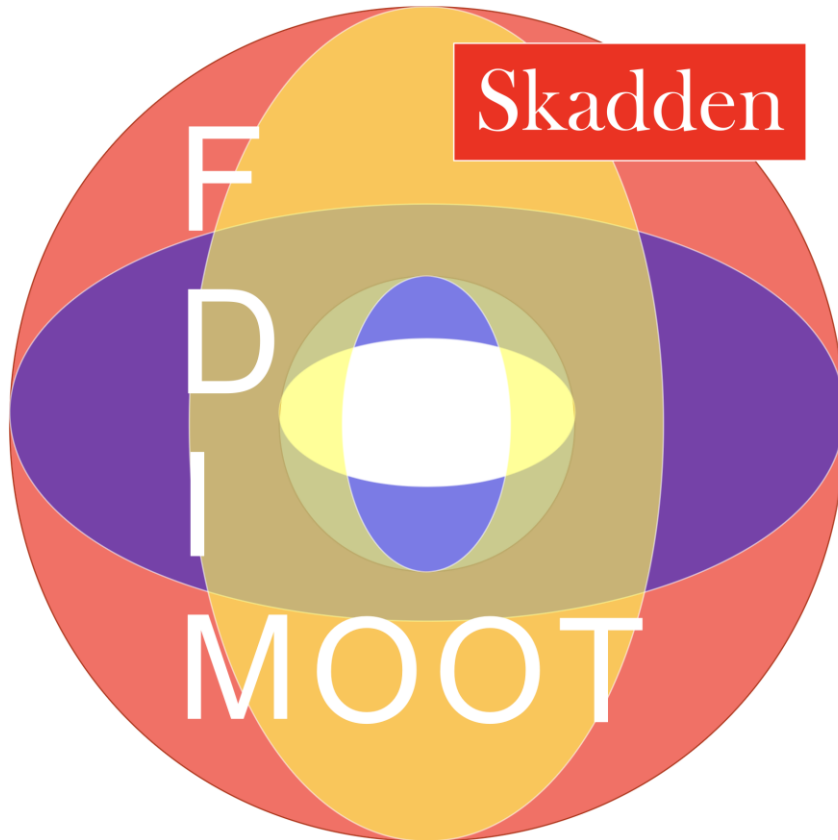


# FDI MOOT CASE 2025

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## FOREIGN DIRECT INVESTMENT INTERNATIONAL ARBITRATION MOOT

**Global Orals: 29 Oct-2 Nov 2025**

The 2025 case was elaborated by the Case Committee consisting of Alexandra Alekhina, Jan Bałdyga, Clara Leban Vazquez, and Elena Murashko (in alphabetical order), under the supervision of the FDI Moot's Review and Advisory Boards.

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**INTERNATIONAL CENTRE FOR SETTLEMENT  
OF INVESTMENT DISPUTES**

**ADDITIONAL FACILITY**

In the arbitration proceeding between

**BionPro Inc.**

*(Claimant)*

and

**Republic of Valdris**

*(Respondent)*

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**REQUEST FOR ARBITRATION**

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15 August 2024

**For Claimant:**

Ms. Susan Pevensie  
Pevensie & Associates LLP  
7 Narnia St., 78100  
Kingdom of Xenera

**A. INTRODUCTION**

1. BionPro Inc. (“**BionPro**” or “**Claimant**”) hereby submits this Request for Arbitration (the “**Request**”) in a dispute with the Republic of Valdris (“**Valdris**” or “**Respondent**”) in accordance with Articles 2 and 3 of the ICSID Additional Facility Arbitration Rules (“**ICSID AF Rules**”), and Article 8 of the Agreement on Encouragement and Reciprocal Protection of Investments between the Kingdom of Xenera and the Federal Republic of Arrakis, which entered into force on 26 October 2005 (the “**BIT**”).

**B. THE PARTIES**

2. Claimant is BionPro Inc., a company established under the laws of the Kingdom of Xenera (“**Xenera**”) with its principal place of business in Sokovia, capital of Xenera. BionPro Inc. owns a subsidiary, BionPro SA, organized under the laws of Valdris.
3. BionPro is represented in this arbitration by Pevensie & Associates LLP. The Power of Attorney confirming this authorization is attached to this Request as Exhibit [*intentionally omitted*]. Correspondence in this matter should be addressed to:

Ms. Susan Pevensie  
Pevensie & Associates LLP  
7 Narnia St., 78100, Kingdom of Xenera  
Tel: 0330-008795  
Email: s.pevensie@pevensie.kx

4. Respondent is the Republic of Valdris. To the best of the Claimant’s knowledge, Respondent is represented in this arbitration by:

Mr. Edgard Linton  
Valdris Ministry of Justice  
42 Thrushcross, 1847, Republic of Valdris  
Tel: 988-5741125  
Email: Edgard.Linton@minjustice.vl

**C. JURISDICTION OF THE ARBITRAL TRIBUNAL**

5. BionPro is a protected investor under the Xenera-Arrakis BIT 2005 since the Republic of Valdris expressly succeeded to the BIT on 15 January 2023.

30 6. Respondent emerged on 1 January 2023 through secession from the Federal Republic of Arrakis (“Arrakis”). On 15 January 2023, Respondent sent an official note to Xenera confirming its “readiness to observe the treaties and agreements that have been effective between the Kingdom of Xenera and the Federal Republic of Arrakis, unless the Parties agree otherwise”.<sup>1</sup> On 6 February 2023, Xenera responded positively to the Respondent’s proposal.<sup>2</sup> Thus, the BIT is now  
35 binding upon Valdris by virtue of state succession.<sup>3</sup>

7. BionPro SA, together with its non-tangible assets, such as trade secrets and know-how, is a covered investment of the Claimant under Article 1 of the BIT.

8. By submitting this Request, the Claimant accepts Valdris’ standing offer to consent to arbitration contained in Article 8 of the BIT:

40 “1. Any dispute concerning an investment which may arise between an investor of one Contracting Party and the other Contracting Party with respect to matters governed by this Agreement shall be subject to negotiations between the parties to the dispute.

2. If any dispute between an investor of one Contracting Party cannot be thus settled, the dispute may be submitted to international arbitration. To this end, and in  
45 accordance with the terms of this agreement, each Contracting Party hereby gives its advance and irrevocable consent to submission of a dispute to arbitration.”

9. Article 8 of the BIT further provides that where one of the Contracting Parties has not become a Contracting State to the ICSID Convention, “each Contracting Party consents that the dispute be submitted to arbitration under the Additional Facility Rules of the International Centre for  
50 Settlement of Investment Disputes”. Since Valdris is not a Contracting State to the ICSID Convention, the present dispute is submitted under ICSID AF Rules.

## D. SUMMARY OF THE DISPUTE

### a. Investment

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<sup>1</sup> **Exhibit C-1**, Valdris’ Official Note to Xenera regarding Continuation of Treaties.

<sup>2</sup> **Exhibit C-2**, Xenera’s Official Note to Valdris regarding Continuation of Treaties.

<sup>3</sup> **Exhibit C-3**, Excerpt from the Xenera’s official website – list of treaties in force.

10. BionPro is a major successful pharmaceutical company, incorporated in Xenera in 1973, which  
55 produces a wide range of medicines and vaccines with a humanitarian approach to healthcare.
11. BionPro was invited by the Provincial Health Office of the Province of Valdris (“**PHO of Valdris**”), one of the provinces of the Federal Republic of Arrakis, to invest in the Arrakis’ pharmaceutical industry due to the local inability to develop an effective treatment for the fast-spreading disease “Nagini”.<sup>4</sup> BionPro Inc. and the PHO of Valdris entered into Agreement No.  
60 2432430, under which BionPro Inc. purchased a laboratory for production of medicines in Valdris, which was at that time a province of Arrakis.
12. On 4 November 2017, BionPro, the Federal Ministry of Health of Arrakis (“**FMH**”), and the PHO of Valdris entered into a Technology Transfer Contract (the “**Contract**”),<sup>5</sup> under which the Claimant undertook to run the pharmaceutical facilities for twenty years, train local staff and  
65 subsequently transfer ownership over the facilities to the Province of Valdris. The Contract provided also for transfer of technology and know-how to Arrakis, including details concerning production of a new medicine for the Nagini disease, which is meanwhile marketed as “ProTego”.
13. Before signing the Contract, BionPro had several negotiation rounds with the FMH and the PHO of Valdris to guarantee that they would take all the necessary measures for the protection of the  
70 Company’s data and know-how, specifically, regarding the medicine production process.<sup>6</sup> FMH and the PHO of Valdris fully accepted BionPro’s requests.
14. The Claimant was committed to help improve the healthcare system of Arrakis. After successful negotiations, BionPro published a press release where it expressed its willingness to improve regional manufacturing capacity and contribute to the region’s disease resilience. BionPro  
75 announced “*BionPro is committed to fostering equitable access to life-saving therapies for global health*”.<sup>7</sup>
15. In December 2017, BionPro incorporated an entity in Arrakis called BionPro SA and started building a production facility. In March 2021, BionPro SA started its operations in Valdris. Alongside preparing the pharmaceutical production facilities, BionPro started to transfer

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<sup>4</sup> **Exhibit C-4**, Invitation Sent by PHO of Valdris.

<sup>5</sup> **Exhibit C-5**, Technology Transfer Contract between BionPro Inc., the Federal Republic of Arrakis and Provincial Health Office of Province of Valdris.

<sup>6</sup> **Exhibit C-6**, Email Correspondence Between FMH, PHO and BionPro, Inc.

<sup>7</sup> **Exhibit C-7**, BionPro’s press release dated 7 November 2017.

technology and relevant data to the FMH. Claimant provided the PHO of Valdris and the FMH with hard drives containing all the necessary documentation related to the process of producing its medicines, including its brand-new “ProTego” medicine, which were then uploaded on the Arrakis servers.

**b. Violation of full protection and security standard**

16. Contrary to assurances made during the negotiations, Arrakis and the Province of Valdris did not protect the Claimant’s data sufficiently. On 20 December 2021, Arrakis suffered a major cyberattack that hit its public institutions. FMH systems were infiltrated by hackers. As a result of this cyberattack, confidential information and the commercial secrets of the Claimant, as well as the documentation concerning production of the “ProTego” medicine, were stolen and are currently being used by the Claimant’s competitors from the Empire of Gatania, causing Bion Pro to suffer a substantial loss of business.<sup>8</sup>

17. The tensions in the GOD Region severely intensified following the cyberattacks. Multiple protests were held in all major cities of the Province of Valdris, with people advocating for the separation of Valdris from Arrakis.<sup>9</sup>

18. As a result, in January 2023, the Province of Valdris seceded from Arrakis and formed the Republic of Valdris. Only after the secession did BionPro find out about the cyberattack and its disastrous consequences. Importantly, neither the PHO of Valdris, nor subsequently the Ministry of Health of Valdris, have ever informed the Claimant about the incident, but withheld information about the data leak until BionPro requested explanations. Only then did Valdris admit that the Claimant’s know-how and trade secrets were stolen.

19. Shocked by this information, BionPro contacted the FMH and obtained the internal audit report, which unquestionably confirmed that the failings of the PHO of Valdris were the sole cause for the divulgence of Claimant's data, know-how and trade secrets.<sup>10</sup> Considering the arrangement between Arrakis and Valdris as to succession of international responsibility after Valdris’ secession in accordance with the 2015 IIL Resolution on Succession of States in Matters of

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<sup>8</sup> **Exhibit C-8**, Expert Report with Quantification of Losses Resulting from the Data Leak.

<sup>9</sup> **Exhibit C-9**, Press article from the “Arrakian National Times”; **Exhibit C-10**, Press article from the “Valdrian Post”.

<sup>10</sup> **Exhibit C-11**, FMH Internal Audit Report concerning the Cyberattack on 20 December 2021.



International Responsibility, Respondent should be found responsible for violating its full protection and security obligations with respect to the Claimant's investment.<sup>11</sup>

**c. Violation of free transfer of funds provision**

20. In January 2023, Valdris introduced its new currency – the Valdrian Dollar (VLD). As a part of its new monetary regime and allegedly in pursuit of preserving the integrity of its monetary system, under Decree No. 183, the Respondent obliged corporations wishing to transfer their revenues abroad with convertible currencies to obtain authorization from the Central Bank of Valdris.<sup>12</sup>
21. Claimant demonstrated every intention to fully comply with the new monetary regime. Between 12 January 2023 and 29 March 2023, it filed four applications to the Republic of Valdris' Central Bank to repatriate its profits in USD. Despite several formal shortcomings, which had nothing to do with the substance of the applications, they proceeded smoothly.
22. In May 2023, a monetary crisis broke out in Valdris. Between May and September 2023, Claimant filed twelve requests for repatriation of its profits in USD, amounting to USD 60 million. To the surprise of Claimant, the requests were not approved. Although the Claimant was submitting all the documents required by the Central Bank to issue its decision, the Central Bank kept on inventing new reasons to unlawfully postpone approval of the Claimant's requests. With every day of delay being a significant loss for Claimant,<sup>13</sup> the Central Bank remained passive.
23. Moreover, in December 2023, the Republic of Valdris aggravated its breach by introducing a general quota restriction on transfers of convertible currencies out of the country. No entity was allowed to transfer abroad more than USD 150,000 per year, and no more than USD 20,000 per month. At first, the regulation only covered pharmaceutical, mining, and agricultural industries.<sup>14</sup>
24. Importantly, the restriction was applied selectively: companies from GOD member state (specifically, Quilis Inc. is a producer of medical devices, incorporated in Smirion, and Ecovista Ltd, incorporated in Reka, is a producer of vitamins and homeopathic drugs) were allowed to

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<sup>11</sup> **Exhibit C-12**, Agreement between Arrakis and Valdris as to succession of responsibility.

<sup>12</sup> **Exhibit C-13**, Decree No. 183

<sup>13</sup> **Exhibit C-8**, Expert Report with Quantification of Losses Resulting from the Data Leak.

<sup>14</sup> **Exhibit C-14**, National Law No. 48.

130 escape the transfer restriction and were allowed to transfer their profits abroad in USD in amounts significantly surpassing the prescribed limits.<sup>15</sup>

25. Respondent's actions, namely, its Central Bank's unwillingness disguised as inability to process applications for repatriation of profits, as well as the discriminately applied quota restriction on outbound transfer of foreign currencies, prevented Claimant from operating and making profit in violation of Articles 4 and 5 of the BIT.

#### **E. CONSTITUTION OF THE TRIBUNAL**

26. Pursuant to the BIT, the Tribunal is to be constituted in accordance with the method provided in Rule 24(2) of the ICSID AF Rules.

27. Following Rule 4(a)(i) of the ICSID AF Rules, Claimant appoints Dr. Jasper Hale, a national of Kingdom of Drakmoor, as its arbitrator.

28. Dr. Hale's contact information is the following:

Dr. Jasper Hale

742, Evergreen Av., Kingdom of Drakmoor

jasperhale@xmail.com

#### **F. PROCEDURAL REQUEST**

29. Claimant respectfully objects to the submission of the "*Expert Report with Quantification of Losses Resulting from the Data Leak*" (Exhibit C-8) to the UNCITRAL repository. While Claimant does not oppose the application of the UNCITRAL Rules on Transparency in Treaty-based Investor-State Arbitration 2014 ("**Transparency Rules**"), the specific contents of Claimant's Exhibit No. 8 warrant protection under Article 7 of these Rules.

30. Exhibit C-8 contains confidential business information, including but not limited to proprietary formulas, clinical trial data, manufacturing processes, and detailed financial projections. This information falls squarely within the definition of "confidential or protected information" under Article 7(2)(a), as its disclosure would expose Claimant to significant competitive harm and potentially compromise its market position.

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<sup>15</sup> **Exhibit C-15**, Results of Journalistic Investigation; **Exhibit C-15.1**, Journalists' Evidence.

31. Furthermore, the publication of this document would jeopardize the integrity of the arbitral process, as contemplated under Article 7(6) and (7). The public disclosure of the sensitive details contained in Claimant's Exhibit C-8 could lead to misuse of proprietary data by third parties, hinder Claimant's ability to present additional evidence without risk of further exposure, and negatively impact the fairness of the proceedings.

32. Claimant respectfully requests that the arbitral tribunal take appropriate measures pursuant to Article 7(3) of the Transparency Rules to ensure that Claimant's Exhibit No. 8 is excluded from publication. Specifically, Claimant requests the tribunal to designate the document as confidential and to prevent its submission to the UNCITRAL repository.

33. This objection is made solely to protect Claimant's legitimate interests in maintaining the confidentiality of its sensitive business information. Claimant reaffirms its commitment to transparency in these proceedings, provided that such transparency does not compromise rights protected under the Transparency Rules.

#### **G. REQUEST FOR RELIEF**

34. The Claimant respectfully requests the Tribunal to:

**I. DECLARE** that Valdris has violated Articles 3, 4, and 5 of the BIT;

**II. ORDER** Valdris to pay Claimant damages in an amount to be elaborated and quantified in the course of these proceedings; and

**III. ORDER** Valdris to bear the entire costs of the proceedings including the Claimant's representation fees.

35. Claimant reserves the right to amend this Request and to invoke additional claims as may be warranted and permitted by the ICSID AF Rules.

36. Claimant respectfully requests the Secretary-General to register this Request for Arbitration against Valdris in accordance with Rule 7 of the ICSID AF Rules.

**Confirmation of Delivery to Respondent**

Courier receipts are attached [*intentionally not reproduced here*].

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For and on behalf of Claimant,

*Susan Pevensie*

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Pevensie & Associates LLP

**CLAIMANT'S EXHIBIT C-1, Valdris' Official Note to Xenera regarding Continuation of Treaties**



**GOVERNMENT OF THE  
REPUBLIC OF VALDRIS**

**MINISTRY OF FOREIGN AFFAIRS**

**Note No: 87/XEN/2023**

The Ministry of Foreign Affairs of the Republic of Valdris presents its compliments to the Ministry of Foreign Affairs of the Kingdom of Xenera and has the honour to inform that in accordance with the Agreement between the Government of the Federal Republic of Arrakis and the Government of the Republic of Valdris on secession of the Republic of Valdris from the Federal Republic of Arrakis dated 20 November 2022, the Republic of Valdris is a state-successor to the Federal Republic of Arrakis with regard to international treaties and agreements which were concluded by the Federal Republic of Arrakis and to which it acceded. In this regard, the Republic of Valdris confirms its readiness to observe the treaties and agreements that have been effective between the Kingdom of Xenera and the Federal Republic of Arrakis, unless the Parties agree otherwise.

Kirrapa, 15 January 2023

*V. Leister*

Minister of Foreign Affairs  
of the Republic of Valdris



**GOVERNMENT OF THE KINGDOM OF XENERA**



**MINISTRY OF FOREIGN AFFAIRS**

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*Sokovia, 6 February 2023*

215 The Ministry of Foreign Affairs of the Kingdom of Xenera presents its complements to the Ministry of  
Foreign Affairs of the Republic of Valdris and in connection with the note of the Ministry No  
87/XEN/2023 of 15 January 2023 respectfully informs that the Xenerian Kingdom takes into  
consideration the readiness of the Republic of Valdris as a successor of the Federal Republic of Arrakis  
to exercise powers and discharge obligations arising out of the international treaties that were effective  
between the Kingdom of Xenera and the Federal Republic of Arrakis and is content to continue relations  
220 on the already established conditions, especially with respect to the treaties focused on economic and  
trade cooperation between the two states.




*A. Dyakin*

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Minister of Foreign Affairs  
of the Kingdom of Xenera

gov.xe

Ministry of Trade and Investment

 > Bilateral relations > Economic relations > Valdris

Valdris

General information	+
Administrative system	+
Economy	+
Bilateral economic cooperation	—

Economic bilateral treaties

- Agreement between the Government of the Kingdom of Xenera and the Government of the Federal Republic of Arrakis on cultural and scientific cooperation, signed 17 June 1978 \*
- Agreement between the Government of the Kingdom of Xenera and the Government of the Federal Republic of Arrakis for the Avoidance of Double Taxation and the Prevention of Tax Evasion with respect to Taxes on Income and on the Sale of Property, signed on 12 March 1999 \*
- Bilateral Trade Agreement between the Kingdom of Xenera and the Federal Republic of Arrakis, signed on 12 March 1999\*
- Agreement on Encouragement and Reciprocal Protection of Investments between the Kingdom of Xenera and the Federal Republic of Arrakis, signed on 26 October 2005\*

*\*subject to succession following the independence of the Republic of Valdris*

Bilateral trade

*[intentionally omitted]*

Foreign investments

Investors from Xenera are protected in Valdris under the bilateral investment treaty concluded previously between Xenera and Arrakis. The treaty was subject to succession following the independence of the Republic of Valdris on 1 January 2023 and subsequent exchange of notes between the governments of the Contracting States, confirming continuation of the economic treaties previously concluded between the Kingdom of Xenera and the Federal Republic of Arrakis.

*[intentional omitted]*

Access to market	+
Cultural differences in business relations	+
Useful links and contact information	+

**CLAIMANT’S EXHIBIT C-4, Invitation Sent by PHO of Valdris**

3 September 2017



**From: The Provincial Health Office of Valdris  
Federal Republic of Arrakis  
To: Alexander Atreides, CEO of BionPro Inc.**

Dear Alexander Atreides,

240 We are pleased to extend an invitation to a meeting with the representatives of the Provincial Health Office of Valdris and the Federal Ministry of Health of the Federal Republic of Arrakis to discuss the potential investment opportunities of BionPro Inc. in the growing pharmaceutical sector of the Federal Republic of Arrakis.

245 We acknowledge the success of BionPro Inc. in developing the treatment against the disease “Nagini”, which is rapidly spreading across the Galvatian Region. The market of the Federal Republic of Arrakis has a growing demand for the medicine against Nagini.

As a country committed to advancing healthcare, the Federal Republic of Arrakis recognizes the pivotal role that foreign investment plays in fostering a robust healthcare system and enhancing affordable and sustainable access to medicine.

250 The Provincial Health Office of Valdris has recently adopted a package of measures for foreign investors which envisages, *inter alia*, subsidies, preferential tax and land rental rates, as well as facilitation of credit access. More information about the recent changes in investment regime can be found at [www.valdrisph.gov.ar](http://www.valdrisph.gov.ar).

255 We trust that BionPro Inc. would be interested in the market potential of the Federal Republic of Arrakis. If you wish to accept our invitation, please respond to this letter by 20 September 2017.

Sincerely yours,

*Nyara Verid*

Head of the Provincial Health Office of Valdris



**CLAIMANT’S EXHIBIT C-5, Technology Transfer Contract Between BionPro Inc., the Federal  
Republic of Arrakis and Provincial Health Office of Province of Valdris**

This technology transfer contract (this “**Contract**”) is made as of 4 November 2017 (the “**Effective Date**”).

BETWEEN:

**BIONPRO INC.** (“**BionPro Inc.**”), a company established under the laws of the Kingdom of Xenera,  
and having its principal place of business in Sokovia, Xenera, with the registered address at Avengers  
Street 453, 09-100 Sokovia; and

**Federal Ministry of Health of Arrakis** (“**FMH**”), with the registered address at Groot Av. 32, 2034-  
21 Tronjheim (the “**Licensee**”); and

**Provincial Health Office of Province of Valdris** (“**PHO**”), with the registered address at Styles Road,  
843-432 Kirrapa (the “**Licensee**”, together with the FMH the “**Licensees**”)

collectively referred to as the “**Parties**”, agree as follows:

\*\*\*

**WHEREAS** in February 2015, the WHO recognized the threat of Nagini, the disease which has been  
spreading quickly across the Galvatan Region;

**WHEREAS** BionPro Inc. has developed the proprietary technologies, processes, and know-how  
essential for the production of ProTego, the unique medicine against Nagini, and has agreed to facilitate  
the transfer of such technologies to Arrakis.

**WHEREAS** Arrakis is dedicated to strengthening its public healthcare infrastructure and ensuring the  
availability, affordability, and sustainable production of vital medicines to safeguard the health of its  
population;

**WHEREAS** the Parties acknowledge the significant need for collaborative international initiatives to  
advance global health security, particularly in regions with limited access to innovative healthcare  
technologies and resources;

**WHEREAS** this Agreement aligns with the shared objective of fostering sustainable development by  
enabling local production capabilities within Arrakis, with the goal of improving healthcare delivery,



technical assistance, knowledge transfer, and support to the PHO for the purpose of establishing local manufacturing capabilities for the Licensed Product.

- 315 1.3. “**Effective Date**” shall mean the date of this Contract.
- 1.4. “**Know-How**” shall mean any and all confidential and proprietary information and materials, discoveries, processes, methods, protocols, formulas, molecular constructs, reagents, assays, data, results, inventions, improvements, trade secrets, compositions of matter (including compounds), formulations, and findings, in each case, patentable or otherwise, and including any copyrights  
320 therein.
- 1.5. “**Licensed Product**” means the medicine “**ProTego**” against the disease Nagini.
- 1.6. “**Licensed Technology**” means, collectively, the Licensed Product, Licensed Know-How, Licensed Patents, Licensed Materials.
- 1.7. “**Sublicensee**” means any: (i) Licensee permitted sublicense and (ii) Affiliate of Licensee(s) and  
325 any and all of its permitted sublicensees.
- 1.8. “**Technical Information**” shall mean the documentation listed in Annex 3 detailing technical specifications and instructions for manufacturing and testing the ProTego medicine candidate. Such Technical Information shall be transferred to the PHO and the FMH in the electronic form in the English language by way of handover of hard drives containing the relevant electronic files.
- 330 1.9. “**Technology**” shall mean Materials, Technical Information and Technical Assistance.
- 1.10. “**Territory**” means the territory of Arrakis in accordance with the legislation of Arrakis.
- 1.11. “**WHO**” means World Health Organization.

## Article 2

### Scope

- 335 The scope of this Contract is the grant by BionPro Inc. to Licensees of a license to use the Licensed Know-How related to the manufacturing process of the Licensed Product, as well as the transfer of technology and know-how associated with the Licensed Know-How, in order to allow Licensees to manufacture and supply the Licensed Product in the territory of Arrakis under this Contract.

## Article 3

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### **Grant to Licensees**

3.1. BionPro Inc. grants the Licensees an exclusive license or sub-license, as applicable in the Territory under the Licensed Technology to develop, make, use, offer and supply the Licensed Product in the Territory subject to and in accordance with the provisions of this Agreement, solely for the Territory.

345 3.2. For the avoidance of doubt, the license set forth herein includes all Know-How and technology provided by BionPro Inc. to the Licensees.

### **Section 4 Transfer of Technology**

BionPro Inc shall supply the Licensed Know-How to Licensees to enable Licensees to exploit the Licensed Product and scale up the production of the Licensed Product in the Territory. In order to  
350 facilitate the transfer, each Party will perform its obligations provided in the Technology Transfer Work Schedule, provided in Annex 1.

### **Article 5 Manufacturing**

5.1. BionPro Inc. shall initially be responsible for establishing, and managing the manufacturing of the Licensed Product, as well as engaging their best efforts to manufacture the Licensed Product  
355 in an amount sufficient to meet its demand in the Territory, as required by the need formalized by the FMH.

5.2. After the Development Period, the PHO shall assume full responsibility for all aspects of manufacturing the Licensed Product. Thereafter, the PHO shall have sole accountability for overseeing, managing, and sustaining the production of the Licensed Product in accordance with  
360 the standards and practices established during the Development Period.

### **Article 6 Technical Assistance**

As part of Technology Transfer Package 1, BionPro Inc. will, on dates to be agreed to by the Parties, provide Technical Assistance to the FMH and the PHO as follows:

- (a) Training at an agreed site by sending qualified personnel to the FMH and PHO facility for  
365 training on documentation and Phase I manufacturing process and analytics.
- (b) Training on-site will be for a period of no more than five consecutive business days.
- (c) Respond in a reasonable timeframe to any query concerning the Technology Transfer Package 1

that might arise during and after the on-site training.

#### **Article 7 Exchange of information and confidentiality**

- 370 7.1. Each Party shall hold the Confidential Information disclosed to it under or in connection with this Contract in strict confidence, and shall not use such Confidential Information for any other purpose than the performance of this Contract.
- 375 7.2. The Party that releases, exchanges, or discloses Confidential Information (the “**Disclosing Party**”) shall use reasonable efforts to mark such Confidential Information as “Confidential”. In the event that Confidential Information is disclosed and not so marked, the receiving Party agrees to treat such information as confidential to the extent that a reasonable person would consider such information to be confidential given the content and circumstances of the disclosure.
- 380 7.3. Neither Party shall disclose any Confidential Information received from the other Party under or in connection with this Contract, or otherwise developed by any Party in the performance of activities in furtherance of this Contract, except to such of its officers, employees, agents, representatives, Affiliates, advisors and consultants, governing bodies to whom disclosure is necessary to exercise the Party’s rights or perform the Party’s obligations under this, and who are bound by confidentiality and non-use obligations no less onerous than those contained in this Section 7.
- 385 7.4. The obligations in Sections 7.1-7.3 above shall not apply to the following as established by reasonable, written proof:
- (a) information which at the time of disclosure is in the public domain; or
  - (b) information which, after its disclosure, becomes part of the public domain by publication or otherwise, except by breach of this Contract; or
  - 390 (c) information that a Party can demonstrate was lawfully possessed by it prior to disclosure under or in connection with this Contract; or
  - (d) information that a Party receives from a third party which is not legally prohibited from disclosing such information; or
  - 395 (e) information a Party is required by law to disclose, provided that the other Party is promptly notified of any such requirement: or

- (f) information which is independently developed by the receiving Party or its Affiliates who had no knowledge of the Disclosing Party's Confidential Information.

400 7.5. If a receiving Party becomes obligated by law to disclose Confidential Information received under or in connection with this Contract, or any portion thereof, to any Third Party, governmental authority or court, that Party shall immediately notify the Disclosing Party of each such requirement and identify the Confidential Information to be disclosed so that such Disclosing Party may seek an appropriate protective order or other remedy with respect to narrowing the scope of such requirement and, to the extent necessary, waive the receiving Party's compliance with the confidentiality obligations of this Contract.

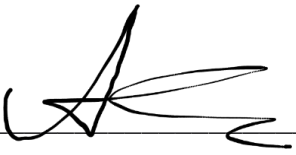
405 7.6. The Parties acknowledge that disclosure of any Confidential Information in breach of this Contract could give rise to irreparable injury to the non-breaching Party and that such injury will not be adequately compensated by damages. Accordingly, the non-breaching Party shall be entitled to the remedies of specific performance and injunctive relief or other equitable relief for any threatened or actual breach of this Section 7. Such relief shall be in addition to all other  
410 remedies available to the non-breaching Party at law or in equity.

7.7. All Confidential Information shall remain the property of the Disclosing Party. In the event that a court or other legal or administrative tribunal of competent jurisdiction, directly or through an appointed master, trustee or receiver, assumes partial or complete control over the assets of a Party to this Contract, based on the insolvency or bankruptcy of such Party (or based on any  
415 other analogous or similar status of that Party under foreign laws), the bankrupt or insolvent Party shall promptly notify the court or other tribunal:

- (g) that Confidential Information remains the property of the Disclosing Party; and  
(h) of the confidentiality obligations under this Contract.

420 *[other provisions are intentionally omitted]*

**IN WITNESS WHEREOF** the Parties, through their duly authorised representatives, have executed this Contract.

  
Alexander Atreides  
Pirrik Thauv

**BionPro Inc.**

**Federal Ministry of Health of Arrakis**

  
Nyara Verid

**Provincial Health Office of Province of Valdris**

425

**List of annexes**

- 430      Annex 1 - Technology Transfer Schedule  
Annex 2 - Terms of Material Transfer  
Annex 3 - Technology transfer Package 1, Package 2 and Package 3 content

435 CLAIMANT'S EXHIBIT C-6, Email Correspondence Between FMH, PHO and BionPro, Inc.

**From:** aatreides@bionpro.com

**Sent:** Wednesday, August 16, 2017, 10:54

**To:** askywalker@bionpro.com

440 **CC:** lskywalker@bionpro.com

**Subject:** [URGENT] FW: TT Contract

Hi Anakin,

445 Can you please check this contract and give me your thoughts? We have to send our feedback on Monday.

Thank you,

Alexander

450 BionPro Inc

---

**From:** askywalker@bionpro.com

**Sent:** Wednesday, August 16, 2017, 11:13

**To:** aatreides@bionpro.com

455 **CC:** lskywalker@bionpro.com

**Subject:** [URGENT] RE FW: TT Contract

Alex,

460 We will check it and we will send you an answer tomorrow.  
Anakin

Legal Director

BionPro Inc

---

465



**From:** askywalker@bionpro.com

**Sent:** Thursday, August 17, 2017, 15:05

**To:** aatreides@bionpro.com

**CC:** lskywalker@bionpro.com

470 **Subject:** [URGENT] RE FW: TT Contract

Alex,

As discussed in our recent meeting, the overall contract looks good. However, we do have some concerns regarding the breadth of the data protection section.

475 To address this, we propose adding the following clarifications:

480 *7.2. “The Party that releases, exchanges, or discloses Confidential Information (the “**Disclosing Party**”) shall use reasonable efforts to mark such Confidential Information as “Confidential.” In the event that Confidential Information is disclosed and not so marked, the receiving Party agrees to treat such information as confidential to the extent that a reasonable person would consider such information to be confidential given the content and circumstances of the disclosure.*

485 *7.3. Neither Party shall disclose any Confidential Information received from the other Party under or in connection with this Contract, or otherwise developed by any Party in the performance of activities in furtherance of this Contract, except to such of its officers, employees, agents, representatives, Affiliates, advisors and consultants, governing bodies to whom disclosure is necessary to exercise the Party’s rights or perform the Party’s obligations under this, and who are bound by confidentiality and non-use obligations no less onerous than those contained in this Article 7.”*

490

Anakin

Legal Director

BionPro Inc

---

495   **From:** P.thauv@fhm.gov.ar  
      **Sent:** Tuesday, August 15, 2017, 18:46  
      **To:** nverid@valdrispho.ar; aatreides@bionpro.com  
      **Subject:** Re: TT Contract

500   Dear Nyara and Alexander, please find attached the draft of the Technology of Transfer Contract for your review.  
      I would appreciate it if you could provide feedback by Monday, so we can proceed accordingly.  
      Best regards,

505   Pirrik Thauv  
      Head of FMH  
      Republic of Arrakis

---

**From:** nverid@valdrispho.ar;  
      **Sent:** Wednesday, August 16, 2017, 14:21

510   **To:** P.thauv@fhm.ar; aatreides@bionpro.com  
      **Subject:** RE: TT Contract

      Dear Pirrik,  
      I hope you're doing well.  
515   Our Legal Department has reviewed the draft, and we have no additional comments at this time. We are ready to proceed as discussed.  
      Thank you for your work on this.  
      Best regards,  
      Nyara Verid Head of PHO

520   Province of Valdris

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**From:** aatreides@bionpro.com  
      **Sent:** Monday, August 21, 2017, 11:40  
      **To:** M.Loïs@fmh.ar; nverid@valdrispho.ar;  
      **Subject:** RE: TT Contract

525

Dear Martha and Nyara,

We have reviewed the contract and have some concerns regarding the security section, as it currently appears quite broad. Given our unique position as the only company working on this medicine, protecting our work from any potential leakage is a top priority.

530 To address this, we propose adding the following provisions:

535 *7.2. The **Party** that releases, exchanges, or discloses Confidential Information (the “**Disclosing Party**”) shall use reasonable efforts to mark such Confidential Information as “Confidential.” In the event that Confidential Information is disclosed and not so marked, the receiving **Party** agrees to treat such information as confidential to the extent that a reasonable person would consider such information to be confidential given the content and circumstances of the disclosure.*

540 *7.3. Neither **Party** shall disclose any Confidential Information received from the other **Party** under or in connection with this Contract, or otherwise developed by any **Party** in the performance of activities in furtherance of this Contract, except to such of its officers, employees, agents, representatives, Affiliates, advisors and consultants, governing bodies to whom disclosure is necessary to exercise the **Party’s** rights or perform the **Party’s** obligations under this, and who are bound by confidentiality and non-use obligations no less onerous than those contained in this Section 7.*

545 Thank you for considering these additions to strengthen the confidentiality terms. Please, let us know if you’d like to discuss this further.

Best regards,

Alexander Atreides

BionPro Inc.

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**From:** P.thauv@fhm.gov.ar

550 **Sent:** Wednesday, August 23, 2017, 9:53

**To:** nverid@pho.vl; ceo@bionpro.com

**Subject:** RE: TT Contract

Dear Nyara and Alexander,

555 Please find attached the final version of the contract with the additions made.

Best regards,

Pirrik

**CLAIMANT'S EXHIBIT C-7, BionPro's press release dated 7 November 2017**

7 November 2017

560 [- Press Release extract-]


*[The rest of the Release is intentionally omitted]*

- 565
1. The Board of Directors of BionPro Inc. confirms that on 4 November 2017, BionPro entered into the contract with the Federal Ministry of Health of Arrakis and the Provincial Health Office of Province of Valdris concerning, among other matters, the transfer of information, know-how and technology necessary to manufacture and distribute the BionPro's newest medicine ProTego.
  2. The contract is the much-desired result of tireless negotiations held between the Company, the Federal Ministry of Health of Arrakis and the Provincial Health Office of Province of Valdris.
  - 570 3. BionPro is proud to announce that a sufficiently long and sustainable period for stablishing local manufacturing capabilities was agreed between the Parties.
  4. BionPro expresses its commitment to fostering equitable access to life-saving therapies for global health.
  5. The BionPro team additionally reiterates its aims to further develop the BionPro brand in Arrakis and the Province of Valdris.

575

Chief Executive Officer of BionPro Inc.

Alexander Atreides



580 CLAIMANT'S EXHIBIT C-8, Expert Report with Quantification of Losses Resulting from the  
Data Leak

585



590 Expert Report for BionPro Inc.

# Quantification of Losses Resulting from the Data Leak

July 27<sup>th</sup>, 2024

595

ClaimVision Evaluators

600

Mark Jackson, Sophie Weber, and Marie Curtis

tel.: 555-2948-05-68 | fax: 555-2948-05-68

email: [evaluators@claimvision.com](mailto:evaluators@claimvision.com)

605

[Other chapters are intentionally not reproduced here]

## Section VI – Impact of Data Leak on Business Losses

### 1. Introduction to Data Leak Impact

610 The cyberattack of December 2021 targeted the servers of the PHO of Province Valdris. The breach resulted in the theft of sensitive information related to the development of a new medicine against the disease “Nagini” marketed as “ProTego”. The stolen data included proprietary research, clinical trial results, and manufacturing blueprints, which were crucial to the development and distribution of the medicine.

615

### 2. Impact of the Data Leak on BionPro Inc.

#### 2.1 *Disruption to the Medicine Development Process*

The data breach disrupted ProTego’s development timelines due to:

- Unauthorized access to proprietary formulas and clinical trial insights.
- 620 • Unauthorized access to manufacturing processes, exposing the public entity to potential counterfeiting and market competition.
- Delayed regulatory approvals due to concerns about data integrity.

This disruption postponed the expected release of the medicine in the territory of Valdris by 12 months, significantly affecting the planned response to the epidemic.

625

#### 2.2 *Financial Loss due to Competitive Market Entry*

The leaked information allowed unauthorized competitors, potentially backed by private entities or other state authorities, to fast-track the development of a similar equivalent medicine. This led to:

- 630 • Market Share Loss: Early entry of competing products reduced BionPro Inc.’s projected market dominance.
- Revenue Erosion: The projected revenue over 12 months decreased by \$160,000,000, as shown in Table 1.

**Table 1**

Projected Revenue Before Attack	Adjusted Revenue After Attack	Revenue Loss
\$600,000,000	\$440,000,000	\$160,000,000

635

### 2.3 Reputational Damage and Trust Erosion

The cyberattack eroded public trust in BionPro Inc. ability to safeguard critical health information. Consequences included:

640

- **Reduced Partnerships:** Loss of interest from international collaborators and funding agencies.
- **Customer Distrust:** Hesitancy among healthcare providers and the public to adopt the medicine post-launch.

These factors compounded BionPro Inc.'s difficulties in reclaiming market share and achieving financial sustainability.

645

## 3. Quantification of Business Losses

### 3.1 Methodology

650

- **Direct Costs:** Calculated based on projected revenue loss due to delayed product release and reduced market share.
- **Indirect Costs:** Quantified based on reputational damage, including the impact on partnerships and long-term revenue forecast.

### 3.2 Breakdown of Losses

655

- **Delayed Launch Impact:** Estimated at \$500,000,000 due to loss estimated for the ProTego price, and the expected coverage.
- **Market Share Decline:** \$250,000,000 due to reduced adoption in key regions.
- **Reputation-Driven Losses:** \$37,500,000 reflecting decreased future funding and collaboration.

**Total Estimated Business Loss:** \$787,500,000

660

## 4. Conclusion

665

The data breach significantly impaired BionPro Inc.'s ability to execute its public health mission, particularly during a critical time for epidemic prevention. The compounded financial and reputational losses underline the strategic importance of safeguarding sensitive health data and implementing robust cybersecurity measures, especially for public institutions in less developed regions.

# ARRAKIAN NATIONAL TIMES

12 December 2021

News

## Escalating Tensions and Cyberattacks Leave Arrakis Reeling

In recent months, the Galvatan region has become a flashpoint of rising tensions, with a volatile mix of political, economic, and social factors fueling instability. Historical grievances, territorial disputes, and the involvement of external powers have further complicated the already fragile landscape.

A new crisis erupted two weeks ago when Arrakis became the target of an unprecedented wave of cyberattacks, striking public institutions and critical government agencies. Among the entities affected were courts, hospitals, and even the Federal Ministry of Health, alongside several Provincial Health Offices. According to insiders, hackers infiltrated sensitive IT systems, though the full extent of the damage remains unclear.

In response, the government convened an emergency intra-agency meeting and released a public statement acknowledging the attacks. The statement attempted to downplay the severity of the breach, claiming:

*“Some of the governmental websites experienced temporary outages but there was no serious damage. The Government will strengthen its ability to respond to such attacks. Cyberattacks by pro-Gatanian hacktivist groups on our country have occurred intermittently in the past but have become more frequent since Gatania intensified its attempts to interfere into our internal affairs. Gatanian imperialistic ambitions cannot and will not be tolerated.”*

Despite these assurances, the statement did little to quell public anxiety and raised more questions than it answered. Critics pointed to the government’s failure to provide a concrete action plan, and frustration quickly spilled into the streets of Tronjheim, the capital of Arrakis. Protests have erupted over the past two weeks, with demonstrators accusing the government of incompetence and demanding the resignation of the president. Some protests have turned violent, leading to clashes with police and a wave of arrests.

The cyberattacks are widely attributed to pro-Gatanian hacktivist groups, escalating fears of a broader campaign linked to Gatania’s alleged imperial ambitions. These developments have underscored the vulnerability of Arrakis’ cyber defences and shaken public confidence in the government’s ability to protect its citizens.

As the nation grapples with this multifaceted crisis, one pressing question looms large in the minds of many: Can the people of Arrakis trust their government to safeguard their future? The answer remains uncertain, leaving the country in a state of uneasy anticipation.



# THE VALDRIAN POST

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## Arrakis is robbing us!

*by Frank Castle, 29 September 2021, 9:30 am*

### 700 **Rising Secessionist Tensions: Protests Erupt in Valdris Over Independence from Arrakis**

Last week, Valdris was swept by a wave of unprecedented protests as demonstrators rallied in favor of secession from Arrakis. Organized through social media by local politicians and influential bloggers, coordinated demonstrations took place in at least ten cities, including Kirrapa. Some protests escalated into violent clashes with law enforcement, leaving at least ten injured, two of them severely, according to local authorities. However, 705 human rights groups have reported a higher toll, claiming that 29 lives were lost.

The unrest led to the detention of 198 protesters, all of whom now face criminal charges for allegedly inciting mutiny. Despite the charges, every defendant has pleaded not guilty, casting a spotlight on the deeply contentious nature of the ongoing crisis.

This is not Valdris’ first brush with secessionist fervour. In 1983, widespread public unrest culminated in a 710 referendum on independence. At the time, 68% of the population voted against breaking away from Arrakis. Nevertheless, separatist movements have persisted in the decades since, albeit with limited influence—until now.

### **Economic Divide Fuels Valdris Secessionist Movement**

The current secessionist rhetoric is driven largely by economic grievances. Valdris is a wealthier region, boasting a 715 GDP per capita 190% higher than the national average. Local leaders argue that their region is unfairly subsidizing less prosperous parts of Arrakis, fueling slogans like “Arrakis is robbing us.” These economic disparities have added weight to separatist calls, making their case resonate with a growing number of Valdrian citizens.

### **Government’s Cybersecurity Failures: A Catalyst for Separatism**

While economic inequality has long simmered beneath the surface, recent developments have reignited separatist 720 fervour. The Arrakian government’s inability to manage ongoing cyberattacks has become a lightning rod for public discontent, further eroding trust in national leadership.

With public sentiment shifting, calls for a new referendum on Valdrian independence are gaining momentum. Analysts suggest that if a vote were held today, the outcome could diverge significantly from the results of the 1983 referendum.

The stakes are high. As protests continue and political leaders on both sides grapple with the implications, the 725 question remains: will Valdris chart a path toward independence, or can Arrakis find a way to heal its divisions? The answer could reshape the future of the region.

# CLAIMANT'S EXHIBIT C-11, FMH Internal Audit Report concerning the Cyberattack on 20 December 2021

Ministry of Technology  
Republic of Arrakis



29 December 2021

## Internal Audit Report

### Assessment on Cybersecurity Incident

#### 1. Introduction

This Report outlines the findings of the internal audit conducted in response to the cyberattack which occurred on 20 December 2021 (“**Cyberattack**”). This cybersecurity incident affected a number of public institutions and governmental agencies, including several Ministries and Provincial Health Offices (“**PHO**”) with a significant breach resulting in the theft of confidential data stored on various servers. This Cyberattack raised critical concerns regarding the adequacy of Arrakis’ cybersecurity safety and the safeguards in place across the various levels of public administration.

This Report was prepared by the Federal Ministry of Technology of the Republic of Arrakis, in cooperation with the PHO of the Province of Valdris.

#### 2. Scope of the Audit

This audit was aimed at assessing the extent of the data accessed by the attackers and to identify the vulnerabilities that facilitated this breach. Key areas reviewed included:

- Security frameworks and IT infrastructure
- Response protocols and incident management
- Cybersecurity training and preparedness among staff

#### 3. Findings

Based on the information currently available, the recent breach does not appear to be linked to a ransomware attack. There exists a very high level of probability that the Ministry's IT systems were accessed by hackers through a breach in the IT systems of the PHO of the Province of Valdris.

The vulnerabilities within the IT systems of the PHO of the Province of Valdris are likely attributed to insufficient implementation of cybersecurity measures by this PHO. Key contributing factors include:

- Insufficient IT infrastructure and cybersecurity systems: outdated equipment and weak security protocols created significant vulnerabilities. The infrastructure of PHO of Valdris was ill-equipped to defend against modern cyber threats.
- Insufficient Staff Training: the PHO of Valdris only provided virtual training to its heads and managers. Consequently, other employees, who play an essential role in operational cybersecurity, were not

sufficiently prepared to recognize and respond to potential modern cybersecurity threats. This gap in training and awareness significantly contributed to the vulnerability of the systems.

These vulnerabilities facilitated the hackers' access to systems of PHO of Valdris, which subsequently allowed them to receive unauthorized access to FMH systems.

Preliminary analysis indicates that the Cyberattack likely originated from a country outside the GOD Region, most probably from the territory of Gatania.

#### **4. Scope of impact**

While it is not yet possible to estimate conclusively the scope of data accessed by hackers, early assessments with a medium level of probability indicate that a vast quantity of confidential information, including potentially sensitive personal and operational data, was accessed and possibly exfiltrated by hackers. In particular, the data of all servers of state courts of Arrakis, schools and hospitals located in Kirrapa and Tronjheim were subject to leak. The hackers also likely received unauthorized access to servers of Ministry of Health of Arrakis. However, hackers did not access systems of the Government of Arrakis and of such Ministries as Federal Ministry of Investment, Industry and Trade and Ministry of Agriculture of Arrakis. However, as of the date of this audit report, there is no absolute certainty as to the scope of the leak of data.

*[The other sections of the Report are intentionally omitted]*

#### **7. Ongoing Measures**

The Federal Ministry of Technology continues to prioritize the investigation into the current incident. Coordination with the PHO of the Province of Valdris and other public entities remains critical in addressing vulnerabilities, enhancing cybersecurity infrastructure, and ensuring timely communication of any confirmed risks to affected parties.

The Federal Ministry of Technology and the PHO of the Province of Valdris remain committed to safeguarding data privacy and upholding confidentiality obligations.

After a more comprehensive audit is performed, the Federal Ministry of Technology will issue further recommendations with the aim of strengthening cybersecurity of Arrakis.

The Federal Ministry of Technology and PHO of the Province of Valdris will inform any affected institutions, agencies, companies and individuals in accordance with relevant regulatory requirements when it has full information about the impact of the Cyberattack.



**Lian Salchov**

The Minister for the Technology of the Republic of Arrakis

**AGREEMENT ON SUCCESSION ISSUES**

**Between the Federal Republic of Arrakis and Republic of Valdris**

*[intentionally omitted]*

795 Article 13.

Any issues related to succession of the Parties with respect to international responsibility of the Federal Republic of Arrakis, which have arisen before the date of Separation, shall be governed by Resolution of the Institute of International Law on Succession of States in Matters of State Responsibility of 2015.

800 *[intentionally omitted]*

Done at Lienna (Reka) on 20 November 2022 in four originals in the English language, one to be retained by each State, one by the Office of the High Representative, and one to be deposited with the Depositary.

For the Federal Republic of Arrakis *Durza Shade*

For the Republic of Valdris *S. Prince*

805 CLAIMANT'S EXHIBIT C-13, Decree No. 183

(Official translation in English from the Valdrian language)



THE REPUBLIC OF VALDRIS

810

Decree No. 183

of 10 January 2023

*By the authority vested in me as the President of the Republic of Valdris,  
Honoring the will and the decision of the representatives of the People of Valdris,  
Aiming at protecting the Valdrian Dollar (VLD),*

815

*We hereby declare:*

820

1. This Decree applies to all natural and legal persons (as applicable) resident or registered within the territory of the Republic of Valdris.
2. During the validity of this National Law, the following operations are subject to authorization by the Central Bank of the Republic of Valdris:
  - a. [...]
  - d. acquisition of foreign currency relating to international investments with a view of repatriation of dividends;
  - e. [...].

825

3. The authorizations referred to in art. 2 above will be subject to the availability of foreign currency established by the Central Bank of the Republic of Valdris and to the guidelines dictated by the national executive. The procedure for obtaining the authorisations shall be established by the Central Bank of the Republic of Valdris.
4. This Decree is a matter of public order and will be in force from the day of its publication until its revocation.
5. This Decree shall be officially published in the State Journal on the day following its signature.

830

*S. Prince*

Severus Prince

[Annex: full text of Decree No. 183 - intentionally not reproduced here]

President of the Republic of Valdris

**CLAIMANT'S EXHIBIT C-14, National Law No. 48**

*(Official translation in English from the Valdrian language)*



835

**THE PRESIDENT'S OFFICE**

**National Law No. 48**

**of 12 December 2023**

840

*As the Parliament of the Republic of Valdris,*

*Honoring the will and the decision of the representatives of the People of Valdris,*

*Aiming at protecting the Valdrian economy and its vital sectors,*

*I hereby declare:*

845

1. This National Law applies to all legal entities registered within the territory of the Republic of Valdris operating in pharmaceutical, mining and agricultural sectors.

2. During the validity of this National Law, the following operations are prohibited:

a. [...]

b. transfer abroad of the amounts exceeding the equivalents of:

850

1) USD 150,000 per calendar year (as per the Official Rate established by the Central Bank of the Republic of Valdris); and

2) USD 20,000 per month (as per the Official Rate established by the Central Bank of the Republic of Valdris);

c. [...].

855

3. This National Law enters into force on the day of its publication.

4. This National Law shall be officially published in the State Journal on the day following its signature.

*S. Prince*

Severus Prince

[Annex: full text of National Law No. 48 - intentionally not reproduced here]

President of the Republic of Valdris

# The Integrity Chronicle

## Unveiling the Shadows: How Corporations are Sidestepping Domestic Laws

Joint report by C. Swan and A. Cullen

Valdris has been experiencing significant challenges after the monetary crisis outbreak. To save the stability and improve the monetary, economic and financial situation, National Law No. 48 was adopted. In particular, National Law No. 48 imposed a specific temporary limitation – no company was allowed to transfer abroad more than 150,000 USD per year, and no more than 20,000 USD per month. For now, this requirement only concerns pharmaceutical, mining and agricultural industries, however the Government is planning to extend it to other industries. It is reported that the food, chemical and textile industries are next in line.



## Valdris is the middle of the monetary crisis...

The investigation carried out by our journalists however revealed that some corporations were privileged enough to avoid the new quota restriction. For the purposes of protection of evidence, we do not disclose the sources of information.



The CEO of Quilis Inc.

According to our reliable sources, Quilis Inc., producer of medical devices, incorporated in Smirion, transferred more than 30,000 USD each month of profits made in Valdris.

Another corporation, Ecovista Ltd, incorporated in Reka, which produces vitamins and homeopathic drugs, transferred more than 65,000 USD each month. Ecovista Ltd is clearly benefiting from the crisis in Valdris as it is reported that its sales increased significantly during the Nagini epidemic.

## Economic Turmoil:

Rising Monetary Crisis Sparks Widespread Concerns

A growing monetary crisis is gripping the nation, as rising inflation, surging interest rates, and an unstable currency threaten the financial wellbeing of millions of citizens. Economic experts warn that if current trends continue, the impacts could be felt for years to come. Recent reports show that inflation rates have climbed to levels not seen in over 40 years, with essential goods such as food, fuel, and housing becoming increasingly unaffordable.



The crisis has also led to significant volatility in the stock market, with major indexes experiencing dramatic fluctuations. Investors are now tightening their belts, as many are anxiously watching for signs of further economic decline.

**CLAIMANT'S EXHIBIT C-15.1, Journalists' Evidence**



**CENTRAL BANK  
of the Republic of Valdris**

To the President of the Central Bank  
**Victor Baratheon**

865




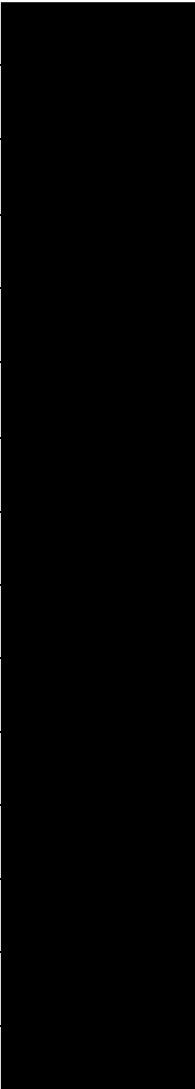

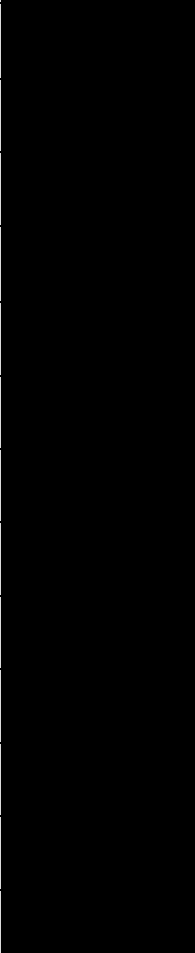




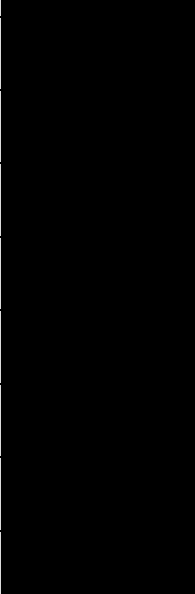


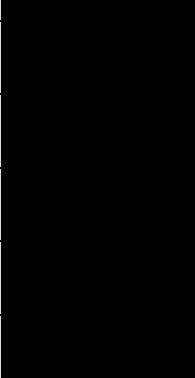


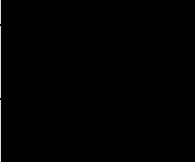
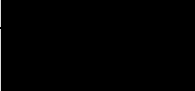
Internal letter No. 321405  
29.12.2023

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In accordance with the instructions given by the President the Central Bank during the meeting on 28 December 2023, the Department of the of Foreign Exchange hereby provides the information about the outbound transfers in USD completed by foreign companies operating in medical sphere October-December 2023. Please see the attached Annex with the requested information.

Jessica Bewt  
Director



Outbound transfers (USD)			
Name of the company (Country of incorporation)	October	November	December
	21,000	26,200	10,020
	24,700	25,500	9,400
Quilis Inc. (Smirion)	30,000	32,000	32,500
	15,000	14,500	12,311
Ecovista Ltd (Reka)	65,500	66,000	69,000
	15,000	16,500	11,000
	19,000	24,500	13,203
	28,000	23,500	4,500
	15,600	16,500	8,900
	23,000	19,500	13,011
	22,060	23,800	12,040
	34,000	30,500	11,200
	26,400	23,500	10,500
	32,000	14,500	12,000
	12,000	17,500	9,200
	15,030	19,300	10,000
	18,000	8,500	7,000
	16,000	19,500	14,900
	18,000	18,500	14,800
	9,000	17,500	10,000

**INTERNATIONAL CENTRE FOR SETTLEMENT OF  
INVESTMENT DISPUTES  
ADDITIONAL FACILITY**

880 In the arbitration proceeding between

**BionPro Inc**

*(Claimant)*

and

885 **Republic of Valdris**

*(Respondent)*

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**RESPONSE TO THE REQUEST FOR ARBITRATION**

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14 September 2024

**For Respondent:**

895 Bradshaw & Associates Legal Group  
66 Perry Lane, 2130  
Republic of Valdris

## A. INTRODUCTION

1. The Republic of Valdris (“**Valdris**”), the Respondent in the present proceeding, hereby submits a brief response to the Claimant’s Request for Arbitration (the “**Response**”).
2. In this Response, unless otherwise stated, the Respondent adopts the abbreviations used in the Claimant’s Request for Arbitration.
3. Unless explicitly admitted, the Respondent denies every statement made by the Claimant in the Request for Arbitration.

4. Respondent is represented in the arbitration by:

Mr Edgard Linton  
Valdris’ Ministry of Justice  
42 Thrushcross, 1847, Republic of Valdris  
Tel: 988-5741125  
Email: Edgard.Linton@minjustice.vl

Ms Carrie Moore  
Bradshaw & Associates Legal Group  
66 Perry Street, 2130 Republic of Valdris  
Tel: 75564-0598-09  
Email: c.moore@bradshaw-legal.vl

## B. JURISDICTION OF THE TRIBUNAL

5. The Respondent respectfully submits that the Tribunal lacks jurisdiction over the present dispute.
6. BionPro mistakenly claims that its investment is protected under the Arrakis-Xenera BIT, entered into in 2005 (“**BIT**”) on the basis that Valdris allegedly succeeded to the BIT after its independence on 1 January 2023. However, Valdris is not and has never been bound by the BIT.
7. After Valdris became an independent state, it expressed its intention to remain bound by certain

treaties concluded by Arrakis.<sup>16</sup> However, it did not automatically succeed in respect of all Arrakis's treaties. The Valdris' parliament expressly objected to continuation of any bilateral investment treaties of Arrakis in April 2023.<sup>17</sup> Valdris never considered to be bound by the BIT and transparently demonstrated it in its governmental websites.<sup>18</sup> Moreover, on 17 August 2024, Respondent explicitly informed Xenera that it did not recognize the BIT as a treaty in force.<sup>19</sup>

8. In any event, Xenera's response to Valdris' official note was not specific enough to result in succession of the BIT.<sup>20</sup>

### C. ADMISSIBILITY OF THE FPS CLAIM

9. In the unlikely event that this Tribunal finds that the BIT binds Valdris, Respondent considers BionPro's FPS claim to be inadmissible because Arrakis continues to exist, and assuming that the FPS violation in fact occurred, Arrakis may potentially be responsible for this violation jointly with Valdris (*quod non*). While apportioning responsibility for the FPS violation to Valdris, the Tribunal might indirectly decide on the international responsibility of Arrakis, which is not a party to this arbitration. Such an *ex parte* decision, made without the consent of Arrakis, would contravene the principles of sovereign equality and independence as applied by the International Court of Justice and other international tribunals (the *Monetary Gold* principle).

10. Respondent reserves the right to elaborate on its jurisdictional and admissibility objections at a later stage.

### D. THE RESPONDENT'S MEASURES DO NOT CONSTITUTE A VIOLATION OF FULL PROTECTION AND SECURITY

11. Even if the FPS claim is found admissible, none of the Respondent's actions breached the full protection and security standard under the BIT.
12. The BIT does not cover cybersecurity as a part of the full protection and security. This standard

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<sup>16</sup> Exhibit C-1, Valdris' Official Note to Xenera regarding Continuation of Treaties.

<sup>17</sup> Exhibit R-1, Resolution of the Valdris' Parliament on Succession of Bilateral Investment Treaties.

<sup>18</sup> Exhibit R-2, Excerpt from the Valdris' Governmental Website.

<sup>19</sup> Exhibit R-3, Valdris' Official Note to Xenera regarding Non-Continuation of the BIT.

<sup>20</sup> Exhibit C-2, Xenera's Official Note to Valdris regarding Continuation of Treaties.

945 of investor protection encompasses only physical protection of the investment.

13. Moreover, even if the tribunal interprets that cybersecurity is covered by the full protection and security standard, Arrakis and Valdris have taken all the reasonable measures to ensure the protection of BionPro's data, by implementing the cybersecurity recommendations issued by GOD to the extent possible for a least developed country.<sup>21</sup>

950 14. Arrakis, and therefore also the former Province of Valdris, have been subject to an unprecedented campaign of disinformation, foreign influence and cyberattacks originating from Gatania which would be difficult to handle even by developed and well-prepared states. Considering the limited resources of Arrakis and Valdris, the chaos resulting from constant threat from cyberspace which Arrakis was obliged to endure for years, as well as Arrakis' and Valdris' best efforts to address  
955 any potential dangers related to cyberattacks, it would be unreasonable to hold Valdris responsible for consequences of a data leak beyond its control.

15. Lastly, Valdris did not succeed in respect to Arrakis' responsibility for the alleged violation of the BIT. Arrakis still exists and it bears all the responsibility for its previous actions.

16. Moreover, the PHO of Valdris was not the author of the alleged violation of full protection and  
960 security as it was formally subject to the FMH who bore all the responsibility for the PHO's actions.<sup>22</sup> There is no evidence that the hackers accessed the ministerial systems through the servers of the PHO of Valdris, which was concluded already in February 2022 by the PHO's internal investigation.<sup>23</sup> In addition, BionPro's information was stored on the servers of FMH, which were physically located in the capital city of Arrakis, outside the territory of the Province  
965 of Valdris. For this reason, any responsibility for the alleged acts should not be associated with Valdris.

**E. THE RESPONDENT'S MEASURES DO NOT CONSTITUTE A BREACH OF THE  
FREE TRANSFER OF FUNDS**

17. Being a new state, Valdris introduced a new currency – VLD (Valdrian Dollar). In May 2023,

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<sup>21</sup> **Exhibit R-4**, GOD Recommendations on Cybersecurity; **Exhibit R-5**, Executive Order No. 517/2021.

<sup>22</sup> **Exhibit R-6**, Excerpt from the Constitution of the Federal Republic of Arrakis.

<sup>23</sup> **Exhibit R-7**, PHO of Valdris Internal Assessment.

970 Valdris experienced a monetary crisis. In the period between May and September 2023, Claimant  
filed twelve requests for repatriation of its profits in USD, amounting to USD 60 million. The  
Central Bank, having thoroughly considered the requests, found them incomplete and not meeting  
the necessary legal requirements. The Central Bank thus requested additional documents, but  
Claimant did not provide them.<sup>24</sup> Due to a thorough assessment of all requests and a shortage of  
975 foreign currencies, the Central Bank is experiencing a backlog in applications. However, the  
Claimant's requests remain pending and will be properly assessed.<sup>25</sup>

18. In an attempt to balance the economy, Valdris introduced a general quota restriction on transfers  
of convertible currencies out of the country.<sup>26</sup> No entity was allowed to transfer abroad more than  
USD 150,000 per year, and no more than USD 20,000 per month. At first, the regulation only  
980 covered pharmaceutical, mining and agricultural industries.

19. Claimant asserts that Quilis Inc., producer of medical devices, incorporated in Smirion, and  
Ecovista Ltd, which was incorporated Reka, producer of vitamins and homeopathic drugs were  
avoiding the transfer restriction and were transferring their profits abroad in USD. Contrary to that,  
these companies do not produce medicine like Claimant, they do not compete on the market, and  
985 are subject to a different regulatory requirement, thereby, the new regulation does not cover these  
companies.

## F. CONSTITUTION OF THE TRIBUNAL

20. Pursuant to Article 8 of the BIT, the Respondent agrees that the Tribunal is to be constituted in  
accordance with the method provided in Rule 24(2) of the ICSID AF Rules.

990 21. In accordance with Rule 4(a)(i) of the ICSID AF Rules, Respondent appoints Prof. Gareth  
Lannister, a national of Eldoria, as arbitrator.

22. Dr. Gareth Lannister's contact information is the following:

Dr. Gareth Lannister

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<sup>24</sup> **Exhibit R-8**, Central Bank's Request.

<sup>25</sup> **Exhibit C-13**, Decree No. 183.

<sup>26</sup> **Exhibit C-14**, National Law No. 48.

Valor & Thorn Legal Advisors  
23 Crestview Avenue, 7823  
the Capitol of Panem, Eldoria

**G. CLAIMANT’S PROCEDURAL REQUEST**

23. Respondent respectfully submits that the “*Expert Report with Quantification of Losses Resulting from the Data Leak*” (Claimant’s Exhibit C-8) does not meet the criteria for “confidential or protected information” under Article 7 of the UNCITRAL Rules on Transparency in Treaty-based Investor-State Arbitration 2014.

24. The contents of Exhibit C-8, including general descriptions of business disruptions and financial estimates, are not of such a nature as to warrant protection under Article 7(2). Respondent asserts that such information does not constitute proprietary or confidential business information whose publication would result in competitive harm to Claimant.

25. Nevertheless, Respondent acknowledges Claimant's concerns and seeks to avoid unnecessary procedural disputes that might delay the efficient progress of these proceedings. Therefore, while maintaining its position that the document does not require confidentiality protections, Respondent does not object to the exclusion of Exhibit C-8 from publication in the UNCITRAL repository.

26. Respondent defers to the discretion of the arbitral tribunal to determine whether the contents of Claimant's Exhibit No. 8 should be classified as confidential under the Transparency Rules and, accordingly, whether the document should be excluded from publication.

27. This position is taken in the spirit of cooperation and efficiency, without prejudice to Respondent's rights to contest any similar objections in the future should they arise.

**H. RELIEF SOUGHT**

In light of the foregoing, Respondent requests that the Tribunal:

**I. DECLARE** that the Tribunal lacks jurisdiction to hear this dispute;

**II. DECLARE that** the Claimant’s claim relating to Article 3 of the BIT, the alleged breach of

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the “*full protection and security*” obligation, is inadmissible; or in the alternative that Respondent has not violated Article 3.

**III. DECLARE** that Respondent has not violated Article 4 of the BIT;

**IV. DECLARE** that Respondent has not violated Article 5 of the BIT;

**V. DECLARE** that Respondent does not have to pay to Claimant any damages; and

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**VI. ORDER** Claimant to bear the entire costs of the proceedings including the Respondent’s representation fees.

For and on behalf of Respondent,

Mr. Edgard Linton  
Valdres Ministry of Justice

Ms Carrie Moore  
Partner at Bradshaw & Associates Legal  
Group



**RESPONDENT'S EXHIBIT R-1, Resolution of the Valdris' Parliament on Succession of Bilateral Investment Treaties**

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**REPUBLIC OF VALDRIS**



**THE PARLIAMENT**

**RESOLUTION BY THE PARLIAMENT OF THE REPUBLIC OF VALDRIS ON INSTRUCTIONS TO THE  
GOVERNMENT OF THE REPUBLIC REGARDING BILATERAL INVESTMENT TREATIES  
(2023/274/VAP)**

1035

- A. *NOTING* that, on 1 January 2023, the Province of Valdris, formerly an administrative unit of the Federal Republic of Arrakis, gained independence from the Federal Republic of Arrakis and became a sovereign state succeeding Arrakis in terms of the treaties it had previously concluded;
- B. *RECOGNISING* the need to establish stable diplomatic and economic relations between the Republic of Valdris and other members of the international community, including through the conclusion of international treaties;
- C. *CONSIDERING* bilateral investment treaties as a tool of exploitation of developing countries by developed countries and limiting their sovereignty;

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**THE PARLIAMENT OF THE REPUBLIC OF VALDRIS HEREBY,**


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1. **RECOGNISES** the bilateral investment treaties as contrary to the best interests of the Republic of Valdris;
2. **INSTRUCTS** the Government of the Republic not to conclude any further bilateral investment treaties with any states or international organisations;
3. **CONSIDERS** the bilateral investment treaties concluded by the Federal Republic of Arrakis prior to gaining independence by the Republic of Valdris as non-binding upon the Republic of Valdris.

Kirappa, 23 April 2023

A stylized, handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke at the end.

Chairman of the Parliament



THE PRESIDENCY

OFFICE TO THE SECRETARY TO THE  
GOVERNMENT OF THE REPUBLIC

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ABOUT US

OFFICES

NEWS &  
EVENTS

RESOURCES

CONTACT US



TREATIES

AGREEMENTS, MEMORANDA OF UNDERSTANDING AND TREATIES BETWEEN VALDRIS AND OTHER COUNTRIES

S/N	TYPE OF DOCUMENT (MOU, TREATY/AGREEMENT)	BETWEEN VALDRIS AND OTHERS	ON SUBJECT MATTER	DATE	REFERENCE MDA
1.	<i>[intentionally omitted]</i>				
...					
63.	Agreement	Xenera – Valdris	Bilateral Trade Agreement	Mar., 1999	Ministry of Investment, Industry and Trade
...	<i>[intentionally omitted]</i>				
126.	Agreement	Xenera – Valdris	Cultural and Scientific Cooperation	Jun., 1978	Ministry of Culture / Ministry of Technology
...	<i>[intentionally omitted]</i>				

**RESPONDENT'S EXHIBIT R-3, Valdris' Official Note to Xenera regarding Non-Continuation of the BIT**



**GOVERNMENT OF THE  
REPUBLIC OF VALDRIS**

**MINISTRY OF FOREIGN AFFAIRS**

**Note No: 23/XEN/2024**

Ministry of Foreign Affairs of the Republic of Valdris presents its compliments to the Ministry of Foreign Affairs of the Kingdom of Xenera and, referring to the Agreement on Encouragement and Reciprocal Protection of Investments between the Kingdom of Xenera and the Federal Republic of Arrakis of 26 October 2005, and considering the necessity to clarify the status of the aforementioned treaty with regards to bilateral relations between Xenera and Valdris, it respectfully informs that the aforementioned treaty was not subject to succession from the Federal Republic of Arrakis to the Republic of Valdris and therefore the Republic of Valdris does not consider it binding and creating any kind of international obligations with respect to the Republic of Valdris.

Kirrapa, 17 August 2024

*V. Leister*

Minister of Foreign Affairs  
of the Republic of Valdris



**RESPONDENT'S EXHIBIT R-4, GOD Recommendations on Cybersecurity**



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**GALVATIAN ORGANIZATION OF DEVELOPMENT**

**Recommendation No. 12 on Cybersecurity Strategy**

12 June 2021

1080    **1.   Background and Context**

1.1    Since 2013, GOD Member States have experienced disinformation campaigns conducted through fake social media accounts, alongside cyberattacks targeting public utilities, including power plants. GOD's Intelligence Strategic Department has linked these activities to entities associated with the Empire of Gatania.

1085    1.2    In 2016, the scale and severity of cyberattacks increased, following inflammatory statements by Gatanian political figures. In response, GOD has adopted measures to enhance military readiness and has encouraged Member States to address these rising cybersecurity challenges.

**2.   Recommendations**

1090    2.1.    GOD Member States are recommended to recognize the growing threats posed by sophisticated cyber actors and nation-states. These entities exploit vulnerabilities to steal information, misappropriate financial resources, and develop capabilities to disrupt or destroy essential services, potentially endangering national security and public safety.

         2.2.    Member States are encouraged to prioritize the defense against cyberattacks as a critical component of national security. Cybersecurity should be upheld as a shared responsibility, involving individuals, families, businesses of all sizes, and governments.

         2.3.    Member States are advised to implement measures aimed at preventing cyberattacks and containing their effects as swiftly as possible. It is recommended that all cyberattacks, irrespective of scale, be promptly detected, managed, and neutralized to weaken the influence and operational capacity of cyber threat actors.

1100    2.4.    Member States are strongly encouraged to adopt all necessary and available measures to protect their population, critical infrastructure, and institutions from cyberattacks.

         2.5.    Member States are recommended to ensure that employees of public institutions receive sufficient education and training to identify and mitigate common cyber threats, as they represent the first line of defense.

1105    2.6.    It is recommended that Member States compile and maintain a detailed inventory of national critical assets. Member States should categorize these assets into priority groups based on their vulnerabilities and the potential impact of breaches on national security.

         2.7.    Member States are encouraged to develop and maintain comprehensive contingency plans to ensure an effective response to successful cyberattacks, mitigating disruption to essential services and national security risks.

1110    2.8.    Member States are urged to collaborate to ensure a timely, efficient, and coordinated response to malicious cyber threats. It is further recommended that such cooperation include transparency, information sharing, and the establishment of protocols to facilitate communication across national and international channels.

1115 2.9. Member States are advised to ensure that programs and contracts with private vendors providing essential services include stringent cybersecurity protections. Regular monitoring and compliance reviews are recommended.

1120 2.10. Member States are recommended to implement robust measures to protect private and sensitive data, particularly within government entities. Measures such as encryption, access controls, and periodic security audits are suggested to mitigate risks from potential cyberattacks.

### 3. **Implementation**

These recommendations are intended to serve as a guiding framework for GOD Member States in the development of national and regional cybersecurity policies.

1125 Member States are encouraged to align domestic laws and regulations with these recommendations to promote consistent and effective cybersecurity practices.

### 4. **Challenges and opportunities in cybersecurity**

*[Intentionally omitted]*

### 5. **Key Principles for a successful cybersecurity strategy**

1130 *[Intentionally omitted]*

### 6. **Financial and Other Support**

*[Intentionally omitted]*

The Secretary General of the  
Gavaltian Organisation of Development

1135 Mr. John Darcy



**Executive Order No. 517/2021**

**On Improving Arrakian Cybersecurity**

1140 *Following the Galvatan Organization of Development's recommendation on adopting measures to strengthen cybersecurity across the territories of its member states, and recognizing the importance of protecting the citizens, businesses, and government of the Federal Republic of Arrakis, the following provisions are enacted:*

**Section 1.**

1145 This Executive Order aims at enhancing the Arrakian efforts to identify, deter, protect against, detect, and respond to threats to its cybersecurity.

**Section 2.**

The Federal Republic of Arrakis acknowledges the existence of critical national assets, including:

- a. Government's information related.
- 1150 b. Energy's information related.
- c. Health information related.
- d. Military information related.

**Section 3.**

*[Intentionally omitted].*

1155 **Section 4.**

*[Intentionally omitted].*

**Section 5.**

*[Intentionally omitted].*

**Section 6.**

1160 All heads of agencies, managers, supervisors, and employees (including contract workers) are required to undergo mandatory information security training within six months of the effective date of this Order.

**Section 7.**

*[Intentionally omitted].*

**Section 8.**

1165 *[Intentionally omitted].*

**Section 9.**

*[Intentionally omitted].*

**Section 10.**

*[Intentionally omitted].*

1170 **Section 11.**

To comply with Section 6 of this Executive Order, the Federal Ministry of Technology is required to develop virtual training programs to ensure that all employees of the Federal Republic of Arrakis are adequately trained to recognize common cyber threats and avoid becoming victims.

**Section 12.**

1175 *[Intentionally omitted].*

**Section 13.**

Each Federal Ministry is required to enhance protections for private and sensitive information, advising their offices on how to implement additional security measures.

*Durza Shade*

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President of the Federal Republic of Arrakis

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**RESPONDENT’S EXHIBIT R-6, Excerpt from the Constitution of the Federal Republic of Arrakis**

*(Official translation from the Arrakian language in English)*

**THE REPUBLIC OF ARRAKIS**

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1185 *[intentionally omitted]*

**Article 19**

The jurisdiction of Arrakis includes:

- a. adoption and amending of the Constitution of Arrakis and federal laws, control over their observance;
  - b. federal structure and the territory of Arrakis;
  - 1190 c. regulation and protection of the rights and freedoms of man and citizen; citizenship in Arrakis, regulation and protection of the rights of national minorities;
  - d. federal budget, federal taxes and dues, federal funds of regional development;
  - e. foreign policy and international relations of Arrakis
  - 1195 f. defence and security; military production; determination of rules of selling and purchasing weapons, ammunition, military equipment and other military property;
- [the remainder of the article is intentionally omitted]*

**Article 20**

- 1. The joint jurisdiction of Arrakis and the provinces of Arrakis includes:
    - a. issues of possession, use and disposal of land, subsoil, water and other natural resources;
    - 1200 b. general issues of upbringing, education, science, culture and sports;
    - c. coordination of issues of health care; protection of the family, maternity, paternity and childhood; and social protection, including social security;
    - d. carrying out measures against catastrophes, natural calamities, epidemics, as well as the elimination of their aftermath;
    - 1205 e. administrative regulations, administrative procedures, labour, family, housing, land, water, and forest legislation; legislation on subsoil and environmental protection;
    - f. protection of traditional living habitat and of traditional way of life of small ethnic communities;
    - g. establishment of common principles of organization of the system of bodies of state authority and local self-government;
- 1210 *[the remainder of the article is intentionally omitted]*



5 February 2022

## Internal Audit Report

### Assessment on Cybersecurity Incident

#### A. Introduction

This report follows the Internal Audit Report "Assessment on Cybersecurity Incident" issued by the Federal Ministry of Technology of the Republic of Arrakis on 29 December 2021. The Provincial Health Office of Valdris ("PHO") has conducted a comprehensive and independent assessment to evaluate the nature and impact of the cyberattack which occurred on 20 December 2021 ("Cyberattack") and to determine if PHO's systems were responsible for any subsequent data leak.

#### B. Scope of the Audit

The scope of the Audit covered, *inter alia*, the cybersecurity measures implemented by PHO, including firewalls, encryption standards, and server configurations; the response protocols and incident management of the PHO and the cybersecurity training and preparedness among staff of the PHO.

#### C. Key findings

The investigation has led to several important conclusions:

##### 1. Low Probability of Cyberattack via PHO Systems

Based on the available evidence, the probability that the PHO's IT systems were directly compromised by hackers is considered low. The PHO's cybersecurity infrastructure has been evaluated as robust and effective in preventing any unauthorized access. However, it is important to acknowledge that cybersecurity threats are continuously evolving. While PHO's defenses may have prevented direct access, they were not impervious to the sophisticated tactics employed by the attackers.

1240 **2. Security Measures Implemented by PHO**

1245 It was established that the PHO had implemented a comprehensive security framework, which includes regular updates, vulnerability scans, and the use of cybersecurity services provided by CyberGuardians SA. These measures are aligned with the industry best practices and were designed to ensure the integrity and confidentiality of PHO's data. However, the reliance on third-party services, although being standard, could have led to potential gaps and/or delays in response to the cyber threat, the full extent of which remains unclear.

**3. Incident Response Protocols**

1250 The incident response protocols followed by the PHO were at the time of incident well-defined and adhered to best practices.

**4. Cybersecurity Training for Employees**

PHO employees, including the management, underwent extensive cybersecurity training, which included both virtual training sessions organized by the Federal Ministry of Technology and in-person workshops hosted by CyberGuardians SA.

1255 **5. Evaluation of the Data Leak**

Based on the thorough review of server logs, intrusion detection system alerts, and other forensic evidence, we concluded that the PHO's systems were not directly compromised during the incident. The data leak appears to have occurred through other channels, which are not directly linked to the PHO's cybersecurity infrastructure.

1260 **D. Conclusion**

1265 In light of the findings detailed above, the PHO denies responsibility for the data leak that occurred following the Cyberattack on 20 December 2021. PHO's systems were adequately protected by an advanced security framework. There is no evidence to suggest that the breach originated from any vulnerabilities within PHO's IT infrastructure. While the PHO's systems were well-protected, as cybersecurity threats continue to evolve, it is difficult to completely rule out the possibility of a more subtle, indirect vulnerability.

On behalf of  
Provincial Health Office of Valdris  
*Nyara Verid*

1270 **RESPONDENT'S EXHIBIT R-8, Central Bank's Request**

*(Official translation in English from the Valdrian language)*



**CENTRAL BANK**  
**of the Republic of Valdris**

1275 Kirrapa, 6 May 2024

**BionPro SA**  
**Regial Street 274**  
**02-234 Kirrapa**  
**Republic of Valdris**

1280 **REQUEST FOR INFORMATION**

1. Reference is made to the twelve requests for the Central Bank's authorisation to transfer funds abroad in USD filed by BionPro SA ("**BionPro**") in the period between May and September 2023.
2. On 27 October 2023, the Central Bank requested BionPro to provide, by 14 November 2023, the following additional information relating to the BionPro's requests for authorisation:

- 1285
- a detailed report explaining the reasons for remittance increases between the requesting months and the same months in the previous year;
  - the sales structure for the requesting months and the same months in the previous year.

BionPro provided the requested information on 20 December 2023.

- 1290
3. On 19 February 2024, the Central Bank requested BionPro to provide, by 3 March 2024, the following additional information relating to the BionPro's requests for authorisation:

- a summary table showing the quantities of each product sold in the requesting months and the same months in the previous year, indicating the rate applied in each case.

BionPro provided the requested information on 13 April 2024.

- 1295
4. Given that the documentation currently available to the Central Bank remains incomplete and does not allow for the issuance of the requested authorisation for the transfer of funds pursuant to Decree No. 183, **the Central Bank requests that BionPro provide, by 20 May 2024, the following supplementary information:**

- the detailed description of the countries where the funds are intended to be transferred and the recipients of funds;

1300 - resubmitted form of request for transfer of funds abroad (template on the Central Bank's website), filled in using the Times New Roman font, size 12, spacing 1,5 (the initially submitted form was filled in using a font type unintelligible for the Central Bank's systems).

5. Please be informed that failure to provide the requested information may result in rejection of your requests for the Central Bank's authorisation.

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Lily Malfoy

Vice-President of the Central Bank of the Republic of Valdris

**INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES**  
**ADDITIONAL FACILITY**

1310

**BIONPRO INC**

**v.**

1315

**THE REPUBLIC OF VALDRIS**

**(ICSID Case No. ARB(AF)/24/7)**

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**PROCEDURAL ORDER NO. 1**

*Members of the Tribunal*

1320

Prof. Sheldon Lee Cooper

Dr. Jasper Hale

Dr. Gareth Lannister

*Secretary of the Tribunal*

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Dwight Schrute

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31 January 2025

1330      **Introduction**

The first session of the Tribunal was held on 12 January 2025, at 9:30 a.m. in Washington D.C.

An audio recording of the session was made and deposited in the archives of ICSID. A transcription was also made, and the transcription was distributed to the Members of the Tribunal and the parties.

1335      Participating in the conference were:

**Members of the Tribunal:**

Prof. Sheldon Lee Cooper  
Dr. Jasper Hale  
Dr. Gereth Lannister

1340      **ICSID Secretariat:**

Dwight Schrute

**Attending on behalf of the Claimant:**

[...] *[Intentionally omitted]*

**Attending on behalf of the Respondent:**

1345      [...] *[Intentionally omitted]*

The Tribunal and the parties considered the following:

[...] *[Intentionally omitted]*

The Tribunal now issues the present Order:

**Order**

1350      1.    **Applicable Arbitration Rules**

- 1.1. These proceedings are conducted in accordance with the ICSID Additional Facility Arbitration Rules in force as of July 1, 2022 (“**ICSID AF Rules**”), the UNCITRAL Rules on Transparency in Treaty-based Investor-State Arbitration 2014 (“**UNCITRAL Transparency Rules**”), and the Official Rules of the Foreign Direct Investment International Arbitration Moot, as agreed

1355            between the Parties. In the event of any inconsistency between the two, the latter shall prevail  
to the extent of such inconsistency.

2.    Applicable Law

1360            2.1.   These proceedings will be conducted in accordance with the provisions of the Agreement on  
Encouragement and Reciprocal Protection of Investments between the Kingdom of Xenera and  
the Federal Republic of Arrakis, entered into force on 1 September 2005 (“**BIT**”) and the  
applicable rules of international law.

3.    Constitution of the Tribunal and Tribunal Members’ Declarations

1365            3.1.   The Tribunal was constituted on 6 December 2024 in accordance with the ICSID Additional  
Facility Arbitration Rules. The parties confirmed that the Tribunal was properly constituted  
and that no party has any objection to the appointment of any Member of the Tribunal.

3.2.   The Members of the Tribunal timely submitted their signed declarations in accordance with  
Article 27(3)(b) of the ICSID Additional Facility Arbitration Rules. Copies of these  
declarations were distributed to the parties by the ICSID Secretariat on 6 December 2024.

1370            3.3.   The Members of the Tribunal confirmed that they have sufficient availability during the next  
24 months to dedicate to this case.

4.    Fees and Expenses of Tribunal Members

[...] [*Intentionally omitted*]

5.    Presence and Quorum

[...] [*Intentionally omitted*]

1375    6.    Decisions and Procedural Rulings of the Tribunal

[...] [*Intentionally omitted*]

7.    Power to Fix Time Limits



[...] [*Intentionally omitted*]

8. Secretary of the Tribunal

1380 [...] [*Intentionally omitted*]

9. Representation of the Parties

- 9.1. Each Party shall be represented by its counsel (below) and may designate additional agents, counsel, or advocates by notifying the Tribunal and the Tribunal Secretary promptly of such designation.

For Claimant

Ms. Susan Pevensie  
Pevensie & Associates LLP  
7 Narnia St, 78100  
Kindgom of Xenera  
0330-008795  
s.pevensie@pevensie.kx

For Respondent

Mr. Edgard Linton  
Valdris' Ministry of Justice  
42 Thrushcross Av., 1847  
Republic of Valdris  
988-5741125  
Edgard.Linton@minjustice.vl

1385 10. Apportionment of Costs and Advance Payments to ICSID

[...] [*Intentionally omitted*]

11. Place of Arbitration

- 11.1. Absent agreement among the parties, the Tribunal, having regard to the circumstances of the proceeding and after consulting with the parties (Article 41 of the ICSID Additional Facility  
1390 Arbitration Rules), has determined that the seat of arbitration shall be Sowiet Unterzoegersdorf.

- 11.2. The Tribunal may hold hearings at any other place that it considers appropriate if the parties hereafter so agree.

- 11.3. The Tribunal may deliberate at any place it considers convenient.

12. Procedural Language(s), Translation and Interpretation

- 1395 12.1. English is the procedural language of the arbitration
- 12.2. Documents filed in any other language must be accompanied by a translation into English.
- 12.3. If the document is lengthy and relevant only in part, it is sufficient to translate only relevant parts, provided that the Tribunal may require a fuller or a complete translation at the request of any party or on its own initiative.
- 1400 12.4. Translations need not be certified unless there is a dispute as to the content of a translation provided and the party disputing the translation specifically requests a certified version.
- 12.5. The Tribunal shall render the Award only in English.
13. Routing of Communications
- [...] [*Intentionally omitted*]
- 1405 14. Number of Copies and Method of Filing of Parties' Pleadings
- [...] [*Intentionally omitted*]
15. Number and Sequence of Pleadings
- 15.1. Only one round of written submissions shall be made by the Parties. The parties shall detail their legal arguments respectively in a Memorial on jurisdiction, admissibility, liability and remedies (Claimant) and a Counter-Memorial on jurisdiction, admissibility, liability and remedies (Respondent). The written submissions shall include legal authorities relied upon.
- 1410
- 15.2. The Claimants' Memorial on jurisdiction, liability and remedies shall be submitted to the Tribunal no later than 10 September 2025; the Counter-Memorial on jurisdiction, liability and remedies, if any, is to be submitted to the Tribunal no later than 17 September 2025. The Tribunal may direct parties to submit skeleton briefs if it finds them necessary for the proper consideration of the dispute.
- 1415
16. Production of Documents
- [...] [*Intentionally omitted*]

17. Witness Statements, Expert Reports and other evidence

1420 17.1. Parties agree that the evidence that may be relied on in the arbitration will be limited to (i) facts  
and assertions contained in, as well as the exhibits filed with the Request for Arbitration and  
the Response to Request for Arbitration, (ii) the “Statement of Uncontested Facts” as will be  
agreed to between the parties, and appended to a Procedural Order (with no admission being  
made by either of the Parties as to correctness of the inferences from facts asserted by the other  
1425 Party in its respective submission); (iii) publicly available information and (iv) responses to the  
questions presented by the Parties’ counsel in accordance with the procedure laid down below:

17.2. By 1 June 2025 factual questions that require clarification shall be posted in accordance with  
the procedure described in <https://fdimoot.org/Rules.pdf>;

1430 17.3. The Parties shall then confer and seek to agree as soon as practicable on the responses to those  
questions. The Parties’ agreed responses shall be appended to the case file at  
<https://fdimoot.org/problem.pdf>;

17.4. By 15 August 2025, another set of factual questions may be posted in accordance with the same  
procedure referenced above. The responses to those questions shall be appended as described  
above.

1435 17.5. The Parties shall not submit any new evidence together with their respective Memorial or  
Counter-Memorial.

17.6. Parties are to jointly submit a Statement of Uncontested Facts. The Tribunal understands that  
the Parties are already working amicably on this.

18. Examination of Witnesses and Experts

1440 [...] [*Intentionally omitted*]

19. Records of Hearings and Sessions

[...] [*Intentionally omitted*]

20. Organisation of hearing

1445 20.1. The Parties and the Tribunal have agreed that the issues raised in the present proceedings should be addressed in two stages.

20.2. During Stage 1 the Tribunal will hold a hearing on the listed issues pertaining to jurisdiction, admissibility liability and available remedies, and as soon as possible after the hearing, decide on the same:

1450 20.2.1. Whether the Tribunal has jurisdiction over the present dispute, in the light of rules of succession of states in respect of treaties, regarding the BIT;

20.2.2. Whether the Tribunal can exercise its jurisdiction (if any) in the light of the Respondent's *Monetary Gold* principle objection;

20.2.3. Whether the Respondent is responsible for violation of the obligation to provide full protection and security to the Claimant's investment contained in Article 3 BIT;

1455 20.2.4. Whether the Respondent is responsible for violation of the obligation to guarantee free transfer of the Claimant's funds contained in Article 4 BIT.

20.3. During Stage 2 the Tribunal will address the questions of quantum of damages, if any, as well as the costs of the proceedings and their allocation among Parties in this stage.

1460 20.4. The Tribunal will schedule the second stage of the proceedings and set a timetable for its conduct in consultations with the Parties after the Tribunal issues its decision on the issues of jurisdiction, liability and available remedies.

## 21. Post-Hearing Memorials and Statements of Costs

[...] [*Intentionally omitted*]

## 22. Claimant's Procedural Application

1465 22.1. The arbitral tribunal has reviewed Claimant's objection to the submission of the "*Expert Report with Quantification of Losses Resulting from the Data Leak*" (Exhibit C-8) to the UNCITRAL repository. The tribunal has also considered Respondent's response, which does not oppose Claimant's request to exclude the document from publication.

1470 22.2. In light of Respondent's lack of objection and Claimant's expressed concerns regarding the confidential nature of the information contained in Exhibit C-8, the tribunal finds it appropriate to grant Claimant's request.

1475 22.3. Accordingly, Claimant's Exhibit C-8 shall not be made available to the public pursuant to Article 3 of the UNCITRAL Transparency Rules. This determination is made under Article 7(3) of the UNCITRAL Transparency Rules, taking into account Claimant's assertions and the absence of procedural opposition, as well as in consideration of the public interest in transparency in treaty-based investor-State arbitration and in the particular arbitral proceedings and the disputing parties' interest in a fair and efficient resolution of their dispute.

1480 22.4. The tribunal emphasizes that this decision is limited to the specific document in question and is without prejudice to future determinations on the confidentiality of other materials submitted in these proceedings.

### 23. Other Proceedings

[...] [*Intentionally omitted*]



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Prof. Sheldon Lee Cooper  
President of the Tribunal  
Date: 31.01.2025

## STATEMENT OF UNCONTESTED FACTS

- 1485 1. The Empire of Gatania (“**Gatania**”) was a vast monarchy formed by conquering smaller states in the Galvatan Region (the “**Region**”). In 1919, in the aftermath of World War I, eight of those smaller states separated from it. Their populations share a common culture and language, with minor dialect differences.
2. World War II exposed that the fragmentation of the Region made it vulnerable to conquest.
- 1490 Therefore, in 1946, five small states in the Region united to form the Federal Republic of Arrakis (“**Arrakis**”), while Smirion, Reka, and Tupiras refrained from joining. The union was approved in referenda by the populations of all the states involved, and Arrakis was formally established. Arrakis joined the UN and was internationally recognised. Afterwards, Arrakis, Smirion, Reka, and Tupiras formed a Galvatan Organisation of Development (“**GOD**”).
- 1495 3. Arrakis, Smirion, Reka, and Tupiras are considered least developed countries. For example, Arrakis has a GDP of US\$150 billion, with over 70% of its population living below the international poverty line of \$2.15 a day. The four States had low socio-economic development, characterized by weak development capacity, low- and unequal-income distribution and scarcity of domestic financial resources. They also struggle with underdeveloped healthcare systems.
- 1500 4. Considering the independence traditions of all the states involved, the founders of Arrakis opted for federalism with extensive autonomy for the respective components, which were called provinces. Each province had its own constitution, parliament, government, and judicial system. The Federal Constitution adopted in 1949 was the highest source of law in Arrakis (“**Constitution**”), and the federal law enjoyed supremacy over the provincial laws.
- 1505 5. Under the Constitution, both federal and the provincial governments are allowed to enact legislation only within their respective competences. The Constitution divides the competences of the federal and the provincial governments into three categories: (i) exclusive competences of the provincial authorities (such as maintenance of order, education or control of local administration), (ii)
- 1510 exclusive competences of the federal authorities (such as issuing currency, financing the army or regulating international trade), and concurrent competences (imposing and collecting taxes, enacting and enforcing laws, establishing and maintaining a judiciary or maintaining the healthcare system).

- 1515 6. As the healthcare system is regulated by concurrent competences, the federal government sets common standards for all the provinces. Each province must maintain its own healthcare system, which is administered by the Provincial Health Office (the “**PHO**”). All the PHOs are formally subject to the Federal Ministry of Health (“**FMH**”) and should inform and coordinate their activities with the Ministry, which can issue binding orders and recommendations.
- 1520 7. To attract foreign investors, Arrakis signed the Agreement on Encouragement and Reciprocal Protection of Investments between the Kingdom of Xenera and the Federal Republic of Arrakis (“**BIT**”) on 26 October 2005. Xenera is a developed country located 5,000 kilometres away from the Region.
- 1525 8. Shortly after Arrakis’ establishment, the country faced several separatist movements across different provinces. These movements gained momentum during periods of crisis, with the most significant occurring in 1983. That year, a referendum on Valdris independence, the Arrakis’ wealthiest province, was held, but the proposal was ultimately voted down. However, the separatist movements, although weakened, have survived until modern times.
- 1530 9. The Empire of Gatania never accepted small states’ independence. Even in the early 2000s, the President of Gatania repeatedly publicly emphasized the importance of the historical heritage and the unlawfulness of secession.
- 1535 10. The states of the Region largely ignored these comments. However, in 2013, the situation changed when all GOD member states first experienced disinformation campaigns via social media and modest cyberattacks. Intelligence reports linked Gatania to the attacks, however, the intelligence services were unable to identify neither the perpetrators nor their connection to the government of Gatania, let alone eliminate the threats.
- 1540 11. The unknown perpetrators began using fake social media accounts to spread false information about the government, politicians, and the political situation in the Region. Over time, they escalated and were accompanied by cyberattacks on public institutions and critical infrastructure, such as power plants. The attacks never resulted in any significant damage, and ended up, in worst case, with disabling IT systems for no more than a few hours.
12. Historically, 75-85% the Region’s medicines were imports. In 2015, the outbreak of a regional epidemic called Nagini revealed the vulnerability of the Region due to limited access to medicines.

In turn, this increased the cost of multiple pharmaceutical products and left citizens vulnerable to supply chain disruptions.

13. Arrakis was particularly affected by Nagini, suffering the highest mortality rate in the Region. Its  
1545 few local pharmaceutical companies were unable to develop a proper vaccine or treatment for the fast-spreading disease. At the same time, Arrakis could not afford to purchase the necessary quantity of medicines from developed states, which had already developed effective treatments.
14. In 2016, the WHO declared Nagini to be no longer Public Health Emergency of International  
1550 Concern, but it was still spreading across the Region. The FMH reported to the Government indicating the need to improve the healthcare system and develop more advanced production and greater access to medicines. The government directed the Federal Ministry of Investment, Industry and Trade to develop a plan to achieve these objectives. Meanwhile, the crisis attracted investors who saw the imbalance between supply and demand in the GOD.
15. The Federal Ministry of Investment, Industry and Trade prepared the National Plan of Promotion  
1555 and Facilitation of Pharmaceutical Production, aimed at reducing the gap between local demand and production by attracting foreign investment in Arrakis' pharmaceutical sector. The plan included, *inter alia*, (1) creating joint ventures with large pharmaceutical companies, (2) granting subsidies in order to help the foreign investors set up business in Arrakis, (3) granting preferential tax land lease rates and easier credit access for foreign investors, and (4) ultimately securing  
1560 business and technology transfer to Arrakis after the initial period of the investors' operating the investment ("**Development Period**").
16. Because under the Constitution healthcare falls within the concurrent competences, the action plan  
1565 provided that after the Development Period the laboratories and medicine factories to be built by the investors would be transferred to the respective provinces. The technology of medicine production, however, would be transferred to Arrakis on a federal level to enable its spread across all provinces. Following approval of the plan in July 2017, Arrakis adopted the package of measures envisaged in the plan and urged provinces to attract foreign investors.
17. BionPro Inc. is a major pharmaceutical company, incorporated in Xenera in 1973. It produces a  
1570 wide range of medicines and publicly asserts that one of its core values is a humanitarian approach to healthcare.



18. In September 2017, Province of Valdris applied the newly adopted action plan for pharmaceutical investments and started its negotiations with BionPro Inc. to establish a local pharmaceutical production facility. As BionPro Inc. was interested in expanding its business and contributing to the Region's healthcare system, specifically in Arrakis, it accepted the invitation.
- 1575 19. The investment was structured around two agreements. On 2 November 2017, BionPro Inc. and the PHO of Valdris entered into the Agreement No. 2432430, under which BionPro Inc. purchased a laboratory for production of medicines in the Province of Valdris. Separately, on 4 November 2017, BionPro Inc., on the one side, and Arrakis (FMH) and PHO of Valdris, on the other side, concluded the Technology Transfer Contract (the "**Contract**").
- 1580 20. Under the Contract, BionPro Inc. agreed to develop a laboratory and a production facility for medicines in Province of Valdris providing time, expertise, and financial support for twenty years, while retaining all profits. In the meantime, it was obliged to train the local staff to run the production independently, which would ultimately lead to the Province of Valdris taking over the laboratory and production facility after the lapse of the Development Period.
- 1585 21. In addition, the Contract provided for the transfer of technology to Arrakis to produce a brand-new medicine called "ProTego", which BionPro Inc. had developed against Nagini. The technology of production of ProTego elaborated by BionPro Inc. was unique on the market. It allowed for a much faster and more efficient production of a medicine than all the competitors. Its formula was a key asset in the portfolio of BionPro Inc.
- 1590 22. Since the technology transfer concerned advanced technologies developed by BionPro Inc. and its know-how and trade secrets, BionPro Inc. was concerned about security of its valuable data, especially considering the underdeveloped infrastructure (including the IT sector). It communicated its concerns to the Arrakis' FMH and Valdris' PHO via email during the Contract negotiations. The FMH asserted that their systems were secure, and that they had endured all the hacking attempts
- 1595 ever performed. However, BionPro Inc. insisted on strict confidentiality, NDA and non-compete clauses for key employees, as well as the exclusivity clause.
23. In December 2017, BionPro Inc. incorporated a company in Arrakis called "BionPro SA", a special purpose vehicle to purchase a local laboratory and build a production facility. BionPro SA quickly modernized the laboratory, built the provisional production site, and brought its expertise to Arrakis.

- 1600 24. The laboratory commenced operations in March 2021. BionPro SA's business activities encompassed the production of medicines, including ProTego, at its production site, as well as their distribution within Arrakis and throughout the entire Galvatan Region. All of BionPro SA's facilities were located in the Province of Valdris.
- 1605 25. Shortly before the start of its operation, BionPro SA transferred the first package of technological know-how to the FMH, including the laboratory and production site plans, equipment documentation, and, crucially, the technology for producing ProTego.
- 1610 26. The transfer of technology was made digitally. BionPro SA provided the PHO and the FMH hard drives containing all the necessary documentation, including formula and packaging of ProTego. Since the IT systems of PHO and the Ministry of Health were fully integrated, the data was uploaded to the Ministry's servers in Tronjheim, the capital of Arrakis, and was accessible to both the PHO and the Ministry.
- 1615 27. Throughout 2016-2021, the tensions within the Region escalated, and the GOD member states were also subject to numerous cyberattacks. The comments made by Gatania's politicians became more threatening. The GOD member states put their armed forces on high alert, while disinformation campaigns intensified, particularly targeting Arrakis. The disinformation focused on those favouring the secession of the Province of Valdris. The proponents claimed that Valdris, being the most progressive and economically developed, bore a disproportionate share of Arrakis state budget.
- 1620 28. The "Valdrian Front", a political party advocating for Valdris' secession gained impressive public support. According to rumours, the Valdrian Front was financed by a Gatanian source. Its firm political position was further reinforced by the online disinformation.
- 1625 29. In June 2021, the GOD issued guidelines for its member-states to protect IT systems of state institutions. These recommendations included: (1) raising employees' awareness and introduce training programs, (2) developing incident response plans, (3) securing programs and vendor contracts, and (4) safeguarding confidential data.
- 1625 30. The Federal Government of the Arrakis enacted the Executive Order No. 517/2021 directing all ministries and governmental agencies to implement the GOD guidelines. To facilitate this, the Federal Ministry of Technology created a virtual training program, covering introduction to cybersecurity, identification of risks and cyberthreats, as well as protection methods and best

- 1630 security practices. Each 60 (sixty) minutes module trained participants to grasp basic concepts of cybersecurity, recognize the risks and types of cyber-attacks, and integrate administrative practices in the work environment and cybersecurity.
31. In parallel, the FMH immediately began implementing the guidelines on the federal level and circulated an official email to the PHOs recommending implementing them locally. Specifically, the FMH highlighted the importance of safeguarding confidential data stored their servers.
- 1635 Additionally, it recommended the PHOs of the respective provinces to contract with SecurityFort LLC, a cybersecurity company incorporated in Arrakis, to enhance server security.
32. In October 2021, management of the Valdris PHO participated in the virtual trainings offered by the Federal Ministry of Technology and decided to implement the GOD guidelines. However, it refused to contract with SecurityFort LLC due to high fees and instead hired, after the FMH
- 1640 approval of this decision, CyberGuardians SA, a small local company offering 10% lower rates. CyberGuardians SA modified and evolved incident response plans and procedures and implemented security steps to protect the data stored on the servers.
33. In December 2021, another series of cyberattacks, this time much more intense targeted Arrakis and attacked many public institutions such as courts, hospitals, and governmental agencies. FMH
- 1645 systems, as well as PHO systems, were also infiltrated by the hackers. Much confidential data stored on the server of the FMH was stolen, such as confidential information and the commercial secrets of BionPro Inc., as well as the internal documentation on production concerning ProTego.
34. After the cyberattack, the Federal Ministry of Technology, working together with Valdris' PHO, conducted an extensive internal audit to assess the extent of the breach and shared it with the
- 1650 Ministries and the PHOs. The report determined with a very high level of probability that the hackers broke into the FMH's IT systems through the systems of the PHO of the Province of Valdris, which were not adequately protected: they featured insufficient IT equipment and cybersecurity systems. While the PHO's staff had not been properly trained, only the heads and managers participated in the federal training, the audit could not confirm the full scope of the breach.
- 1655 However, due to lack of absolute certainty as to the scope of the leak, neither the FMH nor Valdris' PHO had informed BionPro SA about the potential theft of their technology and trade secrets.
35. The PHO of Valdris was unsatisfied with the internal audit report, issued by the Federal Ministry of Technology which attempted to shift all the responsibility for the leak on Valdris, and conducted

- 1660 its own additional investigation into the cybersecurity incident. The audit report prepared by PHO of Valdris denied that the leak occurred through its systems.
36. Continuous cyberattacks on Arrakis have heated up public sentiment to a fever pitch over the state's helplessness in the face of hackers. This became a turning point in the debates in Province of Valdris concerning secession from Arrakis. The vast majority in Province of Valdris understood that the federal government was to blame. The online disinformation further heightened distrust towards the federal government.
- 1665 37. On 3 August 2022, Valdrian Front won the provincial elections. On 4 September 2022, the newly constituted government organised a referendum on secession, in which over 70% of population voted in favour.
- 1670 38. Attempts of the federal government undertaken in the first half of 2022 to calm the situation were futile. After months of heated discussion and in the light of the results of the referendum, Arrakis and of Valdris decided that any further cooperation was pointless and, on 20 November 2022, agreed on secession of Province of Valdris from Arrakis. Valdris became an independent republic on 1 January 2023.
- 1675 39. During the secession negotiations Arrakis and Valdris agreed to resolve matters of state succession of responsibility according to the Resolution of the Institute of International Law on Succession of States in Matters of State Responsibility of 2015. Following secession, numerous public provincial institutions became state institutions. Among others, the PHO was renamed into the Ministry of Health of Valdris. Moreover, based on the agreement between Arrakis and Valdris all the nationals of Arrakis who on the day of secession had their place of incorporation or place of residence in the territory of Province of Valdris, *ipso jure* became the nationals of the Republic of Valdris, including BionPro SA.
- 1680 40. Due to secession, contracts involving public entities from the Federal Republic of Arrakis and the Province of Valdris were handled differently. The approach varied depending on the type of contract and the specific public entities involved. Since the Contract was tripartite, Arrakis' FMH and Ministry of Health of Valdris met with BionPro Inc. to discuss the amendments to the Contract. As all medicines, including ProTego, were manufactured within Valdris' territory, the parties agreed to amend the Contract by making it binding only for the Ministry of Health of Valdris and BionPro Inc. Under the amended Contract, all relevant data was transferred to Ministry of Health of Valdris.
- 1685

- 1690 41. Moreover, on request of BionPro Inc., BionPro and Arrakis concluded a separate agreement under which Arrakis was licensed to retain the already transferred BionPro's know-how on condition of paying fixed royalties. The contract contained a significant penalty clause to prevent Arrakis from sharing the BionPro's data and technologies with any third parties without BionPro Inc.'s consent.
- 1695 42. To ensure the access of its population to medicines, in particular to ProTego, Arrakis entered into a separate trade agreement with Valdris. Under this agreement, Valdris would sell medicines produced by BionPro to Arrakis at a preferential rate.
43. On 15 January 2023, Valdris lodged a request for the UN General Secretary to declare its acceptance of all the obligations of the UN Charter and become its party. The resolution was approved firstly with the 10/15 of the UN Security Council, and then by the UN General Assembly with more than  $\frac{2}{3}$  majority.
- 1700 44. Moreover, on the same date, Valdris sent official notes to all the UN member states confirming its "*readiness to respect the treaties* [of the Federal Republic of Arrakis], *unless the parties agree otherwise.*" Numerous states, including Xenera, responded positively to the official note of Valdris. Subsequently, Xenera and Valdris maintained cooperation based on the existing treaties between Xenera and Arrakis, including the bilateral trade agreement and the double taxation treaty. Neither
- 1705 of these treaties has been officially confirmed by Xenera or Valdris, however, they were applied on a regular basis. The Valdris' tax administration honoured the double taxation treaty, and Valdris' custom authorities applied reduced tariffs on qualified products originating from Xenera under the Xenera-Arrakis bilateral trade agreement.
- 1710 45. Initially, there was no clear indication whether the Republic of Valdris intended to continue the BIT. The official governmental website listing the treaties binding upon the Republic of Valdris did not mention the Xenera-Arrakis BIT, while mentioning the bilateral trade agreement. However, the website appeared incomplete, as it only referred to certain types of treaties. It did not include the double taxation treaty with Xenera or any bilateral treaty with other states. At the same time, the governmental website of Xenera mentioned the Xenera-Arrakis BIT as applicable with respect to
- 1715 Valdris. There are no other ISDS case up to date of this arbitration between these states.
46. In April 2023, the Ministry of Foreign Affairs of Valdris proposed concluding bilateral investment treaties with some countries to strengthen the economic ties with them. However, the Parliament of Valdris decisively rejected the idea. The majority of deputies viewed BITs as a tool for capital

- 1720 exporting countries to exploit developing states, limiting their sovereign powers. The government was instructed to avoid BITs, as they were considered contrary to the envisaged policy of sustainable development of Valdris. The Parliament also adopted a resolution stating that it did not honour continuation of any BITs previously signed by Arrakis.
- 1725 47. Meanwhile, in February 2023, BionPro SA noticed an unexpected competition on the Galvatan market from a Gatania-based newly created pharmaceutical company, Loki Ltd., producing a medicine against Nagini. Being suspicious, BionPro SA conducted internal analysis of chemical composition of the medicine released by Loki Ltd. The results conclusively revealed that the composition, as well as probably the production process, were nearly identical to ProTego. The medicine offered by Loki Ltd. was being sold for 10% less than ProTego. BionPro SA calculated that due to direct competition on the Galvatan market it lost approximately 60% of its projected
- 1730 revenues.
48. Shortly after having found out about suspiciously similar composition of the Loki's medicine against Nagini, BionPro requested information from the Ministry of Health of Valdris on cybersecurity of its know-how and trade secrets. On 21 February 2023, the authorities of Valdris replied to BionPro SA, informed it of a data leak and confirmed the BionPro's technology was also
- 1735 compromised. The authorities of Valdris blamed Arrakis for inadequate IT systems on which the BionPro's documentation was stored. BionPro SA contacted the FMH, which refused any responsibility for the leak of data and stated that the cyberattack occurred due to the insufficient cybersecurity protection of Valdris' PHO. FMH also provided BionPro with the internal audit report of December 2021.
- 1740 49. The FMH of Arrakis immediately informed the Prime Minister of Arrakis about the scope and consequences of the data leak for BionPro SA. Soon after, Arrakis approached Xenera with a proposition to terminate the BIT.
- 1745 50. Arrakis stated that, due to political unrest, it had decided to reorganize its economic policies, which involved, among other things, terminating the bilateral investment treaties currently in force. Ultimately, the parties agreed to amend the BIT by retaining the standards of substantive investor protection but eliminating the direct investor-state dispute settlement mechanism. Under the proposed amendment, Arrakis and Xenera agreed to delete Article 8 from the BIT and reaffirmed their commitment to resolving disputes concerning the BIT through diplomatic channels and, if

1750 necessary, inter-state arbitration under Article 9 of the BIT. The BIT was amended on 15 April 2023, with the changes taking effect immediately.

51. Meanwhile, in January 2023, Valdris introduced its new currency – Valdrian Dollar (VLD) – to gain monetary independence from its predecessor. By virtue of the Decree No. 183 dated 10 January 2023, Valdris obliged entities wishing to transfer their revenues abroad in convertible currencies to obtain an authorization from the Valdris’ Central Bank.

1755 52. Decree No. 183 outlined a detailed procedure for obtaining authorisation. Each request for authorisation was to result in acceptance, rejection, or suspension. However, the Decree provided the Central Bank with a significant margin of discretion in its decision-making. Moreover, it did not specify a deadline for the Central Bank to decide on these requests. Between January and April 2023, the Central Bank adopted a lenient approach toward applicants who failed to comply with  
1760 certain formal requirements, such as providing detailed information about sales structures leading to profits intended for transfer. Despite these shortcomings, authorisations were granted. During this period, four of BionPro SA's requests to repatriate profits in USD, amounting to a total of USD 20 million, were approved.

1765 53. In May 2023, a monetary crisis broke out, and Valdris’ currency significantly decreased in value against the USD. The unprecedented inflation rate was at the level of 150%.

54. In June 2023, in the midst of the monetary crisis, the Central Bank began to take a stricter and more formalistic approach to assessing foreign currency transfer requests. Incomplete applications were no longer accepted.

1770 55. Between May and September 2023, BionPro SA filed a total of twelve requests for repatriation of its profits in USD, amounting jointly to USD 60 million. However, the evaluation of the requests did not proceed as smoothly. The Central Bank kept on requesting BionPro SA to provide additional information necessary to process the requests. Although BionPro SA was submitting the required documents for each of the Central Bank’s requests, albeit a few weeks after the prescribed deadline, its supplementary applications faced long delays and continuously resulted in requests for further  
1775 information.

56. In total, the Central Bank sent to BionPro SA three requests for further information. BionPro SA provided documents listed in the two first requests. In response to the third request, instead of

providing the requested information, it sent a letter to the Central Bank questioning the necessity to produce the requested documents and urged the Central Bank to expedite the process. The Central Bank did not respond to the BionPro SA's letter.

57. Ultimately, BionPro SA's requests to repatriate its funds were neither rejected nor accepted. They faced the administrative backlog of the Central Bank and still have the '*under consideration*' status.

58. Since May 2023, the Central Bank's website carries a message about a possible extended time to process applications for authorisation to transfer funds in hard currencies due to the large number of applications and the potential periodic unavailability of the currency. Meanwhile, the government of Valdis pointed to the capital exporting enterprises as one of the reasons for devaluation of Valdis' currency.

59. Moreover, in December 2023, Valdis introduced the National Law No. 48 – a package designed to address the difficult monetary, economic and financial situation. As a part of this reform, a general quota restriction on transfers of convertible currencies out of the country was introduced. No entity was allowed to transfer abroad more than USD 150,000 per year, and no more than USD 20,000 per month. This regulation was designed to guarantee sufficient amount of foreign currency in the state's treasury so that to allow the Central Bank of Valdis to control the drop of value of the VLD and to allow the government to balance its payments. The regulation was planned to be introduced gradually, through several stages. At first, the regulation only covered pharmaceutical, mining and agricultural industries.

60. Meanwhile, as a result of a journalistic investigation it turned out that the companies from countries Smirion and Reka were avoiding the transfer restriction and were transferring profits of their companies abroad in USD in amounts significantly surpassing the prescribed limits. Several companies were exposed – specifically, Quilis Inc., producer of medical devices, incorporated in Smirion, and Ecovista Ltd, incorporated in Reka, and produces vitamins and homeopathic drugs.

61. These transfers were kept from the screening by the public authorities and their exposure by the journalists resulted in a big scandal in Valdis. The politicians denied everything, pointing to no evidence of such actions and asserting that the public authorities need to investigate the situation. Although an official investigation was opened, until the day of the hearing no actions were undertaken in this respect.



- 1810 62. Arrakis and Xenera are parties, *inter alia*, to the UN Charter, the VCLT, the ICSID Convention. Valdris did not take any actions to adhere to the ICSID Convention after the secession, but it acceded to the UN Charter and the VCLT. None of the states is a party to the Vienna Convention on Succession of States in respect of Treaties.
63. BionPro Inc. initiated the present arbitration under the ICSID Additional Facility Arbitration Rules on 15 August 2024.
- 1815 64. On 17 August 2024, the Republic of Valdris sent an official note to Xenera stating that it did not consider the BIT in force between Valdris and Xenera. On 20 August 2024, Xenera responded that it was surprised by Valdris' position, since it had believed that the BIT had always been in force in the light of Valdris' declaration of 1 January 2023. Xenera concluded that in the light of the states' practice of continuation of other treaties "*focused on economic and trade cooperation*", it considers that the Xenera-Arrakis BIT remains binding upon both states.

1820                    **AGREEMENT ON ENCOURAGEMENT AND RECIPROCAL PROTECTION OF  
INVESTMENTS BETWEEN THE KINGDOM OF XENERA AND THE FEDERAL  
REPUBLIC OF ARRAKIS**

**Preamble**

1825    The Government of Kingdom of Xenera and the Government of the Federal Republic of Arrakis  
(hereinafter referred to as the “**Contracting Parties**”);  
DESIRING to develop greater economic cooperation to the mutual benefit of both Contracting Parties;  
INTENDING to create and maintain favourable conditions for investments by investors of one  
Contracting Party in the territory of the other Contracting Party;  
1830    RECOGNIZING that the promotion and reciprocal protection of such investments will lend greater  
stimulation to the development of business initiatives, foster sustainable development, and increase  
prosperity in the territory of both Contracting Parties,  
AGREEING that fair and equitable treatment of investment is desirable in order to maintain a stable  
framework for investment and maximum effective utilization of economic resources;  
1835    RECOGNIZING that the development of economic and business ties can contribute to the well-being  
of the peoples of each Party and promote respect for the internationally recognized rights of working  
people;  
CONVICED that these objectives can be achieved without relaxing health, safety, environmental  
standards of general application, and prevention and combating of transnational organized crimes;  
1840    Have agreed as follows.

**Article 1**

**Definitions**

For the purpose of this Agreement:

- (i)    The term “investor” refers with regard to either Contracting Party to:
  - 1845        A) an individual who is a citizen of the State of the Contracting Party in accordance with his  
national law, but on condition that a natural person with dual nationality is considered to be  
exclusively a citizen of that State where his nationality is predominant and valid; or
  - B) a legal entity established in accordance with the national legislation of the State of the  
Contracting Party that carries out or has made investments in the territory of the state of the other
  - 1850        Contracting Party.
- (ii)   The term “investment” means every kind of asset that has the characteristics of an investment,  
which includes a certain duration, the commitment of capital or other resources, the expectation  
of gain or profit, and the assumption of risk. Forms that an investment may take include:
  - (i) movable and immovable property as well as any other property rights in rem in respect of
  - 1855        every kind of asset, such as mortgages, liens and pledges;

(ii) rights derived from shares, bonds and other kinds of interests in companies and joint ventures;

(iii) claims to money, to other assets or to any contractual performance having an economic value;

- 1860 (iv) rights in the field of intellectual property, technical processes, goodwill and know-how;  
(v) rights granted under public law or under contract, including rights to prospect, explore, extract and exploit natural resources.

“Claims to money” within the meaning of sub (iii) does not include claims to money that arise solely from commercial contracts for the sale of goods or services by a natural or legal in the territory of a Contracting Party to a natural or legal person in the territory of the other Contracting Party, the domestic financing of such contracts, or any related order, judgment, or arbitral award.

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## **Article 2**

### **Scope of application**

The present Agreement shall apply to investments in the territory of one Contracting Party made in accordance with its legislation by investors of the other Contracting Party, whether prior to or after the entry into force of the Agreement. It does however not apply to claims or disputes arising out of events which occurred prior to its entry into force.

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## **Article 3**

### **Promotion and Protection of Investments**

Investments and returns of investors of Each Contracting Party shall at all times enjoy full protection and security in the territory of the other Contracting Party. Neither Contracting Party shall in any way impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment, extension or disposal of investments in its territory of investor of the other Contracting Party.

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## **Article 4**

### **Transfers**

Each Contracting Party shall, in respect of investments, guarantee to nationals or companies of the other Contracting Party the unrestricted transfer of their investments and returns, particularly of:

- (i) Returns;
- (ii) Repayment of loans
- 1885 (iii) Amounts assigned to cover expenses relating to the management of the investment
- (iv) Additional contributions of capital necessary for the maintenance or development of the investment
- (v) The proceeds of the sale or the partial or total liquidation of the investment, including possible increment values.

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## **Article 5**

### **Non-Discriminatory Treatment**

1. Each Party shall accord to investors of the other Party and to their covered investments treatment no less favourable than that it accords, in like circumstances, to its own investors and to their investments, with respect to operation in its territory.

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2. Each Party shall accord to investors of the other Party and to covered investments treatment no less favourable than that it accords, in like circumstances, to investors of a third country and to their investments, with respect to operation in its territory.

## **Article 6**

### **General Exceptions Clause**

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Nothing in this Treaty shall prevent any of the Contracting Parties from adopting or enforcing measures relating to the protection of human, animal or plant life or health, or to the maintenance of international peace and security, or to the protection of its essential security interests, subject to the requirement that these measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between investors in like circumstances or a disguised restriction on investment flows.

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## **Article 7**

### **Prudential Carve-Out**

1. Nothing in this Agreement shall prevent a Party from adopting or maintaining measures for prudential reasons, such as:

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(a) the protection of investors, depositors, policyholders or persons to whom a fiduciary duty is owed by a financial services supplier;

(b) ensuring the integrity and stability of a Party's financial system.

2. Where such measures do not conform with this Agreement, they shall not be used as a means of avoiding the Party's commitments or obligations under this Agreement.

## **Article 8**

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### **Disputes between a Contracting Party and an investor of the other Contracting Party**

1. Any dispute concerning an investment which may arise between an investor of one Contracting Party and the other Contracting Party with respect to matters governed by this Agreement shall be subject to negotiations between the parties to the dispute.

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2. If any dispute between an investor of one Contracting Party cannot be thus settled, the dispute may be submitted to international arbitration. To this end, and in accordance with the terms of this agreement, each Contracting Party hereby gives its advance and irrevocable consent to submission of a dispute to arbitration.

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3. In the event of recourse to international arbitration, the dispute shall be submitted to the International Centre for Settlement of Investment Disputes established by the Convention on the Settlement of

Investment Disputes established by the Convention on the Settlement of Investment Disputes between States and National of Other States, opened for signature at Washington on 18 March 1965, when each State Party to this Agreement has acceded to it. If this requirement is not fulfilled, each Contracting Party consents that the dispute be submitted to arbitration under the Additional Facility Rules by the International Centre for Settlement of Investment Disputes.

4. The arbitral awards shall be final and binding on the parties to the dispute. Each Contracting Party undertakes to execute the decisions in accordance with its national legislation and according to the relevant international conventions in force for both Contracting Parties.

## **Article 9**

### **Disputes between the Contracting Parties**

1. Disputes between the Contracting Parties regarding the interpretation or application of the provisions of this Agreement shall be settled through diplomatic channels.

2. If both Contracting Parties cannot reach an agreement within six months after the beginning of the dispute between themselves, the latter shall, upon request of either Contracting Party, be submitted to an arbitral tribunal of three members. Each Contracting Party shall appoint one arbitrator, and these two arbitrators shall nominate a chairman who shall be a national of a third State.

3. If one of the Contracting Parties has not appointed its arbitrator and has not followed the invitation of the other Contracting Party to make that appointment within two months, the arbitrator shall be appointed upon the request of that Contracting Party by the President of the International Court of Justice.

4. If both arbitrators cannot reach an agreement about the choice of the chairman within two months after their appointment, the latter shall be appointed upon the request of either Contracting Party by the President of the International Court of Justice.

5. If, in the cases specified under paragraphs (3) and (4) of this Article, the President of the International Court of Justice is prevented from carrying out the said function or is a national of either Contracting Party, the appointment shall be made by the Vice- President, and if the latter is prevented or is a national of either Contracting Party, the appointment shall be made by the most senior Judge of the Court who is not a national of either Contracting Party.

6. Subject to other provisions made by the Contracting Parties, the arbitral tribunal shall determine its procedure. It shall reach its decision by a majority of votes. Each Contracting Party shall bear the cost of its own member of the tribunal and of its representation in the arbitral proceedings. The cost of the Chairman and the remaining costs shall be borne in equal parts by the Contracting Parties, unless the tribunal decides otherwise.

7. The decisions of the tribunal are final and binding for each Contracting Party.

## **Article 10**

### **Changes and amendments**

Changes and amendments to this Agreement may at any time be made by mutual consent of the Contracting Parties. Such modifications shall enter into force in accordance with paragraph (1) of Article 14 of this Agreement.

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## **Article 11**

### **Final provisions**

1. Both Contracting Parties shall notify each other through diplomatic channels that they have complied with the legal requirements for the entry into force of this Agreement.

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2. This Agreement shall enter into force on the date of receipt of the last written notification pursuant to paragraph (1), and shall remain in force for a period of ten years. Thereafter, it shall automatically remain in force for successive periods of two years, unless either Contracting Party gives the other Contracting Party written notice of termination six months before the expiration of the initial or any subsequent period.

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3. In case of official notice as to the termination of this Agreement, the provisions of Articles 1 to 11 shall continue to be effective for a further period of ten years for investments made before the date of termination.

Done in duplicate, at Sokovia on 26 October 2005 in English.

For Kingdom of Xenera

E. Woods

For the Government of the  
Federal Republic of Arrakis

R.B. Ginsburg