XARBON

We bring the world sustainability through technology

Creating a transparent carbon market for a sustainable future.

The world's first asset backed digital carbon unit. Allowing individuals and businesses to easily participate in reducing carbon emissions.

WHITEPAPER

XARBON SUSTAINABILITY LIMITED

Powered by Xarbon Sustainability Limited

http://xarbon.com

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General Knowledge

Global Sustainability Overview

Global warming has had a huge impact on our environment, our community and our health. In the United Nations Framework Convention on Climate Change, the Kyoto Protocol and the framework of the Paris Agreement, atmospheric carbon dioxide emissions have become a scarce and valuable environmental resource for all mankind. We currently emit 36 billion tons of carbon dioxide each year. And only have a quota of 335 billon tons before the earth temperature rises by 2 degrees Celsius on average. (Mooney, 2017) But with an annual carbon emission increase of 2.5% each year, we will break the carbon budget in just 8 years. If we do not take immediate action to reduce emissions, these effects will continue to intensify and become more and more devastating; and the cost of reducing emissions will become increasingly expensive and will affect the entire planet.

Building a low-carbon economy is the key to combating global warming. An important step was taken globally in 2017. In response to global climate change, the nearly 200 counties of the UNFCCC unanimously agreed to adopt the long-term goal of the Paris Agreement, which has been concretely defined as "Temperature rise controlled to within 2°C". (World Resource Institute, 2017) To achieve this common goal, carbon markets are being implemented in various countries. China started a nationwide carbon market on 18 December, 2017, with a target carbon price of 200-300 Chinese Yuan RMB. (Energy Innovation: Policy and Technology, 2017) Uninterrupted international negotiations have taken place in various countries and regions and some achievements have been made with regards to having individual nations commit to an upper limit to their carbon dioxide emissions.

Carbon Markets Overview

Carbon Trading is a market mechanism that The United Nations Framework Convention on Climate Change (UNFCCC) adopted on 9 May 1992. This mechanism incentivizes the reduction of global greenhouse gas emissions by giving a handful of state backed entities the ability to commoditize and place a monetary value on each metric ton of Carbon Dioxide emitted in their respective jurisdictions. These assets that represent one ton of Carbon Dioxide emissions are generally called "Carbon Credits" or "Carbon Units".

Companies that have accounts with the United Nations can "raise" Carbon Units from the UN in exchange for conducting various project around the world that reduce carbon emission. These projects can range all the way from protecting rainforests from degradation, to researching and developing new factory carbon scrubs. For each ton of Carbon Dioxide removed from the atmosphere, these project teams can receive one carbon unit.

In return for the sustainability work conducted by these project teams. They can sell their carbon unit on the secondary market to fund continuous sustainability work. Usually these carbon units are sold to either 1.) Polluting companies, companies that have a legal obligation to purchase carbon credits due to their excessive carbon dioxide emissions. Or 2.) Companies that wish to engage in corporate social responsibility, as this gives them large tax breaks and deductions.

Currently Issues Within the Carbon Market

To date, the carbon market has two major problems in terms of transparency and efficiency. The transparency problem exists because once the carbon units are issues to the projects teams. Transactions on the secondary and tertiary market are poorly documented through solely paperwork. This results in fraudulent situation where one carbon unit is being sold to several different parties. Or where non-existent carbon units are being sold to unsuspecting consumers. Obviously, this is not how carbon units are intended to work, as one carbon unit can only allow one party to emit one metric ton of carbon dioxide. And due to this lack of transparency, any transaction within the carbon markets involve large amounts of due diligence, paperwork, and legal fees which can at times add a 30% inefficiency to the cost of purchasing carbon units. (Carbon Pulse, 2018)

The inefficiency and lack of transparency in the carbon markets have also resulted in the fracturing of individual markets, and general lack of liquidity for carbon assets. Due to this, carbon units can have a drastically different market value in different regions that often does not reflect the true environmental costs of the pollution.

As established above, the process of conducting transactions within the carbon markets is a difficult and cumbersome one, often packed with paperwork, legal work, and due diligence. This has resulted in only resourceful corporations being involved with carbon trading while individuals are being left out. Individuals around the world are increasingly aware of the seriousness of climate change, but their efforts with various kinds of charitable activities are far from adequate. If through some mechanism, individuals themselves can easily partake within the carbon markets, their impact on total carbon dioxide reductions could be significant.

Xarbon Sustainability Limited

General Overview of Company

Xarbon Sustainability Limited (Hereafter referred to as "XSL") is a sustainability technology company that is registered in Seychelles and is governed by the laws of Seychelles. XSL's core management team constitute of members that control one of the two dozen afore-mentioned account with the United Nations. This account allows us to propose forestry projects to the UNFCCC for various carbon reduction units.

Our sustainability work currently constitutes of protecting various areas of the Papua New Guinea rainforest from any forms of degradation. Since rainforest operate like carbon sinks (a natural reservoir that accumulates and stores some carbon-containing chemical compound for an indefinite period), XSL has already received up to 200 million carbon unit futures from this project, with an upper limit of 1 billion registerable carbon dioxide. XSL is actively seeking additional projects that can yield the company more registerable carbon reductions.

Usually, this registerable carbon can be sold to the afore mentioned institutional consumers through a paperwork sale. However, XSL is now using a public, transparent, and tamper proof distributed database to issue this digitalized registerable carbon. For each ton of registerable carbon dioxide reductions that XSL holds in our company reserve, we will issue a single digitized unit called Xarbon. Xarbon, being digitized on this open database, will make the transactions within the carbon market fully transparent, and allow companies and individuals to much more easily conduct transactions within the carbon markets.

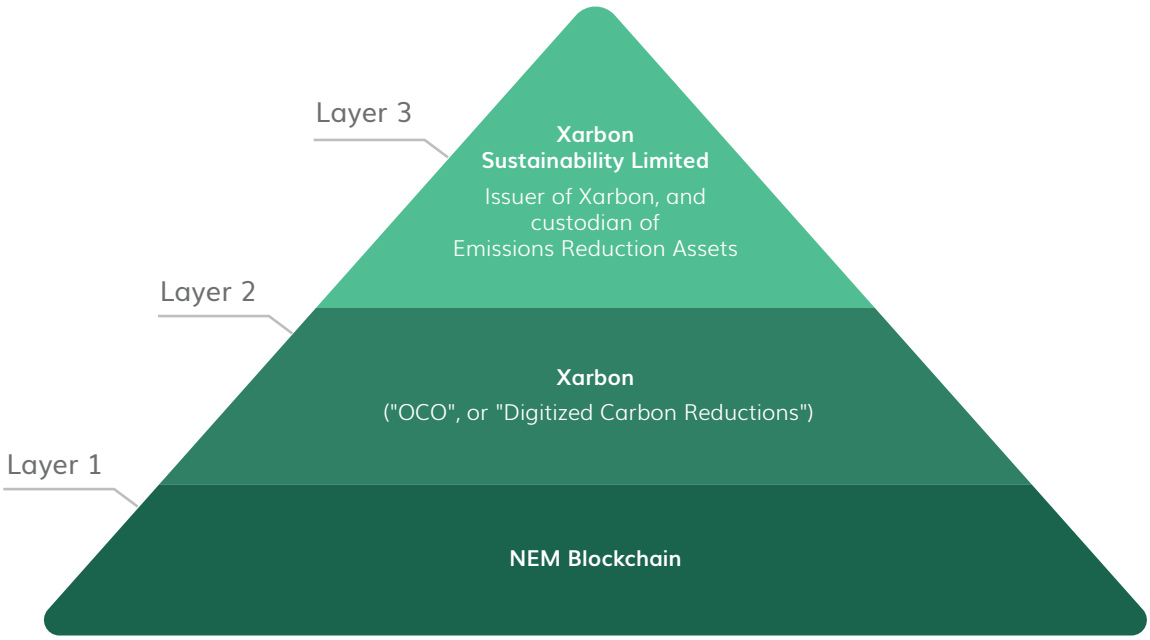
XSL's business model is simple. We obtain registerable carbon from conducting various sustainability projects throughout the globe. And XSL generates revenue by selling the digitized version of our registerable carbon reserves.

Over 50% of the revenue generated by XSL are spend on the prevention of rainforest degradation, and the research and development of more efficient carbon scrubbers. The remainder of the capital is used for operational expenses. XSL is a sustainability technology company that is truly self-sustainable from a business perspective.

Digitizing Registerable Carbon

XSL digitizes our registerable carbon reductions by leveraging an open software platform called the "New Economy Movement" (Hereafter referred to as "NEM"). NEM is an open and decentralized information system that is built upon a blockchain architecture to maintain it transparent and tamper proof properties. The properties of being tamper proof and fully transparent, make NEM an ideal platform for XSL to issue our asset backed Xarbon on.

Xarbon's technical stack constitutes of three layers illustrated below.



The Three Layers

The First Layer – NEM

The first layer of our technology requires any transparent database with a tamper proof history. Our team chose the NEM blockchain for this specific purpose due to NEM's ability to easily allow XSL to issue, re-issue, and destroy Xarbon depending on the carbon reduction reserves in XSL's holdings. The NEM blockchain also makes the integration of Xarbon very simple for any third party that wishes to utilize Xarbon in their system.

The Second Layer – Xarbon

The second layer constitutes of Xarbon, the digitized carbon reductions that XSL issues. There are many benefits that a digitized carbon asset provides compared to its physical counterpart, which is usually in the form of paper certificates.

Firstly, Xarbon's digitized nature brings full transparency into the carbon trading markets where ownership, ownership amount, and transaction history are fully transparent to anyone with access to internet by observing the public NEM blockchain. This will effectively make fraudulent transactions (where fake carbon emissions are sold, or where a single carbon emission is being sold to multiple parties) within the carbon markets impossible.

Secondly, Xarbon's digitized nature makes the costs of conducting a transaction of carbon emissions tantamount to near zero. This is partially due to the fully transparent nature of Xarbon (meaning parties no longer require as extensive due diligence), and because the inefficiency of paperwork and legal work is now no longer required for each transaction of registerable carbon. Instead, users can now easily conduct these transactions from the comfort of their internet connected laptops.

Finally, a digitized form of carbon reductions allows for the divisibility of a single unit of carbon into smaller decimal units. This allows for various innovative approaches to creating a negative carbon economy that will be covered later in more detail.

The Third Layer – Xarbon Sustainability Limited

The third layer constitutes of our company Xarbon Sustainability Limited ("XSL"). XSL is responsible for preserving and holding the physical registerable carbon within our company reserves. Consumers that wish to exchange Xarbon for the physical registerable carbon certificates within our reserves can always do so subject to administration costs.

XSL will be audited by a global and reputable accountancy firm at least once a year to prove the solvency of the registerable carbon within our reserves. And depending on the results of the audit report, XSL will re-issue, or destroy Xarbon to assure each Xarbon in circulation is backed at least 1-to-1 with 1 ton of registerable carbon dioxide.

Management Team

Mr. Chong Ning – Founder & Chairman

Mr. Chong Ning is a carbon market expert with over 20 years of experience in carbon trading, and the creation of negative carbon products.

Mr. Chong has been focusing on R&D of new semi-conductor materials for over 15-years. He is specialised in the development of advance luminescence material, biodiesel, quantum dot application and has involved in a renewable energy project located in Japan. Mr.Chong is also responsible for fund management and has the experience of carrying out IPO in Hong Kong. He is the Ex-Chairman of the Environment and Carbon Exchange Limited, and Partner at EU China Fund.

Since 2000, Mr. Chong has worked closely with global scientists through the STARS Foundation to discover the fusion of innovative technologies and deliver commercially viable solutions for a sustainable future. He is specialised in China entry with IP protection.

Mr. Peter He – CEO

Mr. Peter He has a vast history in the carbon trading industry. His journey carbon trading started in 2005, when he was the Chairman of The Board of EcoSecurities (China) a commodity trading group which focused on carbon assets. Under his leadership, EcoSecurities (China) managed to control over 70% of the entire global volume of the carbon asset and become the leading market maker in the world carbon trading. EcoSecurities was subsequently wholly acquired by JPMorgan.

Peter's journey in the carbon space did not end there. He subsequently moved to the Mercuria Group and became the Head of Commodities - Carbon Trading.

Peter has also been involved with various blockchain trading companies since 2016 and has decided to put his full weight behind Xarbon to bring Xarbon to the scale that Mercuria Trading Group is at.

Mr. Liu Xun – Co-founder & COO

Mr. Liu Xun (Jeffery) is a system engineer and project manager by training. Having worked in both multi-nationals and start-ups, he is able to apply the best practices of both worlds in doing what he is great at, growing companies, managing liquidation for shareholders, and optimizing systems, processes, and procedures within organizations.

Throughout Jeffery's career he's advised, built, and grown multiple technology ventures into successful liquidations for shareholders. His first venture Panjury, which he founded, was an online sentiment analyser, whose technology was sold to Chinese big-data giant ONL, resulting in over 1500% returns for investors within three years. His second venture Snapask, an education technology company, in which I served as COO, had grown from an ed-tech start-up to an almost billion-US dollar education conglomerate, resulting in over a 100x multiple returns for various shareholders & investors.

In 2013, Jeffery took an interest in cryptographic assets, and begun investing in various protocol projects, and cryptographic asset infrastructure. The returns from these investments have been significant, and Jeffery continue to this day to run a private investment vehicle with over 80 million USD AUM to invest in various protocol or infrastructure projects within the cryptographic asset space.

Mr. Leung Chi Tat – Founding Partner & CFO

Mr. Leung Chi Tat (Theo) is a Fellow member of both the Hong Kong Institute of Certified Public Accountants and CPA Australia with more than 20 years of experience in the real estate and finance industries in Asia, Australia, China and Hong Kong. Mr. Leung's experience extends to strategic planning, post-merger integration, corporate restructuring, treasury and cashflow management for multinational corporations and financial institutions.

Prior to joining Xarbon, Mr. Leung held various senior management roles in China and Hong Kong such as, Chief Financial Officer for a prestige Michelin starred restaurant group with over 40 years operating history and 24 outlets across Hong Kong, China, Macau and Singapore; Director of a global professional services firm specializing in turnaround and corporate restructuring; Chief Financial Officer for an Australian listed IT Health group, based in Hong Kong and Shanghai; Chief Financial Officer for Gerrity Morgan Stanley, covering Australia, India, Hong Kong, China and US; Senior Manager at Deloitte in the Global Financial Services Industry (GFSI) practice in Shanghai; Head of Finance and Accounting at Hang Seng Bank China in Shanghai responsible for financial reporting, financial management and treasury control of its Greater China operations.

Before relocating to China, Mr. Leung worked in Hong Kong and Australia for banks and international public accounting practices. Mr. Leung received his MBA from Melbourne Business School and got Master of Applied Finance from University of Melbourne and Bachelor of Business (Accounting) from Monash University. He is fluent in English, Mandarin and Cantonese.

Mr. Yuji Kodama – Founding Partner

Yuji Kodama was born in Tokyo, Japan. He was educated from one of the universities in Japan and in the United States to study Business Administration and Economics and has over 30 years of experience in venture capital management, and merger and acquisition in California, U.S.A. and Japan as well. He was a California resident for over 25 years and developed various venture businesses including with Bio Pharmaceutical companies, computer supplies for universities and industrial laboratories' users. He has been working and have established in the past many years involving in private banking for project finance in the United States of America and Japan respectively.

Mr. Kodama is the Chief Financial Officer of Flinders Capital Pte. Ltd. Group (" Flinders "). Flinders is a holding company of FRL Commodity Management Limited in Western Australia Iron Ore Mining Company and also the Director of PNG Timberland and Plantations International PTY, LT, the company is an Australian proprietary limited company. The company is currently operating as a vehicle which has acquired land and forestry assets which the company controls in Papua New Guinea. The company is preparing to implement its development plan which will be financed via the private placement of corporate bonds. The company currently has its management and administrative officers located in Melbourne, Australia. The company has entered into Four National landholder 99 years lease agreements by way of forest Management Agreement of Special Purpose Agriculture and Business Lease approved by Papua New Guinea (" PNG ") law and practice.

Mr. Kodama is also the Chief Financial Officer of the Global Eco Town Association and Global Eco Town Limited ("Global Eco"). Global Eco is primarily engaged in dealing with major environmental and development companies in Japan, China, Hong Kong, U.S.A., and the European region to explore the green energy and environmental business supported by six (6) governmental agencies under their respective Ministries of Industries and Environment Department of countries which include Argentina, the Philippines, Malaysia and Indonesia. Global Eco has commenced community building undertaking using environmental innovative technologies, as well as an enterprise dealing with the respective agencies and its people of the said countries which possess innovative technical know-how related to these projects worldwide.

Mr. CM Chiu – Founding Partner

Former Chief Technology Officer at Hewlett-Packard, Mr. Chiu has over 36 years of experience in information technology, data architecture, and system development. He has managed several large-scale technologies project, and was responsible for leading the design, development and deployment of several international retail business IT system.

Prof. Li Jian Ming – Consultant

National Taipei University - Institute of Natural Resources and Environmental Management Associate Professor and Director, Professor Li Jian Ming specialized in optimizing control and economic models for climate change analysis. Professor Li has published several academic books such as "Individual Economics" and "General Economics", as well as dozens of dissertations on academic papers and academic conferences.

Xarbon OCO Ecosystem

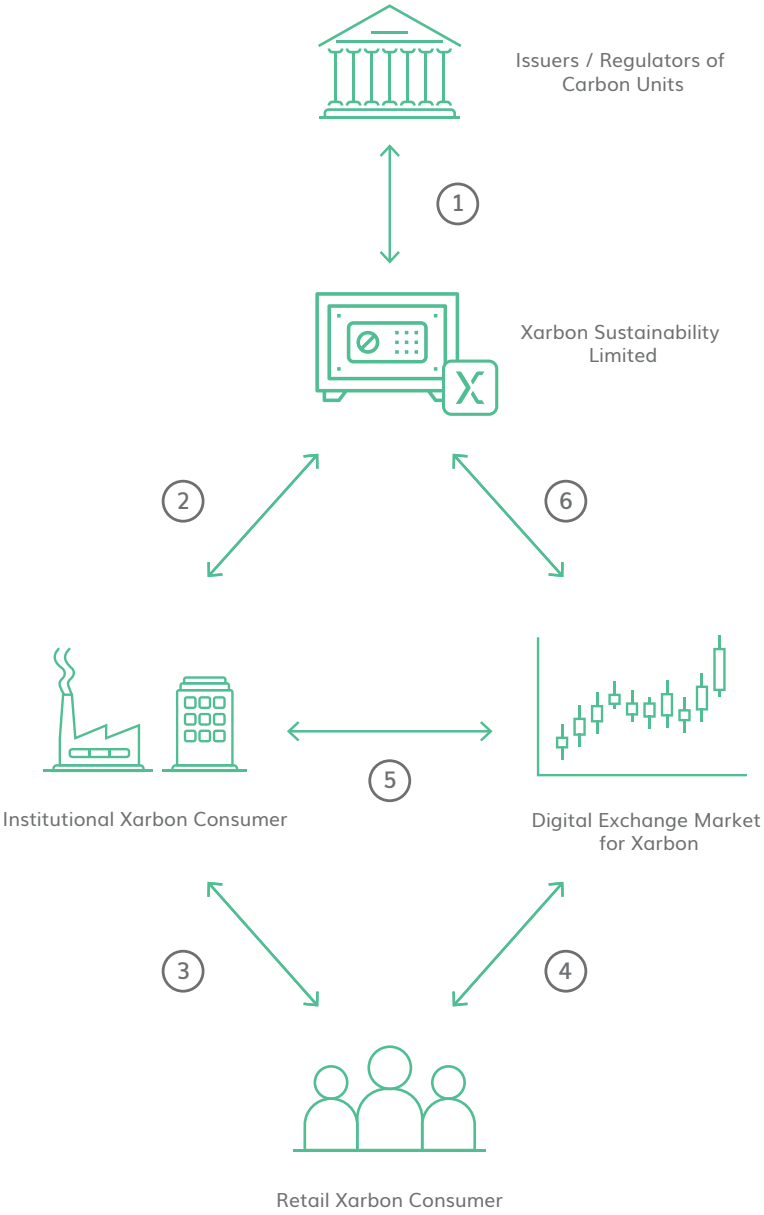


Diagram Overview

Above is a diagram representation of the Xarbon ecosystem, and below is an explanation of who the stakeholders within the Xarbon ecosystem are. The relationships between the stakeholders are represented with numbered points on the above diagram and will also be explained below.

Stakeholders

Point 1 – Issuers & Xarbon Sustainability Limited

Point 1 represent the relationship between the UNFCCC, and various other governmental bodies that are capable of issuing carbon instruments (Carbon Credits, Emissions Reductions, Certified Reductions, etc...) and Xarbon Sustainability Limited (XSL).

As stated before, XSL hold one of the few accounts with the United Nations Framework Convention for Climate Change that allows XSL to propose registerable carbon projects in return for carbon credits. Once XSL has obtained additional registerable carbon from our sustainability projects around the world, XSL will digitize these emission reductions through our open and transparent technology into digitized carbon reductions, Xarbon.

Point 2 – Xarbon Sustainability Limited & Institutional Consumers

Point 2 represents the relationship between XSL and various institutional consumers of Xarbon. This relationship is one where XSL sells our digitized carbon reductions, Xarbon to our institutional buyers. Institutions generally purchase carbon reductions for two reasons, the first kind of institutional consumers are companies that are polluters. These polluter companies have an annual limit on how many tons of carbon dioxide they can emit into the atmosphere, and if this emission amount is surpassed, they are forced to purchase carbon emission reductions, or face heavy environmental fines by their local authorities.

The second kind of institutional consumers are companies that wish to partake in corporate social responsibility activities. These institutions purchase these carbon reductions so that they can reap the marketing, branding, public relations, and or tax benefits of having done so.

Historically, the transaction of conventional carbon units involved papers work, legal work, and at times long periods of due diligence. This is due to the lack of transparency within the conventional carbon markets. However, as explained in this document, Xarbon being the digitized version of registerable carbon reductions, allows us to circumvent the traditional sale model by simply transacting Xarbon among XSL and our institutional consumers digitally. This makes transacting Xarbon 30% more efficient compared to conventional carbon reductions.

Point 3 – Institutional Consumer & Retails Consumers

Point 3 represents the relationship between institutional Xarbon consumers and retail Xarbon consumers. This relationship might not initially seem self-explanatory. However, this relationship exists even without Xarbon, the digitized form of registerable carbon. It's just that Xarbon makes this relationship a lot more efficient, transparent, and gives the retail consumers a means to actually own the registerable carbon themselves through a digitized medium.

Historically, institutions who have purchased registerable carbon as part of their corporate social responsibility, were able to communicate their good deed of purchasing this carbon reduction to their own retail consumers through various marketing or branding methods. For example, XYZ company that bought 5 million tonnes of carbon dioxide reductions, would put on their product packaging in text "In making of this product, XYZ company reduced carbon dioxide emissions by 5 million tonnes in 2016". And retail consumers could consciously decide to purchase goods from companies who have done this. Thus, indirectly offsetting carbon emission.

Due to the lack of transparency within the emissions reduction markets, retail consumers had historically no easy means of verifying the companies' claims of having purchased carbon reductions. However, with the rise of Xarbon, this is no longer the case. Due to Xarbon's digitized nature, institutions are now able to "put" fractions of a unit of registerable carbon into each of their product units. An easy way to achieve this is by simply giving their retail customers a QR code which would allow the customer to claim the fractions of a carbon unit for themselves.

This mechanism of allowing retail consumers to "claim" their Xarbon from products they have purchased, using their computers or mobile phones, is the basis for creating a multitude of negative carbon products. By purchasing these negative carbon products, retail consumers can consciously influence how many tonnes of carbon dioxide is reduced form the atmosphere by either directly purchasing Xarbon, or by purchasing negative carbon products which have a set amount of Xarbon within them.

Xarbon Sustainability Limited is currently in the process of working with various e-commerce platforms and manufacturing companies to integrate Xarbon into the products that their merchants are selling. This is all made possible by Xarbon's digital, transparent, and efficient nature. Allowing retail consumers to consciously affect how much carbon dioxide gets released into the atmosphere.

Point 4, 5, 6 – Digital Exchange & Market Stakeholders

Point 4, 5, and 6 represents the relationship between the digital exchanges and the various stakeholders within the Xarbon ecosystem. These Xarbon exchanges are digital platforms on which all stakeholders who own Xarbon, can buy and sell Xarbon on an open marketing using digital currencies, assets and conventional currencies.

XSL is currently in talks with various online digital platforms that allow for such transactions to take place. And XSL will also actively work on building our own Xarbon exchange that allows for permission less, and transparent exchange of Xarbon and various digital assets.

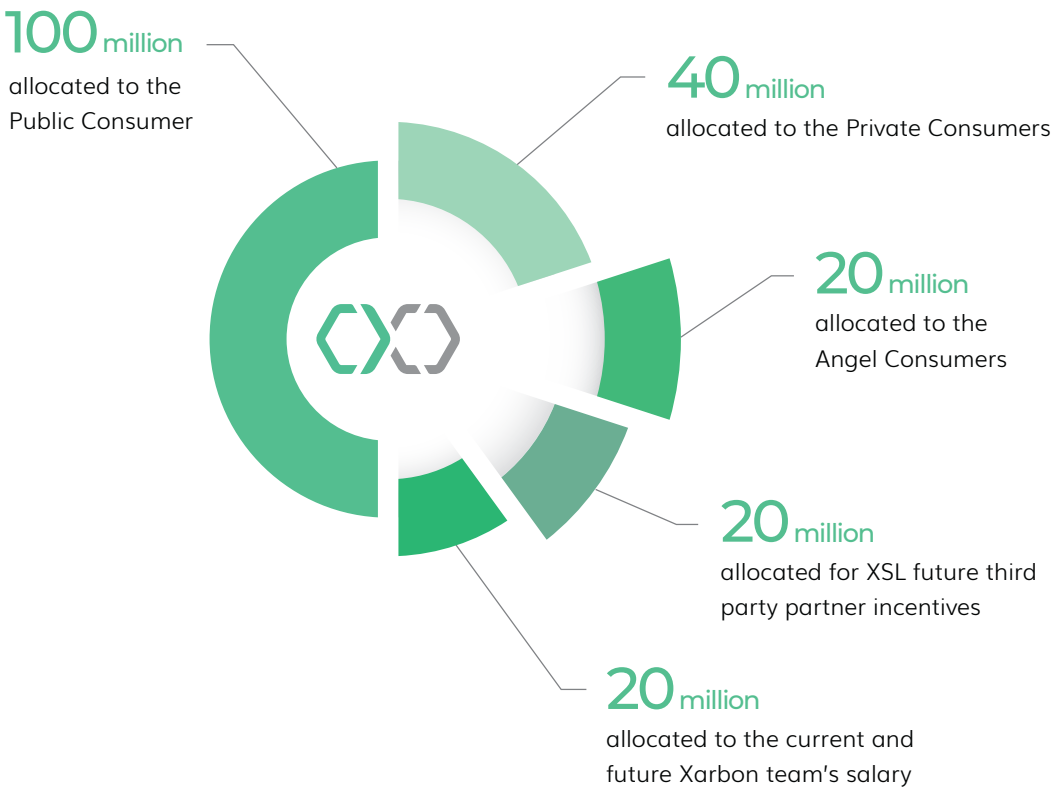
Xarbon (Digitized Carbon Rights) Economics

Xarbon (OCO) is issued by Xarbon Sustainability Limited (XSL) on top of the NEM Blockchain infrastructure. Currently the circulating supply of OCO is two hundred million (200,000,000). This is because the XSL currently hold the rights to 200 million tons of registerable carbon dioxide reductions as can be found in our Annex section of this report.

The current supply of 200 million is not fixed however, and that is because XSL aims to increase our carbon asset holdings over time. Which will result in XSL having to issue more OCO whenever our company obtains the rights to the new units of carbon assets. The eventual maximum supply that OCO will reach is no more than three billion and three hundred fifty million (3,350,000,000), and that is because XSL aim to obtain at least 3.35 billion tons of carbon dioxide reductions by the year 2020. This would effectively move the entirety of the liquid carbon assets economy on top of the NEM blockchains. Which will hugely benefit the carbon economy in terms of 100% transparency, near zero transaction costs, and higher liquidity.

OCO Allocation

Out of the 200 million OCO allocation:



Angel, Private & Public Consumer

20 million of our initial OCO has already been sold to Angel buyers at the price of 0.18 USD per OCO, with a 24-month lock-in period.

40 million of the initial OCO has already been sold to Private buyers at the price of 0.36 USD per OCO, with a 12-month lock-in period.

The angel and private investors of Xarbon were initial strategic investors and partners who brought synergies or qualified resources in the carbon market to XSL.

Xarbon is currently already listed and publicly traded on exchanges such as, but not limited to IDCM.IO, and NEMCHANGE.COM. (Please check our website www.xarbon.com to find a full list of places where
Xarbon OCO can be publicly exchanged). Consumers who wish to purchase and exchange OCO from the initial OCO supply can do so on these exchanges using various assets such as BTC and XEM.

Subsequent Future OCO Sale

As explained XSL currently has the rights to 200 million registerable tons of carbon dioxide reductions. By end of year 2020, we aim to have created over 3.35 billion tons of carbon dioxide reductions in the world. Naturally, XSL would acquire the extra 3.15 billion tons of carbon dioxide reductions over time, which means that our circulating OCO supply will also increase over time, once the underlying carbon reductions have been properly audited and proven to exist.

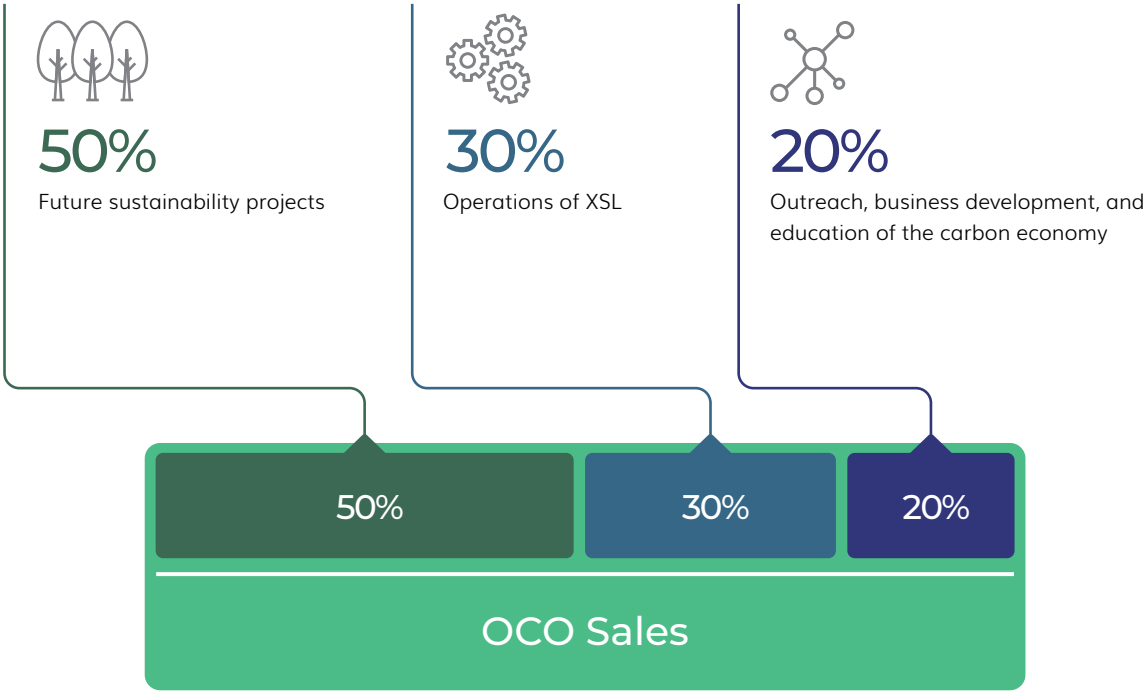
This excess supply of OCO will never be sold by XSL on the open markets. Instead, this OCO will be reserved and purchased by businesses who wish to become Xarbon neutral through our Xarbon Sustainability Partnership Programme ("XSPP"). In the XSPP companies can purchase the OCO from XSL at a 50% discount from the exchange traded 30-days-moving-average-price. However, these companies must lock in their OCO purchase for at least 12 months. After that, the likely hood that the Xarbon Sustainability Partners will sell the OCO on the open market remains incredibly low, since they themselves require these OCO to offset their carbon emissions and remain carbon natural. If fact, the XSPP will likely have to purchase more OCO from the open markets periodically to remain carbon neutral.

Use of Funds

50 % of the funds that XSL obtains through the sale of OCO will go towards the future sustainability projects around the globe to create more carbon dioxide reductions around the world, and to obtain more carbon assets so that XSL can digitize them into OCO to increase the transparency, efficient and liquidity of the carbon markets.

20% of the funds that XSL obtains through the sale of OCO will go towards maintaining the internal facing operations of XSL

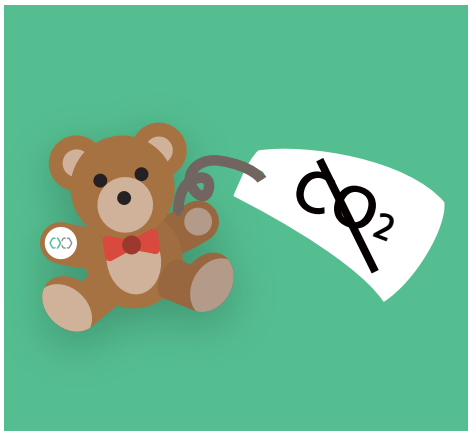
30% of the funds that XSL obtains through the sale of OCO will go towards outreach, business development, and education of the carbon economy.



OCO Use Cases

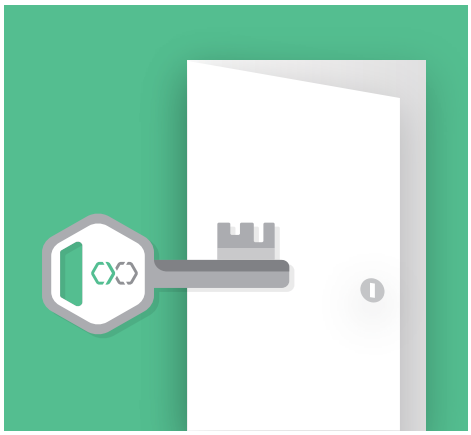
Offsetting carbon emissions

Companies who wish to offset their carbon emissions can now purchase OCO much more efficiently from various open markets that are transparent, and highly liquid. These companies can then work with XSL to off write their carbon emissions with their local regulators.



Creating carbon neutral products

Companies who wish to create carbon neutral products can now easily embed OCO into their products to make them carbon neutral or carbon negative (which means the consumption of their product now removes carbon from the atmosphere). The consumers of their products are now also able to "claim" these OCO from these carbon neutral products that they purchase, which serves as an additional incentive to the consumer and the company for the sale and purchase of the product.



Exposure into the carbon markets

Historically, due to the high barriers-of-entry, most retail and institutional consumers are unable to get access to carbon assets. Now that XSL has digitized these carbon assets into OCO, everybody is able to gain exposure into the carbon markets by simply purchasing carbon negative products or purchasing OCO from the openly traded markets.

Xarbon Roadmap

2018

March

XSL formed in Hong Kong.

April

XSL obtains rights to 200 million tons of registerable carbon assets, and 200 million OCO is created to represent this.

June

XSL begins OCO angel and private sale

July

XSL launches on IDCM.io and NEMChange to begin public sale and trading

November

XSL to obtain rights to 500 million total tons of registerable carbon assets

December

XSL to have OCO's daily volumes to exceed 50 Million USD on all listed exchanges

2019

January

XSL to have over 10 multi-national companies in our Xarbon Sustainability Partnership Programme

November

XSL to obtain rights to 1.5 billion total tons of registerable carbon assets

December

XSL to have OCO's daily volumes to exceed 1 Billion USD on all listed exchanges

2020

January

XSL to have over 30 multi-national companies in our Xarbon Sustainability Partnership Programme

October

XSL to obtain rights to 3.35 billion total tons of registerable carbon assets

November

XSL to have OCO's daily volumes to exceed 3 Billion USD on all listed exchanges

December

XSL to have over 100 multi-national companies in our Xarbon Sustainability Partnership Programme

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Related Risks

As the issue and use of digital currency has typically been an unregulated area in the global financial world, more regulations are expected in the future. In addition, many Restricted Jurisdictions, including China and North Korea have banned the participation in Initial Token Offerings.

Risks Associated with Buying, Selling and Using Xarbon OCO

Important Note: As stated in the previous clause above, Xarbon OCO are not structured or sold in securities or any other form of investment product. None of the information provided in this document constitutes a basis for any investment decision, and none of the information provided is intended to provide any specific advice. The Company expressly disclaims responsibility for any direct or indirect loss or damage, which is directly or indirectly related to:

Any information contained in this document, Any error, omission or inaccuracy in such information or Any action resulting from such information.

By purchasing, holding and using Xarbon OCO, you expressly acknowledge and bear the risk of losing a private key due to customer error or buyer error. Control and handling Xarbon OCO stored in digital wallets or vaults are necessary. Therefore, the loss of the necessary private keys associated with your digital wallet or vault that holds Xarbon OCO will result in the loss of such Xarbon OCO. In addition, any third party that obtains such a private key, including access credentials to your digital wallet or vault service, may use your Xarbon OCO. You may also be liable for any errors or malfunctions that may be caused by or in connection with your digital wallet or vault that you choose to receive and store carbon credits in. (These errors include your own failure to properly maintain or use such digital wallet or vault.) Your Carbon Token (Xarbon OCO) is missing. In addition, failure to adhere strictly to the procedures for purchasing and receiving carbon credits (Xarbon OCO) as described in white papers or elsewhere, for example, by providing the wrong address to receive carbon credits (Xarbon OCO), may result in loss of Xarbon OCO.

Risks Associated with the Blockchain Agreement

Because Xarbon OCO and platforms are based on the blockchain Protocol, any failure or abandonment of the Blockchain Protocol can have a significant adverse effect on the platform or Xarbon OCO. In addition, advances in cryptography or technological advances, such as quantum computing, can introduce risks to Xarbon OCO and platforms, including the utility of Xarbon OCO in accessing services, enabling blockchain agreements, and invalidation of supported password consensus mechanisms.

Risk of Mining Attacks

Like decentralized digital assets based on blockchain agreements, Xarbon OCO are vulnerable to miner attacks in verifying Xarbon OCO transactions on the blockchain. Any successful attack poses a risk to platforms and Xarbon OCO, including but not limited to the accurate execution and recording of transactions involving Xarbon OCO.

Hackers and Security Risks

Hackers or other malicious groups or organizations may attempt to disrupt platforms or Xarbon OCO in any number of ways, including but not limited to malware attacks, denial of service attacks, consensus-based attacks and fraud. In addition, because the platform is based on open-source software, it is possible for third parties or corporate team members to intentionally or unintentionally introduce vulnerabilities to the platform's core infrastructure, which can negatively impact platforms and Xarbon OCO, including utilizing Xarbon OCO platform to obtain service.

Risks Associated with the Market for Xarbon OCO

Xarbon OCO can be traded on a company's designated online trading platform and have the opportunity to trade on a secondary online trading platform. Even though third-party transactions facilitate secondary trading of Xarbon OCO, such deals may be relatively new, with little or no regulation, making them more vulnerable to market risk. In addition, if Xarbon OCO (Xarbon OCO) transactions are affected by the price of the carbon market, the price of Xarbon OCO may be very unstable.

Risk of Loss

Unlike bank cards or accounts of other financial institutions, unless you specifically purchase private insurance to protect Xarbon OCO, it will not be insured. Therefore, in the event of loss or loss of utility value, no public insurance company or private insurance we arrange will provide you with the right to claim damages.

Risks Associated with Uncertainty Provisions and Enforcement Measures

The regulatory status of Xarbon OCO and decentralized book technology is unclear or unresolved in many jurisdictions. It is hard to predict how or if regulators can apply existing regulations to this technology and its application. It is also difficult to predict how or if legislatures or regulatory agencies can change the laws and regulations that affect decentralized book technology and its applications, including online trading platforms and Xarbon OCO. Regulatory measures can adversely affect platforms and Xarbon OCO in different ways, including for

illustrative purposes only, by establishing that Xarbon OCO are regulated financial instruments that require registration or licensing. Companies may cease to operate in one jurisdiction if the regulatory act or changes in laws and regulations make it illegal to operate in such jurisdictions or if the companies do not wish to obtain the necessary regulatory approval to operate in such jurisdictions.

Risks Arising from Taxes

The tax features of Xarbon OCO are uncertain. You must seek tax advice on the purchase of Xarbon OCO, which may result in adverse tax consequences, including withholding taxes, capital gains and tax filings.

Irresistible Risks of Xarbon OCO and Other Monetary Values

The team intends to use the proceeds from the sale of Xarbon OCO to finance the maintenance and development of the platform and the business. Proceeds from the sale of Xarbon OCO will be denominated in Fiat currency and accepted in other digital assets as proceeds. If the value of a Xarbon OCO or other digital assets fluctuate during or after sales, the team of the company may not be able to finance the development and may not be able to develop or maintain the platform as intended.

The Risk of Dissolution of the Company

The company may be dissolved for a few reasons, including but not limited to adverse fluctuations in the value of Xarbon OCO, diminished usefulness of Xarbon OCO, failure of business relationships or challenges in the ownership of intellectual property.

Risks Due to the Lack of Governance Rights

Since Xarbon OCO do not confer any form of governance rights on the platform or company, all decisions concerning the platform or company are at the discretion of the company, including but not limited to the decision to close the platform, the issuance of additional Xarbon OCO on the platform (Xarbon OCO), or the sale or liquidation of the company. These decisions may adversely affect your holding of the Xarbon OCO platform and utility, including the Xarbon OCO utility access service.

Unscheduled Risk

Encrypting currency, such as Xarbon OCO, is a new and untested technology. In addition to the risks contained in the White Paper, there are other risks associated with purchasing, holding and using carbon credits (Xarbon OCO), including risks the Company cannot anticipate and control.

Fund Loss Risk

Xarbon Sustainability Limited is setting up a fund that will hold a broad portfolio of assets that will support the fundamental objectives of Xarbon OCO. Markets and asset valuations can fluctuate, meaning that the value of assets may be lower than the value of the fund.

DISCLAIMER:

This White Paper is solely for informational purposes. Anyone interested in purchasing Xarbon OCOs should consider the various risks prior to making any kind of decision.

The White Paper does not comprise any advice by the Company or by any of the Company's representatives, nor any recommendation to any recipient of the White Paper by virtue of any participation in the purchase or sale of Xarbon OCOs or otherwise.

The White Paper does not necessarily identify, or claim to identify, all the risk factors connected with the Company, the Company's business platform, the Xarbon OCOs, the sale of the Xarbon OCOs, or any future functionality of the Xarbon OCOs. All participants must make their own independent evaluation, after making such investigations as they consider essential and after taking their own independent professional advice. Any participant in the purchase of Xarbon OCOs should check with and rely upon advice from their own investment, accounting, legal and tax representatives, and consultants in respect of such matters and to assess separately the financial risks, consequences and appropriateness of the purchase of Xarbon OCOs and if in any doubt about the facts set out in the White Paper.

No guarantee or assurance is given by the Company or by its representatives that the Company's proposals, objectives and/or outcomes set out in the White Paper will be achieved in whole or in part. You are urged to consider whether participation in the sale and purchase of Xarbon OCOs is suitable for you in regard to your personal and financial circumstances and your financial resources.

LIMITATION OF LIABILITY:

In no event shall the Company or any current or former employees, officers, directors, partners, trustees, representative, agents, advisors, contractors, or volunteers or whosoever to any purchaser of Xarbon OCOs be held liable for any loss of profits or otherwise or for any lost savings or for any incidental direct or indirect special or consequential damages in each case arising out of or from or in connection with: (i) any failure by the Company or any of its affiliated companies to deliver or realise all or any part of the project or the platform or the membership network or the Xarbon OCO features described in or envisaged by the White Paper; (ii) your use or inability to use at any time the services or the products or the platform or the membership network or Xarbon OCOs offered by the Company; (iii) any information contained in or omitted from the White Paper; (collectively, the "Excluded Liability Matters").

This White Paper is provided without any representations or warranties of any kind, either express or implied. You assume all responsibility and risk with respect to your use of the White Paper and purchasing of any amount of Xarbon OCOs and their use. If applicable law does not allow all or any part of the above limitation of liability to apply to you, the limitations will apply to you only to the maximum extent permitted by applicable law. To the maximum extent permitted by applicable law, you hereby irrevocably and unconditionally waive: (i) all and any claims (whether actual or contingent and whether as an employee, office holder, trustee, agent, principal or in any other capacity whatsoever or howsoever arising) including, without limitation, claims for or relating to the Excluded Liability Matters, any payment or repayment of monies, indemnity or otherwise that you may have against the Company or against any of the company's representatives; and (ii) release and discharge the Company and all of the Company's representatives from any and all liability (of whatsoever nature or howsoever arising) it or they may have to you. If for any reason you hereafter bring or commence any action or legal proceeding in respect of any claim purported to be released and discharged pursuant to this paragraph or otherwise attempt to pursue any such claim against the Company or any Company representative, then you hereby irrevocably and unconditionally undertake to indemnify and keep indemnified the Company and all Company representatives fully on demand from and against: (a) all liabilities or losses suffered by the Company or any Company representative; and (b) all reasonable costs, charges and reasonable expenses (including without limitation reasonable legal costs and expenses) reasonably and properly incurred by the Company or any Company representative, in each case by reason of or in connection with the bringing or commencement of such action or pursuit of such claim by you.

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