR } 1,536,000$. Compared with AeroNova's resale price, the cover transaction produced a negative batch margin of EUR 720,000 instead of the expected positive margin of EUR 816,000.

C. Independent Market Composite

Date	Mid-Price for Comparable Units (EUR)	Bid-Ask Range	Known Event
17 Feb 2026	342	335–349	Regional storm; demand rising
23 Feb 2026	365	356–374	Limited supply of coastal units
4 Mar 2026	405	392–418	Aviation compliance rush; ACS executed at 410
18 Mar 2026	388	378–398	OVF Final Report released to the Parties, not the market
20 Mar 2026	372	362–382	Additional supply announcements
25 Mar 2026	368	355–381	Last practicably reliable date for settlement of a new cover purchase
31 Mar 2026	355	342–368	Compliance window closes
10 Apr 2026	330	318–342	Seasonal demand falling
15 Jul 2026	290	276–304	Current estimated price of unlocked units

ACS submits that purchasing on 4 March was necessary to secure certainty and avoid thin-market risk. VLR submits that ACS could have purchased more cheaply on 17 February or waited for the Final Report or Replacement Series and, if necessary, acquired cover by 25 March at approximately EUR 368.

D. ACS's Related Expenses

Category	Amount (EUR)	Documentary Basis	VLR's Position
Chain analytics and forensic reconstruction	68,000	HexaTrace Invoice HT-2261	Partly duplicates ordinary internal review
Transaction, registry and expedited-settlement fees	41,000	BluePeak + network receipts	Cover was premature
Bridge financing, 4–31 Mar	51,420	Bank facility statement	Financing structure not disclosed when the Agreement was concluded

Category	Amount (EUR)	Documentary Basis	VLR's Position
External technical adviser before Dispute Notice	26,000	Invoice for 28 Feb–12 Mar	May constitute dispute preparation
Total	186,420		

Legal fees incurred after the Dispute Notice are not included in the EUR 186,420 and are claimed as costs of the arbitration.

E. Amounts Claimed by VLR

Category	Amount (EUR)	Basis
Final Purchase Price instalment	1,200,000	Clause 4.1(c); invoice due 30 Apr 2026
Annual registry service fee	144,000	Clause 4.2; invoice due 1 Mar 2026
Extraordinary verification/reminting	72,000	Itemised: OVF field work 48,000; network/reminting 24,000
Total excluding interest	1,416,000	

ACS acknowledges receipt of the invoices but disputes maturity, entitlement and set-off. Of the EUR 72,000, VLR in fact paid EUR 48,000 to OVF; EUR 24,000 represents an internal cost allocation.

PRE-ARBITRATION NOTICES**C 9A — ACS Notice of Material Breach, 19 February 2026**

ACS characterised the Burn Event as a material breach, demanded unconditional restoration of 9,600 eligible units no later than 3 March and stated that, absent cure, it would purchase cover for the AeroNova deadline. The Notice relied on Clauses 3.3, 8.3, 9 and 13.2.

C 9B — VLR Reply, 24 February 2026

VLR rejected any final characterisation before the Final Report, offered shadow credits and noted that field access was closed. VLR did not guarantee unlocking or transferable replacements by 3 March, but expected the Final Report “within two to three weeks”.

C 9C — ACS Dispute Notice, 11 April 2026

ACS demanded EUR 1,722,420, declined to pay the outstanding invoices pending set-off and proposed negotiations on 20 April. VLR participated in meetings on 20 and 28 April; no settlement was reached. Neither Party contends that Clause 20.4 renders any claim inadmissible for lack of negotiation.

C 9D — VLR Letter, 30 April 2026

VLR stated expressly for the first time that the Transfer Instrument “was never duly approved” and that AHL remained the sole Buyer. At the same time, the letter demanded that ACS pay the final instalment and service fee “if ACS continues to assert that it is the Buyer”. VLR copied AHL and reserved its rights against it. No separate proceeding against AHL has been commenced.

KESSEL NOR & PARTNERS
88 Charter Lane · Novaris 2210 · Federation of Montavera
j.kessel@kesselnor.mva

27 May 2026

BY EMAIL

SCC Arbitration Institute
Stockholm, Sweden

Re: SCC Case No. 2026/117 — Aerolith Carbon Solutions S.A. v. VerdeLedger Registry Ltd.

Dear Sir or Madam,

We represent VerdeLedger Registry Ltd. We submit Respondent's Answer, Jurisdictional Objection and Conditional Counterclaim, together with the supporting documents. Respondent reserves all rights arising from its jurisdictional objection.

Please direct further communications for Respondent to the undersigned.

Yours faithfully,

Jonathan Kessel
Counsel for Respondent
Kessel Nor & Partners

ANSWER TO THE NOTICE OF ARBITRATION

VerdeLedger Registry Ltd., Respondent Date: 27 May 2026

I. Preliminary Jurisdictional Objection

1. VLR disputes the existence of an arbitration agreement between itself and ACS. VLR and AHL were the only signatories to the Agreement. The Transfer Instrument expressly became effective only upon VLR's consent given in accordance with Clause 19.2. No such corporate consent was given.
2. The PortalFlow workflow was entitled "Transferee Onboarding". Mira Solen was authorised to approve KYC and operational onboarding, but not to transfer a contract worth EUR 6,000,000. VLR's internal Authority Matrix required joint approval by the General Counsel and the Board Finance Committee. The electronic seal was applied automatically by the interface; clicking the onboarding control did not express VLR's consent to a novation.
3. ACS knew that "legal housekeeping can follow" and that formal approval remained outstanding. Subsequent payments and delivery constituted permitted performance by AHL through an affiliate. The Agreement allowed nomination of a wallet and payment by a group entity without substitution of the contracting party. AHL remained the contractual Buyer and guarantor.
4. Separability does not create consent where none exists. The phrase "permitted successors and assignees" encompasses only an authorised transfer. ACS cannot acquire rights greater than those conferred by an incomplete Transfer Instrument.
5. ACS's proprietary claim concerning the Registry Units relates to status records maintained by VLR under a separate Registry Rulebook. It does not make ACS a party to the Agreement. In any event, the Tribunal cannot render an award binding on NCRP-7, OVF or other registry participants.

II. Response on the Merits Without Waiver of the Objection

6. If the Tribunal finds that it has jurisdiction, VLR denies liability. ACS accepted an architecture in which the tokens were subject to automated reversal and Administrator controls. The Approved Technical Package contained the deployed bytecode hash and warned that machine-readable rules governed operational execution. The existence of Administrator power was known and reflected in the price.
7. VLR relies on the real wildfire and storm event and on OVF's signed preliminary probability of 0.82. It says the automated system was intended to protect the registry from circulation of potentially invalid units. ACS responds that the same packet said PRELIMINARY, final=false and recommended only a temporary hold.
8. VLR says ACS's technical team received the v2.4 hash and approved the update for deployment. ACS answers that it tested only API compatibility, never received the source-code changes, and expressly relied on VLR's statement that the contractual legal trigger had not changed.
9. The Final Assurance Report did not find that no event had occurred; it confirmed the loss of 2,400 units. As to the other 7,200 units, VLR effected a cure by placing the Replacement Series in ACS's account on 20 March. The transfer lock was a temporary compliance measure pending ACS's confirmation that no double retirement would occur. A waiver was not a condition for removing the lock; the draft settlement term sheet was separate from the technical acceptance form.
10. VLR argues that ACS bought replacement units too early, on 4 March, before the 31 March AeroNova deadline and before OVF's Final Report. ACS says waiting was commercially risky because there was no guaranteed cure date and market supply was limited.
11. The cover differential is an indirect or consequential loss excluded by Clause 15.4, while the alleged bridge-financing and advisory costs were not agreed, were not foreseeable and relate in part to preparation of the dispute. Lost margin cannot be recovered in addition to the cover differential.
12. Alternatively, the Burn Event and the delay in the Final Assurance Report were caused by circumstances beyond VLR's reasonable control: extreme weather, independent oracle output and the need for field access. Force majeure and the agreed allocation of risk apply.

III. Conditional Counterclaim

13. Solely in the event that the Tribunal finds that it has jurisdiction, VLR submits a counterclaim without waiving its objection. On ACS's own case, ACS, as transferee, is required to pay:
 - EUR 1,200,000 for the final instalment, which fell due on 30 April 2026;
 - EUR 144,000 for the annual registry service fee, which fell due on 1 March 2026;
 - EUR 72,000 in documented extraordinary verification and reminting costs under Clause 12.7;
 - contractual interest and costs.
14. The Agreement prohibits withholding undisputed instalments and permits set-off only after a final award or written agreement. ACS may not unilaterally finance the dispute by withholding the contract price.

IV. Relief Sought

15. VLR requests that the Tribunal:

- dismiss all claims for lack of jurisdiction;
- alternatively, dismiss ACS's claims on the merits;
- further alternatively, reduce any award to account for contributory conduct, mitigation, the Replacement Series and the limitations of liability;
- uphold the conditional counterclaim in the amount of EUR 1,416,000 plus interest;
- order ACS to bear the costs of the arbitration and VLR's legal costs.

16. VLR nominates Ms Nara Vel as arbitrator.

Jonathan Kessel
Counsel for Respondent
Kessel Nor & Partners



REGISTRY AND SMART-CONTRACT TECHNICAL SCHEDULE

Schedule 4 to the Agreement · signed on 18 December 2024

A. Architecture

1. The NCRU Registry is a permissioned distributed ledger comprising seven validator nodes. VLR operates three nodes, OVF operates one, and three independent registry members operate the remaining nodes. An ordinary transfer requires a valid wallet instruction and network consensus.
2. Wallet ACS-NOVA-02 is a 2-of-3 multi-signature arrangement. One signing shard is controlled by ACS, one by Novacustody, and a third is held by Novacustody in a disaster-recovery vault and used only under a documented recovery procedure. The registry display links the wallet to beneficial client ACS.
3. VLR's Administrator Key does not sign an ordinary transfer on behalf of ACS. It may change protocol-level status, impose a transfer pause and invoke ReversalController. An ordinary administrative action requires 2-of-3 VLR signers; a preconfigured automated action is executed by ReversalController upon receipt of a qualifying signed oracle packet.
4. An NCRU-25 contains the following fields: tokenID, projectID, vintage, registryUnitSerial, beneficialAccount, status, oracleReference, lawTag=MV-DATAA, termsURI and codeHash.

B. Agreed Reversal Workflow

```

receive signed_oracle_packet
if packet.status == PRELIMINARY:
    set token.status = UNDER_REVIEW
    pause voluntary transfer for max 72h
    notify Buyer and VLR incident contacts

if packet.finalDetermination == TRUE:
    identify affected serials
    reserve equivalent buffer units where available
    cancel affected tokens
    mint and deliver replacements atomically or near-atomically
    issue audit record
  
```

5. Schedule 4 states: "The probability score assists review but does not substitute for finalDetermination == TRUE. Any emergency exception must be manually recorded under Clause 9.3 with reasons."

C. Change Control

6. VLR may install security and compatibility patches without an amendment, provided they do not alter a legal trigger, the allocation of risk or an available remedy. VLR shall provide a release note and compiled-bytecode hash at least five Business Days in advance. Buyer shall confirm API compatibility; that confirmation does not amend the Agreement.
7. The source code is held in VLR's closed repository. Buyer has no routine access. In the event of a material incident, Clause 16.2 of the Agreement provides for disclosure or equivalent secure verification.

D. Versions and Hashes

Version	Purpose	Compiled Bytecode Hash	Status
2.3	Production until 11 Feb 2026	0x9b20...731e	Trigger used the final flag
2.4-RC	Staging / stress test	0x4c81...aa72	Source content disputed
2.4	Production from 11 Feb 2026	0x4c81...aa72	Same compiled hash as 2.4-RC

8. On 19 January 2026, Amir Kade acknowledged receipt of hash 0x4c81...aa72 and successful completion of the API sandbox test. VLR did not provide ACS with a human-readable source diff. The release note described the update as "null-value resilience, faster protective status response and API v4.2 compatibility".

CORRESPONDENCE AND DEPLOYMENT LOG FOR V2.4

R 2A — External VLR Email of 15 January 2026

From: Jonas Vale, VLR CTO **To:** Amir Kade, ACS **Subject:** NCRU Registry v2.4 compatibility package
Amir,

I attach the interface schema, release note and hash of the production candidate. The changes provide correct treatment of missing sensor values, a faster protective response and migration to OVF API 4.2. The contractual reversal logic remains governed by Schedule 4. Please confirm by 20 January that your custody connector accepts the new status messages.

Jonas

R 2B — ACS Reply of 19 January 2026

From: Amir Kade **To:** Jonas Vale

The sandbox messages are passing, and I have recorded the hash. UNDER_REVIEW, REPLACED and the retirement callback are read correctly. Fine to go live from the connector-compatibility side. As usual, we have not been given the source-code diff; we rely on your confirmation that the legal triggers have not changed.

Amir

R 2C — Internal Release Ticket VLR-REL-240, Extract

Field	Entry
Branch	reversal-controller/2.4-RC
Deployment target	prod-eu-1
Requested by	Jonas Vale
Approved by	ReleaseBot policy check; Sofia Nemm, Operations
Legal-trigger change	Dropdown set to NO
Test note	Protective burn path tested at $p \geq 0.80$; verify status mapping with OVF 4.2
Open issue	OVF renamed determinationStatus; adapter fallback behavior unresolved
Deployment	11 Feb 2026 22:06 UTC; hash 0x4c81...aa72

R 2D — Internal VLR Chat of 10 February 2026

Sofia Nemm, Operations: In the RC stress test, the protective burn is triggered by probability. In production it should only impose a pause, correct?

Jonas Vale: Yes, the legal sequence remains Schedule 4. But OVF 4.2 sends a new final flag. The adapter must distinguish it. We use one compiled hash for the deterministic build; the environment configuration selects the path.

Sofia: The deploy ticket says AUTO_PROTECT=true. Is that a burn or a pause?

Jonas: By design, it is a reversible protective cancellation with an immediate reserve slot, not a permanent loss of entitlement. Check the mapping with DevOps. I am travelling and will be back in the morning.

CLAIMANT'S COMMENTS ON THE ANSWER

5 June 2026

1. Claimant maintains its Request. Respondent conflates internal limits on authority with an external manifestation of consent. PortalFlow stated that confirmation would apply the corporate seal to the Transfer Instrument; the audit log confirms that the document was opened, authenticated and approved. An Authority Matrix unknown to ACS cannot negate the Chief Commercial Officer's apparent authority.
2. The phrase "legal housekeeping can follow" referred to adding AHL as guarantor in the registry profile, as is apparent from the next sentence of the email. For ten months, VLR never issued an invoice to AHL or stated that ACS was acting merely as a payment agent.
3. Acceptance of a hash does not establish knowledge of the source code. VLR provided ACS with an interface specification and binary hash but denied repository access. "Fine to go live" referred to the API compatibility test, not to any alteration of the contractual trigger.
4. VLR offered no unconditional cure before the Cover Purchase. The shadow credits could not be retired, and the proposed term sheet contained a release. The Replacement Series remained locked on 20 March and was rejected by AeroNova's registry interface. Even if the cure is taken into account, it affects the measure of relief but does not eliminate the breach of 17 February.
5. ACS disputes all amounts claimed by way of counterclaim. The final instalment was conditional upon a conforming Final Assurance Report and the continued eligibility of 24,000 units; the service fee is subject to set-off; and the extraordinary costs arose from VLR's own defective deployment and do not fall within Clause 12.7.

Dr Emilia Ravel

Counsel for Claimant

Ravel & Mornay Advocates

SCC ARBITRATION INSTITUTE
CASE MANAGEMENT DIVISION

12 June 2026

To: Counsel for Aerolith Carbon Solutions S.A. and VerdeLedger Registry Ltd.

From: SCC Arbitration Institute Secretariat

Re: SCC Case No. 2026/117

Dear Parties,

The Secretariat confirms receipt of the Request for Arbitration on 4 May 2026 and the Answer on 27 May 2026. The arbitration is deemed to have commenced on 4 May 2026.

Respondent submitted that Claimant was not a party to the Agreement or to the arbitration agreement contained therein because the consent to transfer required by Clause 19.2 had not been duly given. Claimant objected, relying on VLR's electronic seal, subsequent performance, apparent authority and the separability of the arbitration agreement.

The SCC Board reviewed the materials solely for purposes of Articles 11 and 12 of the SCC Rules. The Board decided that, on the materials before it, the SCC did not manifestly lack jurisdiction. The case was therefore not to be dismissed at the administrative stage.

The Board's decision does not bind the Tribunal as to the existence, validity, applicability or scope of the arbitration agreement. Those matters shall be determined by the Tribunal after giving each Party an equal and reasonable opportunity to present its case.

The Board determined that the Tribunal would consist of three arbitrators. In accordance with the Agreement, the seat of arbitration is Bellhaven, Republic of Auralia. The Parties were notified of the subsequent appointments by separate correspondence.

Yours sincerely,

Elin Varberg

Legal Counsel, SCC Secretariat

WITNESS STATEMENT OF ELENA VOSS

Submitted by Claimant · 22 June 2026

1. My name is Elena Voss. I have been the Managing Director of Aerolith Carbon Solutions S.A. since March 2025. Before that, and concurrently during the transition period, I was Aerolith Holdings plc's Group Director for Sustainability. I signed the Agreement on behalf of AHL and the Transfer Instrument on behalf of AHL and ACS pursuant to corporate resolutions of both companies.
2. The Aerolith group originally entered into the Agreement through AHL because ACS had not yet been incorporated. During the negotiations in November and December 2024, I told Mira Solen several times that, once the dedicated carbon company was formed, the Agreement would be transferred to it. Mira replied that an affiliate transfer with the parent guarantee retained was routine.
3. Clause 19.2 was proposed by VLR's lawyers. I understood it to mean that we had to upload the Transfer Instrument and complete the PortalFlow process, after which VLR would apply its corporate seal. I did not know about the EUR 5 million limit or the Finance Committee. The Authority Matrix was never provided to us. Mira was the Chief Commercial Officer, had signed the EUR 6 million Agreement and conducted all material negotiations. I had no reason to doubt that she could confirm the transfer.
4. On 2 April 2025, PortalFlow sent an automated notification stating VLR CONSENT RECORDED. On 3 April, Mira wrote that ACS was the contracting buyer. I understood legal housekeeping can follow to refer to entering the committee reference and retaining AHL as guarantor, not to an absence of consent. Had she said that the transfer was ineffective, we would not have sent EUR 2.4 million from ACS or established custody and offtake contracts in its name.
5. From April to September 2025, VLR treated ACS as a Party: it completed KYC, opened the registry account, issued the invoice and recorded delivery. No document described ACS merely as a payment agent. AHL received no invoices after the transfer and did not control the tokens.
6. On 10 October 2025, ACS entered into the AeroNova Offtake Agreement. We entered the quantity, price and deadline in the Material Commitments field because the Agreement required disclosure of material resale commitments. The Registry automatically confirmed the entry. During a video call in December 2025, Mira said, "your March airline delivery fits well with the assurance calendar". VLR therefore knew that the deadline mattered.
7. On the morning of 17 February 2026, our dashboard showed that 9,600 units had disappeared from the available balance. I attended the incident call. VLR first called it a protective cancellation and then a temporary burn, but could not say when the tokens would become usable. I reiterated the 31 March deadline and requested an unconditional replacement.
8. The shadow credits offered on 23 February could not be transferred or retired. A Mutual Release was attached to the package. Even if VLR now says the release was separate, its commercial team told us that "the complete resolution package must be signed". We could not offer AeroNova an accounting placeholder in place of eligible units.
9. On 27 February, our risk committee considered three options: wait for the Final Report, negotiate with AeroNova or purchase cover. AeroNova did not extend the deadline. Few comparable coastal units remained on the market, and sellers warned of a compliance rush. The Committee authorised a purchase up to EUR 420. On 4 March, we accepted a firm offer at EUR 410. It was expensive, but it secured performance.
10. We did not know that the market price would fall after 4 March. There was no guaranteed date for the Final Report; field access had been closed. The error might have affected all 9,600 units. Had we waited and the market risen or supply disappeared, AeroNova could have purchased replacements at our expense and terminated the relationship.
11. On 20 March, VLR placed 7,200 NCRU-25R in the account, but they were locked. AeroNova expressly refused to accept them. VLR could have removed the lock by 25 March, but required a reconciliation confirmation that, in the view of our counsel, ambiguously linked the cover units and the settlement package. By then, the Cover Purchase was binding and had been paid.
12. ACS does not seek a double benefit. We are prepared to comply with any decision of the Tribunal requiring the return, cancellation or valuation of the 7,200 Replacement Series. VLR cannot, however, treat locked assets as full compensation at their EUR 250 nominal value or at the peak market price when ACS was never able to dispose of them.
13. We withheld the final instalment and service fee after consulting counsel. I understand that Clause 4.3 limits unilateral set-off, but ACS pleads set-off in this arbitration. The Final Assurance Report confirmed only 21,600 original eligible units, and the 2,400 buffer units were offered after the relevant deadline.
14. To the best of my knowledge, all facts in this statement are true. I understand that I may be called for cross-examination in these proceedings. Elena Voss — electronic signature verified.

WITNESS STATEMENT OF AMIR KADE

Submitted by Claimant · 22 June 2026

1. My name is Amir Kade. I am the Chief Technology Officer of ACS. My team is responsible for integrating the registry APIs with Novacustody and client systems. I am a distributed-systems engineer, but I am not a lawyer or a carbon-verification expert.
2. The NCRU Registry is not an ordinary public blockchain. A user's wallet signs an ordinary transfer, but VLR maintains a protocol-level Administrator function. We agreed to that function because Clause 9 limited cancellation to a Final Reversal Determination and required replacement. We understood ACS's control as the practical ability to use the units in the ordinary course, notwithstanding VLR's narrow emergency powers.
3. Until January 2026, production version 2.3 set the status to UNDER_REVIEW upon receipt of a preliminary packet. We saw this in the sandbox. In January, Jonas Vale sent the schema, release note and compiled hash for version 2.4. VLR did not provide the source repository or a human-readable diff. A hash shows that the same binary was deployed but does not explain its logic.
4. My email stating fine to go live was expressly limited to connector compatibility. I confirmed that our system could read the listed status messages. I also wrote that I relied on the legal triggers remaining unchanged. Had VLR disclosed that a preliminary probability could cancel tokens, we would have objected and would not have confirmed the deployment.
5. After the Burn Event, I obtained the signed oracle packet. It stated status=PRELIMINARY, final=false and recommended action REVIEW_AND_TEMPORARY_HOLD. In my view, any correctly configured adapter should distinguish those fields. The ledger log shows that the adapter saw them, yet ReversalController followed the $p \geq 0.80$ path.
6. Technically, the cancellation removed the wallet's ability to sign a transfer or retirement using the original token IDs. The Registry Unit serials continued to appear off-chain as SUSPENDED. A mismatch therefore arose: the digital record was cancelled while the linked underlying entries had not yet been found invalid.
7. VLR said the cancellation was reversible. On a distributed ledger, the former entry cannot be deleted; correction requires reminting resulting assets and creating a reconciliation link. That is possible, but the new tokens must be unlocked and recognised downstream. The shadow credits of 23 February were not tokens and could not assist AeroNova.
8. On 20 March, I inspected the 7,200 NCRU-25R. The beneficial account displayed ACS, but the signing abilities were held by the VLR Replacement Vault; both the transfer and retirement lock flags were TRUE. ACS and Novacustody could not initiate their use. I asked VLR to remove the lock without additional conditions. VLR sent a form under which ACS was to confirm the cover details and full reconciliation of claims. I was not authorised to accept legal language on behalf of ACS.
9. AeroNova effectively gave VLR another five days, until 25 March. I checked the status daily. The lock was not removed. Even a token unlocked on 25 March would have required a compliance rescan and settlement; the timing was extremely tight.
10. HexaTrace reconstructed the event sequence and confirmed that neither ACS's nor Novacustody's credentials had been compromised. Its EUR 68,000 invoice covers extraction of ledger data, API comparison and the report. Part of the work became necessary because VLR did not disclose the source or configuration.
11. The source code, environment configuration and deployment approvals are important to determine what condition was programmed and by whom. The pseudocode and hash are insufficient. At the same time, I understand the cybersecurity concern. I am willing to inspect the materials in a secure clean room and do not seek private keys, unrelated modules or the ability to copy exploitable code.
12. To the best of my knowledge, this statement is true. My technical opinions are based on the documents and my direct involvement. *Amir Kade — electronic signature verified.*

WITNESS STATEMENT OF MIRA SOLEN

Submitted by Respondent · 24 June 2026

1. My name is Mira Solen. I have been VLR's Chief Commercial Officer since 2022. I signed the Agreement with AHL following internal Board approval. I am responsible for commercial relations but have no general authority to novate contracts of any value.
2. VLR's Authority Matrix sets my individual approval limit at EUR 5 million. An assignment or novation of a contract whose original face value exceeds that limit requires the General Counsel and the Finance Committee. I signed the EUR 6 million Agreement only after a Board resolution; the external signature did not disclose the internal approval chain.
3. I knew that Aerolith planned to establish a special-purpose company. I agreed commercially, provided that AHL remained guarantor. When Elena sent the package, I initiated the PortalFlow workflow. The prominent title on screen was Transferee Onboarding. I checked KYC complete and guarantor retained. I do not recall reading the banner stating that confirmation would apply the seal as consent under Clause 19.2. I do not dispute the audit log; the banner may have appeared on screen, but I was focused on the onboarding fields.
4. I clicked CONFIRM TRANSFEREE, believing that this would open the registry account. PortalFlow automatically applied the corporate seal. The system should not have permitted completion of a contract transfer without a committee reference. That was a workflow-design flaw.
5. The following day, Patrick Rhee wrote about the need for ratification. I believed the issue would be resolved because the unpaid exposure of EUR 3.6 million was below my limit and AHL remained guarantor. The item was deferred for lack of quorum, after which the operational team continued its work. That was a failure in our follow-up, but I did not consider the Board's silence to be equivalent to formal approval.
6. In my email of 3 April, I did call ACS the contracting buyer. That was legally imprecise. In commercial language, we often refer to the nominated account holder as the buyer. By legal housekeeping can follow, I intended to indicate that formalities remained outstanding. I did not tell ACS that consent was definitively invalid because, at that time, I expected ratification.
7. VLR accepted payment from ACS because the Agreement does not prohibit third-party payment. Delivery to ACS's wallet was also permitted by the nomination clause. I accept that the invoices and Delivery Confirmation may have created the impression of a transfer. AHL, however, remained guarantor and was not expressly released.
8. Before the Burn Event, no one within VLR revisited ratification. After ACS threatened a substantial claim, the General Counsel conducted a corporate review and concluded that the legal transfer had not been completed. I understand why the timing appears opportunistic, but the conclusion is based on the Authority Matrix.
9. I participated only in the commercial response to the incident. I knew about the AeroNova deadline and tried to find an interim solution. The shadow credits were intended to give ACS economic assurance while OVF completed its field work. The Mutual Release was a settlement option in a separate schedule. I did not say that ACS had to waive all claims to obtain technical restoration, although someone on my team may have expressed this unclearly.
10. After 20 March, I asked ACS to sign the reconciliation confirmation because it had already purchased cover and there was a risk of double use. The form was not intended as a release. ACS declined to disclose the serials of the cover batch until 29 March, and Compliance did not remove the lock.
11. I believe both Parties could have cooperated better. VLR could have distinguished the settlement from the technical cure more clearly; ACS could have confirmed the serials and avoided the lock. I cannot give a technical opinion on the source code.
12. This statement is true to the best of my knowledge and recollection. *Mira Solen — electronic signature verified.*

WITNESS STATEMENT OF JONAS VALE

Submitted by Respondent · 24 June 2026

1. My name is Jonas Vale. I am VLR's Chief Technology Officer and am responsible for the Registry Protocol, although day-to-day releases are carried out by DevOps and Operations. I hold a master's degree in computer science. I am not a legal expert.
2. A carbon registry must rapidly prevent the circulation of units that may prove environmentally invalid. Public confidence depends on a conservative response. The architecture therefore includes automated protective measures and an Administrator Key. Cancellation in our system does not necessarily mean final extinguishment of the entitlement: the ledger retains the serial linkage and a resulting token can be created after review.
3. Schedule 4 uses the term cancel following a final determination. Within the engineering team, we also used protective burn to describe a temporary cancellation with a reserve slot. I accept that this terminology was not agreed in the Agreement and could be misleading.
4. Version 2.4 was required for the OVF API migration. In staging, we tested a $p \geq 0.80$ protective path so that the system would respond to a severe event. The production environment was meant to take account of final and the recommended action. The same deterministic binary can behave differently through signed configuration; accordingly, the identical RC and production hash does not, by itself, prove that the trigger was identical.
5. The release ticket contained an open mapping issue. I asked Operations to check it. I was on an aircraft when the production deployment was completed. The policy check classified the change as non-material because the release owner selected NO in the dropdown. I did not click the final deploy control, but as CTO I accept that VLR deployed and used the component.
6. After the incident, we disabled the automated path. The preliminary review showed that the adapter normalised the missing S-14 value and that the probability threshold was met. To determine precisely why the system selected cancellation, the source, configuration and logs must be examined together. An isolated source fragment may give a misleading picture.
7. The OVF packet was authentic and reported a severe event. Even a correct temporary hold would have prevented ACS from transferring for at least 72 hours. The field closure was beyond VLR's control. The Final Report confirmed a genuine reversal affecting 2,400 units. I do not agree that the entire incident was invented by the system.
8. VLR immediately earmarked 9,600 reserve slots, which is why we considered the protective cancellation reversible. Converting those slots into transferable tokens before the Final Report would, however, have been risky: if the original units remained eligible, double issuance could have resulted. The shadow credits were an attempt to demonstrate economic availability without creating a tradeable duplicate.
9. On 20 March, we reminted 7,200 resulting tokens. The lock was required because ACS had reported a cover purchase but initially did not disclose the serials. Compliance had to ensure that the Replacement Series would not be used in parallel for the same AeroNova claim. Technically, VLR could remove the lock; policy required signed reconciliation.
10. The source repository contains not only ReversalController code, but also validator security, key rotation, monitoring endpoints and commercial modules for other clients. Providing a complete copy to ACS would create a security risk and breach third-party confidentiality. We propose a clean room: an independent expert receives the relevant repository snapshot, examines four agreed questions and reports findings to the Tribunal without disclosing exploitable code.
11. VLR does not own OVF's model weights. The deployment configuration and non-privileged technical timeline may be examined in the clean room; in my understanding, the General Counsel's confidential legal deliberations should remain protected.
12. This statement is true to the best of my knowledge. I leave legal characterisation to the Tribunal. *Jonas Vale — electronic signature verified.*

WITNESS STATEMENT OF DR LIORA MERAN

Jointly submitted by the Parties as the statement of the independent verifier · 25 June 2026

1. My name is Dr Liora Meran. I am Director of Verification at the Orbis Verification Foundation. OVF is an independent non-profit organisation accredited in Montavera for environmental verification. I directed the preparation of Final Assurance Report NCRP7-03.
2. OVF supplies VLR with signed oracle packets through an API. A preliminary packet is a screening tool, not a final decision. It may carry a high probability and still remain preliminary. The packet of 17 February contained the clear fields status=PRELIMINARY, final=false and recommendedAction=REVIEW_AND_TEMPORARY_HOLD.
3. Sensor S-14 did not report a salinity value. In OVF's own model, null is not equal to zero; the data-quality flag reduces confidence. I do not know in which component null was converted to zero after transmission of the packet. OVF has no access to VLR's adapter or ReversalController.
4. The API migration guide of 6 January was sent to the addresses registered by VLR: oracle-admin@verdeledger.mva and j.vale@verdeledger.mva. Delivery logs show successful delivery. The Guide explained the boolean field final and that the old field would be blank. OVF offered an integration test; VLR's sandbox passed signature validation but VLR did not order a full status-mapping test.
5. The event was real. It cannot be said that the oracle "invented" the fire or surge. The error concerned the estimated scope. Following the field inspection, we confirmed 2,400 invalid units and 7,200 eligible units.
6. Before the Final Report, OVF could not reliably determine the precise quantity. The field closure until 26 February was objective. A temporary hold could have protected registry integrity without final cancellation, but the choice of legal and technical measure belonged to VLR and the Parties to the Agreement.
7. OVF's model weights, certain training datasets and third-party satellite licences do not belong to VLR. OVF did not consent to their disclosure. We are willing to provide the Tribunal with a description of the methodology and conduct an expert session, but do not consider the model weights necessary to determine whether VLR read the fields in the packet.
8. I express no opinion on contractual breach, control, ownership or damages. The Final Report and this statement contain my factual and professional findings. *Dr Liora Meran — OVF qualified electronic signature.*

CLAIMANT'S APPLICATION FOR DOCUMENT PRODUCTION

Date: 29 June 2026 **Legal basis:** Articles 23 and 31 of the SCC Rules; Clauses 16.2 and 17.3 of the Agreement

1. ACS asks for limited production of technical documents concerning NCRP-7 and the Burn Event for the period 1 January–20 March 2026. It does not seek private keys, unrelated client data or public disclosure of VLR's source code.

Category	Materials Requested	Relevance and Materiality According to ACS
1	Source code and repository diff for ReversalController 2.3 → 2.4, OVF Adapter 4.2 and the environment configuration in effect on 17 Feb	Will show the actual trigger, the reading of final, the $p \geq 0.80$ path, null handling and the availability of a pause instead of a burn
2	Deployment approvals, CI/CD logs, test results and communications concerning classification of the change as material/non-material	Will show knowledge, reasonable care, attribution and whether the change was agreed
3	Factual technical sections of incident reports, root-cause analysis and post-event remediation records	Will test causation, the availability of cure and recognition of a system defect; legal advice may be redacted
4	The API migration guide, integration-test results and OVF model/interface documentation actually held by VLR	Will show which fields and limitations were known to VLR; ACS does not seek model weights that VLR does not possess
5	Documents establishing control, the unlocking condition and current abilities in respect of the Replacement Series	Necessary for valuation, benefit credit and determining whether ACS received a practically usable cure

2. VLR has sole possession of Categories 1–3 and 5. A hash does not disclose logic. Extracts prepared by VLR itself are no substitute for contemporaneous source and configuration materials. Jonas Vale accepted that only a combined examination of those materials would establish the cause.

3. Trade-secret status is not an absolute ground for refusal. The Agreement expressly contemplates an NDA, redaction, an independent expert and a clean room. ACS proposes a two-tier protective order:

- **CONFIDENTIAL:** access for external counsel, experts and the Tribunal; use in the arbitration only;
- **HIGHLY CONFIDENTIAL — SOURCE:** access for one external technical expert for each Party in a monitored clean room, without internet access, copying or retention of exploitable code; only agreed extracts or neutral descriptions may be used in submissions.

4. A clean-room-only report by a single expert selected by VLR is insufficient. ACS must be able to test the methodology, propose questions and use material facts in its case. A jointly appointed independent expert is possible, with both Parties having access to the instructions, questions and report.

5. Privilege extends only to confidential legal communications, not automatically to pre-existing operational data or factual technical analysis. If VLR withholds a document, it must provide a privilege log stating its date, author, recipients, general subject matter and specific basis for withholding. Segregable factual portions must be produced.

Order Sought

6. ACS requests that the Tribunal order production of Categories 1–5 in the proposed protected form; direct VLR to preserve the relevant repository snapshot; require a privilege log; and permit ACS to rely on the findings without public disclosure of source code.

Dr Emilia Ravel

Counsel for Claimant
Ravel & Mornay Advocates

RESPONDENT'S OBJECTIONS AND PROPOSAL FOR CLEAN-ROOM REVIEW

Date: 3 July 2026

1. VLR objects to giving raw source code directly to ACS or its expert. It says the repository contains security-sensitive material and code affecting more than 40 clients. VLR proposes inspection by an independent expert appointed by the Tribunal.
2. Category 1 is overbroad: contractual authorisation is determined by the text of the Agreement, while the factual event sequence is already recorded in the ledger log and OVF packet. Source code may show the technical branch but cannot alter the hierarchy of documents. VLR is willing to provide a snapshot to an independent expert appointed by the Tribunal.
3. VLR has already produced the external release correspondence, ACS's reply, the release-ticket extract and the internal deployment chat. The remaining communications reveal security vulnerabilities and unrelated releases. VLR agrees to provide the deployment ticket, environment variables relevant to the trigger and the CI test summary to the neutral expert after redaction.
4. Category 3 includes documents created at the direction of the General Counsel for the purpose of obtaining legal advice and preparing for the dispute. The factual Operations timeline has already been disclosed. VLR will provide a privilege log, but objects to compelled disclosure of mental impressions and legal recommendations. Documents in which legal and technical analysis are inseparable should be protected in full or summarised to the Tribunal in camera.
5. As to Category 4, VLR has provided the OVF migration guide and the test receipts in its possession. VLR does not possess the model weights or licensed datasets. Seeking them from OVF would be disproportionate and irrelevant to the status-mapping error. Dr Liora Meran's statement addresses the packet.
6. As to Category 5, VLR agrees to provide a current-status export and the reconciliation policy, but commercial pricing for other registry clients is irrelevant to valuation.

Proposed Protocol for Neutral Review

7. VLR proposes that a single independent expert appointed by the Tribunal and bound by a strict NDA shall:
 1. receive an offline snapshot of the relevant modules and the configuration in effect on 17 February;
 2. determine whether the production system read final=false and the recommended action;
 3. determine the condition that directly triggered AUTO_PROTECTIVE_BURN;
 4. determine where the NULL → 0 conversion occurred and how it affected the probability or trigger;
 5. compare versions 2.3, 2.4-RC and the production configuration;
 6. determine whether a temporary hold and immediate remint were technically available;
 7. prepare a report that does not disclose exploitable code, after receiving comments from both Parties.
8. The Parties may propose questions and cross-examine the expert. No party-appointed expert shall receive the raw source. ACS, as the requesting Party, shall initially bear the costs, subject to final allocation in the award.

Order Sought

9. VLR requests that the Tribunal deny direct production of Categories 1–3; approve neutral review within the proposed scope; find that Category 4 has been satisfied; limit Category 5; and protect privileged and security-sensitive materials.

Jonathan Kessel

Counsel for Respondent
Kessel Nor & Partners

STUDENT TECHNICAL GLOSSARY

Permissioned DLT — a private digital ledger in which only approved participants can operate validator nodes.

Token / NCRU-25 — a digital record linked in this case to one carbon Registry Unit.

Oracle — an external data source that sends verified information to a digital system. Here, OVF sends signed environmental data to VLR.

Bytecode hash — a digital fingerprint of compiled software. It can show that the same software build was deployed, but does not explain the code logic.

2-of-3 multisig — a wallet arrangement requiring two of three authorised signing parts to approve an ordinary transaction.

Burn / cancellation — making a token unusable in its existing form. In this case, cancellation does not necessarily mean the linked Registry Unit legally disappeared.

Remint / replacement — creating a new token to replace or restore a cancelled token.

Environment configuration — settings that can change how software behaves without changing the compiled software hash.

Clean room — a secure environment where sensitive source code can be inspected under restrictions without giving a party an unrestricted copy.

STATES AND INTERNATIONAL INSTRUMENTS**1. Republic of Lydora**

ACS is incorporated and has its principal place of business in Lydora. Lydora has adopted the UNCITRAL Model Law on International Commercial Arbitration 1985, as amended in 2006, including Option I of Article 7, without material modification. Lydora is a Contracting State to the 1958 New York Convention without any reservation relevant to this dispute.

2. Federation of Montavera

VLR is incorporated and has its principal place of business in Montavera. Montavera has adopted the same UNCITRAL Model Law 1985/2006, including Option I of Article 7, without material modification, and is a Contracting State to the New York Convention. Montaveran law governs the Agreement pursuant to Clause 20.1.

3. Republic of Auralia

The seat of arbitration is Bellhaven, Auralia. The Auralian International Commercial Arbitration Act reproduces the UNCITRAL Model Law 1985/2006, including Option I of Article 7, without material modification. Auralia is a Contracting State to the New York Convention. The arbitration agreement is governed by Auralian law.

4. Use of International Materials

In interpreting the Model Law, the Tribunal may have regard to its international character, the objective of uniformity, the travaux préparatoires, the UNCITRAL Digest and decisions from Model Law jurisdictions as persuasive authority. No decision from another jurisdiction constitutes formally binding precedent in Lydora, Montavera or Auralia.

Official reference texts:

- SCC Arbitration Rules 2023
- UNCITRAL Model Law on International Commercial Arbitration (1985/2006)
- UNIDROIT Principles on Digital Assets and Private Law
- UNCITRAL Model Law on Automated Contracting 2024

MONTAVERAN DIGITAL ASSETS AND AUTOMATED TRANSACTIONS ACT 2024

The following provisions form part of the applicable legislation of Montavera. They shall be interpreted autonomously, having regard to their international origin and the objectives of technological neutrality.

Section 1. Scope and Party Autonomy

(1) This Act governs the private-law aspects of digital assets and the use of automated systems in contract formation and performance. (2) The Parties may agree otherwise, except in respect of duties expressly designated as mandatory concerning good faith, fraud prevention and compliance with binding orders. (3) This Act does not determine the regulatory validity of carbon claims, except for their private-law consequences between participants.

Section 2. Definitions

(1) Digital asset means an electronic record capable of being subject to control. (2) Control has the meaning given in Section 5. (3) Linked asset means a tangible or intangible asset, right or interest to which a digital asset is factually or legally linked. (4) Automated system means a computer system that generates output or initiates an action without mandatory human review of each output.

Section 3. Proprietary Capacity

(1) A digital asset may be the subject of proprietary rights. (2) Control is a factual concept; a person may have control without having the better proprietary right, and a proprietary right may survive a wrongful loss or change of control. (3) Other law determines the creation, content, transfer and extinction of proprietary rights unless this Act provides otherwise.

Section 4. Linked Assets

(1) A digital asset may be linked to another asset, including a Registry Unit. (2) The existence, requirements and legal effect of a link, including the effect of transfer, cancellation or replacement of the digital asset on the linked asset, are determined by applicable law, terms readily available to the participant and the agreement of the parties. (3) A technical record of a link creates a rebuttable presumption of an intention to give it legal effect, but does not displace express contractual conditions. (4) Cancellation of a digital record does not extinguish the linked entitlement unless extinguishment is authorised by law or agreement.

Section 5. Control

(1) A person has control where the relevant asset, protocol or system confers upon that person: (a) the ability to prevent others from obtaining substantially all of the benefit; (b) the ability to obtain substantially all of the benefit; (c) the ability to transfer those abilities to another person; and (d) a reasonable means of identifying itself as the person having those abilities. (2) The requirement of exclusivity may be satisfied where the system limits use or is programmed to permit a change or loss of control, or where the person has agreed to share abilities with a custodian or administrator. (3) The existence of a technical ability held by a system administrator does not, by itself, determine beneficial entitlement or legal authority to exercise it.

Section 6. Identification and Proof

(1) Identification may be effected by a key, account number, office, identifier or other reasonable means, even if it does not directly reveal a legal name. (2) A person who proves the abilities to prevent others and to transfer is presumed to hold them exclusively unless another party proves otherwise. (3) A ledger entry is evidence, but not conclusive evidence, of control, authority or a proprietary right.

Section 7. Change of Control; Cancellation; Resulting Assets

(1) A change of control includes transfer of abilities, replacement, modification, destruction, cancellation or elimination of a digital asset and the corresponding creation of a resulting asset. (2) A technically valid cancellation may change factual control but does not authorise an act outside legal authority or deprive the affected person of remedies. (3) Following wrongful cancellation, a court or tribunal may order restoration, creation of an equivalent resulting asset, transfer, compensation for value or another remedy that prevents double recovery.

Section 8. Rights of a Transferee

(1) Unless otherwise provided by a rule on innocent acquisition, a transferor transfers only those proprietary rights that it has or is entitled to transfer. (2) A transferee acquires rights to the extent of the transfer that occurred. (3) This Section does not determine whether the underlying contract or an arbitration agreement was transferred; that question is governed by the applicable law of the contract and the arbitration agreement.

Section 9. System Powers and Legal Authority

(1) A technical ability to pause, burn, freeze, remint or transfer a digital asset shall be exercised within the authority conferred by law or agreement. (2) A person exceeding that authority is liable for the direct consequences unless that person establishes valid subsequent ratification or a ground for exemption. (3) A good-faith exercise of emergency power must be necessary, proportionate, recorded and promptly reviewable.

Section 10. Recognition and Attribution of Automated Output

(1) A contract, record or act is not deprived of validity merely because an Automated System participated in its formation or performance. (2) Output is attributable to the person on whose behalf the system was programmed, deployed or used, unless the parties have clearly allocated attribution otherwise. (3) A person may not avoid a legal requirement or contractual duty merely by relying on an absence of human review. (4) Attribution does not determine breach, fault, causation or remedy.

Section 11. Unexpected Output

(1) Where an Automated System produces output materially different from the result reasonably expected by the parties, a tribunal may grant adjustment, avoidance or restitution, having regard to the agreement and the allocation of risk. (2) Relief shall not be granted to a party that: (a) assumed the relevant risk; (b) materially contributed to the outcome by failing to exercise reasonable care; (c) failed to give prompt notice; or (d) cannot make reasonable restitution. (3) Unexpected output does not create authority that the agreement did not expressly confer.

Section 12. Code, Dynamic Information and Error

(1) Computer code, external data and dynamic information may be used for performance and as evidence. (2) In the event of a conflict between code and the expressed agreement, the contractual hierarchy applies. The absence of a human-readable representation shall be considered in determining consent and assumption of risk. (3) A party discovering a material electronic error shall promptly notify the other party and take reasonable steps to correct it. Entitlement to correction depends on contribution, reliance and the possibility of restitution.

Section 13. Reasonable Care of a Deployer

A person that professionally deploys an automated system for third parties shall apply commercially reasonable change control, testing, monitoring, data-quality handling and incident response. The duty shall be assessed having regard to the criticality of the system, available safeguards, the agreement and the expertise of the parties.

Section 14. Remedies and Benefits

(1) Remedies shall be practically effective and technology-neutral. (2) In the event of restoration or reminting, usability, transferability, temporal deadlines and the risk of double issuance shall be taken into account. (3) A claimant shall return, or give credit for, a substitute benefit actually received; an inaccessible or legally unusable entry shall not automatically be valued as a full benefit.

Section 15. Interpretation

This Act shall be interpreted having regard to its international character, uniformity and good faith. The DAPL Principles and Commentary are particularly relevant interpretive sources. The UNCITRAL Model Law on Automated Contracting and its explanatory materials may be taken into account in relation to Sections 10–12.

MONTAVERAN CODE OF OBLIGATIONS — RELEVANT EXTRACTS**Article 21. Form and Electronic Communications**

(1) A writing requirement is satisfied by a data message where the information is accessible for subsequent reference. (2) A signature requirement is satisfied by a method that identifies a person and indicates that person's intention, where the method is reliable in the circumstances or is proved in fact to have performed those functions. (3) Consent may be inferred from an electronic seal, an exchange of communications or conduct where the applicable standard of proof is met.

Article 27. Actual and Apparent Authority

(1) A legal person is bound by an act of its representative within the representative's actual authority. (2) It is also bound where, by its statement, position, grant of system access or conduct, it reasonably created in a good-faith counterparty the appearance of authority and the counterparty reasonably relied on that appearance. (3) An unpublished internal limitation may not be asserted against a good-faith counterparty that neither knew nor ought to have known of the limitation. The office held, value and unusual nature of the transaction, warnings and prior dealings shall be taken into account.

Article 28. Ratification and Estoppel

(1) An unauthorised act may be ratified by an express statement or conduct clearly demonstrating adoption with knowledge of the material facts. (2) Silence alone is ordinarily insufficient, but, together with acceptance of performance, invoicing, delivery and reliance, may constitute ratification or preclude an inconsistent denial. (3) Ratification takes effect from the date of the original act unless this would prejudice intervening third-party rights.

Article 34. Transfer of Contract

(1) A complete transfer of rights and obligations requires the consent of the remaining party. Consent may be given in advance or subsequently and may be electronic. (2) Where an agreement requires prior written consent, a data message satisfying Article 21 meets the form requirement but must relate to the specific transfer. (3) Conduct may prove consent or ratification; mere acceptance of third-party payment or nominated delivery is not, by itself, sufficient. (4) The consequences for an arbitration agreement are governed by the law applicable to that agreement.

Article 41. Interpretation

(1) A contract shall be interpreted according to the common intention of the parties, even where that differs from the literal meaning. Where no common intention is established, the meaning understood by a reasonable person of the same kind in the circumstances shall apply. (2) Negotiations, practices, subsequent conduct, nature and purpose, usages, good faith and the document hierarchy shall be taken into account. (3) Terms shall be interpreted so as to give effect to all provisions and preserve the commercial purpose.

Article 48. Good Faith and Cooperation

The parties shall act in good faith and cooperate where cooperation is reasonably required for performance. This obligation may not be excluded in its entirety.

Article 55. Non-Performance and Cure

(1) Non-performance includes defective or late performance. (2) The performing party may cure at its own expense if it acts promptly, the cure is appropriate, it does not cause unreasonable prejudice and the aggrieved party has no legitimate interest in refusing it. (3) Cure does not preclude damages for delay. The aggrieved party may reject a cure conditional upon waiver of unrelated accrued rights.

Article 62. Force Majeure

(1) A party is excused to the extent it proves an impediment beyond its control that could not reasonably have been taken into account at the time of contract formation, or avoided or overcome. (2) Where the impediment is temporary, the exemption applies for a reasonable period. (3) Failure of a chosen supplier, software, oracle or subcontractor gives rise to an exemption only where the requirements of paragraph (1) are satisfied both as to the party and the third person. (4) Exemption from damages does not extinguish duties of notice, cooperation, restitution or payment for conforming performance.

Article 70. Damages

(1) The aggrieved party is entitled to full compensation for loss, including loss suffered and gain prevented, established with reasonable certainty. (2) Damages are limited to loss that the party in breach foresaw or reasonably could have foreseen at the time of contracting as a likely consequence of breach. (3) A substitute transaction concluded in a reasonable manner and within a reasonable time entitles the aggrieved party to the difference between the contract price

and the substitute price, together with any other recoverable loss. (4) The Tribunal shall avoid double recovery and take account of any benefit, causal saving and usable cure.

Article 71. Mitigation and Contributory Conduct

(1) Damages shall be reduced by the loss that the aggrieved party could reasonably have prevented. (2) The aggrieved party may recover reasonable mitigation expenses even if the measures taken were unsuccessful. (3) Where conduct of the aggrieved party contributed to the loss, damages shall be reduced in an equitable proportion.

Article 72. Limitation Clauses

A contractual cap or exclusion applies according to its terms, but cannot protect fraud, wilful misconduct or gross negligence. Ambiguity shall be interpreted having regard to the allocation of risk, bargaining sophistication and commercial purpose, without automatic application of contra proferentem between sophisticated parties.

Article 76. Set-Off and Interest

(1) Set-off may be pleaded in the same proceeding where the reciprocal monetary claims are compatible and the Tribunal has jurisdiction. (2) A contract may restrict unilateral pre-award set-off. (3) In the absence of a valid contractual rate, simple interest at six per cent per annum shall be awarded from the date of maturity or loss; the Tribunal shall prevent double accrual.

AURALIAN LAW OF ARBITRATION AGREEMENTS — RELEVANT EXTRACTS

Article 3. International Origin and Model Law

The Auralian International Commercial Arbitration Act shall be interpreted having regard to the international origin of the UNCITRAL Model Law, the need to promote uniformity and the observance of good faith. Articles 7, 16, 18, 19, 34 and 36 correspond to the Model Law 1985/2006, including Option I of Article 7.

Article 7A. Law Applicable to the Arbitration Agreement

(1) An arbitration agreement is governed by the law expressly chosen by the parties for that agreement. (2) A choice of the law governing the main contract does not, by itself, constitute a separate choice for the arbitration agreement unless a contrary intention is established. (3) In the absence of a choice, the law of the seat applies, without prejudice to a validation principle where another law would render the agreement valid.

Article 7B. Separability

An arbitration clause shall be treated as an agreement independent of the other terms. A decision that the main contract is invalid, did not enter into force or was terminated does not automatically entail the invalidity of the arbitration agreement.

Article 7C. Successors, Assignees and Consent

(1) A person that did not sign the original contract may become a party to the arbitration agreement only by consent or another basis recognised by applicable law; a corporate relationship alone is insufficient. (2) Where the underlying contract has been validly transferred, the arbitration agreement is presumed to have passed to the transferee unless the text or circumstances demonstrate a contrary intention. No separate signature of the arbitration clause is required. (3) Where the formal transfer is disputed, direct performance, electronic communications, invocation of contractual rights and other recorded conduct may establish separate consent to the arbitration agreement, but the conduct must be unequivocal in its context. (4) The form requirement in Article 7 of the Model Law is satisfied where the content of the agreement is recorded in any form, including an accessible electronic communication. (5) The authority of a representative of the remaining party is governed by the law of incorporation of the represented person; the legal effect of established authority or ratification upon consent to arbitrate is determined under this Article.

Article 7D. Scope

The phrase arising out of or in connection with is presumed to encompass contractual, non-contractual and proprietary claims having a substantial factual connection with the contractual relationship, unless the parties clearly limited its scope. A tribunal may not bind a non-party by its award, but may determine the inter partes consequences of facts affecting third-party systems or assets.

Article 16A. Competence-Competence

The Tribunal may rule on its own jurisdiction, including objections to the existence, validity and applicability of the arbitration agreement. A prima facie administrative decision of an institution does not bind the Tribunal. Submission of a conditional counterclaim together with a timely objection does not, by itself, constitute waiver.

Article 19A. Evidence and Protective Measures

In the absence of agreement, the Tribunal shall determine procedure, including relevance, materiality, production, privilege and weight. It shall ensure equality and a reasonable opportunity to present one's case and shall take account of proportionality, trade secrets, cybersecurity, third-party rights and enforceability of the award. The Tribunal may appoint an expert, establish confidentiality tiers, direct use of a clean room, order redactions or a privilege log, or conduct an in camera review.

Agreed legal fact. The Supreme Court of Auralia has not yet considered a transfer of an arbitration agreement effected by an automated corporate seal or production of source code for a live registry. Comparative jurisprudence and scholarship may be treated as persuasive authority.

PROFESSOR LIORA SEN
President of the Arbitral Tribunal
12 Common Court · Bellhaven · Republic of Auralia
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15 July 2026

BY EMAIL

To: Counsel for Aerolith Carbon Solutions S.A. and VerdeLedger Registry Ltd.

Re: SCC Case No. 2026/117 — Aerolith Carbon Solutions S.A. v. VerdeLedger Registry Ltd.

Dear Counsel,

Following the case-management conference held on 7 July 2026, the Arbitral Tribunal issues the enclosed Procedural Order No. 1.

The Parties are requested to proceed in accordance with that Order.

Yours faithfully,

Prof. Liora Sen
President of the Arbitral Tribunal

PROCEDURAL ORDER NO. 1

SCC Case No. 2026/117
Aerolith Carbon Solutions S.A. v. VerdeLedger Registry Ltd.
15 July 2026

A. Constitution of the Tribunal and Procedural History

1. The Arbitral Tribunal is composed of three arbitrators: Professor Liora Sen (President), Mr Elias Dorn and Ms Nara Vel. The independence, impartiality, appointment and constitution of the Tribunal are not in dispute.
2. The arbitration commenced on 4 May 2026, when the SCC Secretariat received the Request for Arbitration and the registration fee. Respondent timely objected to the existence and application of the arbitration agreement as between Claimant and Respondent. On 12 June 2026, acting solely for purposes of its prima facie review, the SCC Board found that the SCC did not manifestly lack jurisdiction and referred the case for constitution of the Tribunal. That decision does not prejudice the Tribunal's jurisdiction.
3. A remote case-management conference took place on 7 July 2026. The Parties agreed that jurisdiction, document production, the merits and damages would be heard together without bifurcation. Neither Party waived its right to a full determination of the jurisdictional objection.

B. Arbitral Framework

4. The Arbitration Rules of the SCC Arbitration Institute 2023, as in force on the date the arbitration commenced, apply. The seat of arbitration is Bellhaven, Republic of Auralia. The language of the arbitration is English.
5. The Republic of Auralia's International Commercial Arbitration Act reproduces the UNCITRAL Model Law of 1985, with amendments as adopted in 2006, including Option I of Article 7, without material modification. Procedural matters are governed by the mandatory law of the seat, the SCC Rules and this Order.
6. The States of both Parties—the Republic of Lydora and the Federation of Montavera—have likewise enacted arbitration laws based on the UNCITRAL Model Law 1985/2006, including Option I of Article 7, without material modification. Lydora, Montavera and Auralia are Contracting States to the 1958 New York Convention without any reservation relevant to this dispute.

C. Applicable Substantive Law

7. Pursuant to Clause 20.1 of the Agreement, the merits of the dispute are governed by the substantive law of the Federation of Montavera, excluding its conflict-of-laws rules. The United Nations Convention on Contracts for the International Sale of Goods is excluded by agreement of the Parties. The relevant provisions are the Montaveran Digital Assets and Automated Transactions Act 2024 and the Montaveran Code of Obligations.
8. Pursuant to Clause 20.3 of the Agreement, the arbitration agreement is governed by the law of the Republic of Auralia. The validity of the Transfer Instrument as a transfer of contract is governed by Montaveran law; whether Claimant acquired, or otherwise obtained, the right to invoke the arbitration agreement shall be determined having regard to the Parties' agreed choice of Auralian law, the principle of separability and applicable conflict-of-laws rules.
9. The DAPL Principles may be used: (a) as a source for interpreting the Montaveran Digital Assets and Automated Transactions Act; (b) as a supplementary legal instrument for filling gaps; and (c) as principles agreed by the Parties within the scope of Clause 18.4 of the Agreement. The Parties may refer to the Commentary to the DAPL Principles. The UNCITRAL Model Law on Automated Contracting 2024 and its explanatory materials may be used as persuasive interpretive materials in relation to the provisions of the Montaveran Act concerning automated systems.

D. Evidence and Confidentiality

10. All documents in this Record shall be treated as authentic and properly obtained unless a particular document is expressly identified as disputed. The authenticity of the electronic signatures, the audit log, transaction hashes and emails as records is not disputed; the Parties dispute their legal effect, the authority of the relevant actors, their context and evidential weight.
11. The witnesses' evidence is set out in their witness statements. No witness gave oral evidence before issuance of this Order. The Parties may challenge the credibility, consistency and weight of a witness's evidence by reference to the case record, but may not attribute statements or knowledge to a witness that do not appear in that record.
12. The Parties have not agreed to apply the IBA Rules on the Taking of Evidence. The Tribunal may consider them as a non-binding reference. The Tribunal's evidentiary powers derive principally from Articles 23 and 31 of the SCC Rules, the law of the seat and the Agreement.
13. The confidentiality obligations of the SCC and the Tribunal do not, by themselves, resolve the dispute concerning inter-party production. Clause 17 of the Agreement and any appropriate protective measures must be considered separately. The Parties agree that trade secrets and cybersecurity risks may justify limits on the form of disclosure, but dispute whether Respondent's proposed clean-room review is sufficient.

E. Agreed and Undisputed Matters

14. It is not disputed that: (a) the commercial dispute is international; (b) its subject matter is, in principle, arbitrable; (c) the Agreement contains a valid arbitration clause as between AHL and VLR; (d) AHL and ACS signed the Transfer Instrument; (e) VLR received EUR 4,800,000 under the Agreement; (f) 24,000 tokens were initially credited to a wallet designated ACS/Nova-2of3; and (g) 9,600 tokens were cancelled by an automated transaction on 17 February 2026.

15. The mathematical accuracy of the Cover Purchase price and the underlying accounting records is not disputed. The Parties dispute causation, legal characterisation, the reasonableness of the timing of the Cover Purchase, the necessity of the expenses, the treatment of the Replacement Series, the prohibition on double recovery and Respondent's entitlement to the amounts counterclaimed.

16. AHL, Novacustody, OVF and AeroNova are not parties to this arbitration. The Tribunal shall not determine their independent liability or render an award binding upon them. Their conduct may be assessed to the extent necessary to resolve the claims between ACS and VLR.

F. Issues for Determination

ISSUE I — Does the Arbitral Tribunal have jurisdiction to determine ACS's claims and VLR's conditional counterclaim?

ISSUE II — Should VLR be ordered to produce the requested categories of documents, in full or in a restricted form, and what measures are necessary to protect trade secrets, cybersecurity and privilege?

ISSUE III — Did VLR breach the Agreement and the applicable digital-assets law in connection with the Burn Event; what are the legal consequences of the automated cancellation of the tokens for control, proprietary rights and the linked Registry Units; and may VLR rely on agreed automation, unexpected outcome, force majeure, OVF's conduct or any other exemption from liability?

ISSUE IV — Which claims, defences, rights of set-off and counterclaims should be upheld; are the cover damages and related expenses foreseeable, sufficiently certain and reasonably mitigated; and how should the Replacement Series, any cure, limitations of liability, interest and the prohibition on double recovery be taken into account?

17. Each Party shall state the specific relief it requests in respect of each issue. Alternative requests are permitted.

For and on behalf of the Arbitral Tribunal
Prof. Liora Sen
President