

CONFLICTS OF INTEREST POLICY

Identification and Management of Conflicts

NIHAO CARBON CERTIFICATES

Version 1.0

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Classification: **CONFIDENTIAL**

1. Purpose

This policy establishes procedures for identifying, preventing, managing, and disclosing conflicts of interest that may arise in the course of providing investment services in Carbon Certificates, in accordance with Article 23 of MiFID II.

2. Identification of Conflicts

Potential conflicts may arise where Nihao Carbon Certificates or a relevant person:

- Is likely to make a financial gain or avoid a loss at the expense of a client
- Has an interest in the outcome of a service or transaction that differs from the client's interest
- Has a financial or other incentive to favor one client over another
- Carries on the same business as a client
- Receives inducements from third parties in relation to services provided to a client

3. Specific Carbon Market Conflicts

The following conflicts are specifically relevant to carbon trading:

- **Proprietary Trading:** Trading on own account while executing client orders
- **Research Independence:** Publication of carbon market research while holding positions
- **Order Priority:** Allocation of limited market liquidity among clients
- **Information Barriers:** Access to inside information about EU ETS policy changes
- **Cross-Selling:** Recommending related services alongside trading

4. Management Measures

Nihao Carbon Certificates employs the following measures to manage conflicts:

1. **Information Barriers (Chinese Walls)** – Physical and electronic separation of business areas
2. **Personal Account Dealing Rules** – Restrictions on staff trading in Carbon Certificates
3. **Order Allocation Policy** – Fair and transparent allocation procedures
4. **Remuneration Policy** – Compensation structures that do not create conflicts
5. **Gifts and Entertainment Policy** – Restrictions on receiving benefits from third parties
6. **Independent Compliance Function** – Oversight by personnel not involved in revenue generation

5. Disclosure

Where organizational arrangements are insufficient to ensure prevention of client harm, Nihao Carbon Certificates will disclose the nature and source of the conflict to the client before undertaking business on their behalf.

6. Conflicts Register

A register of identified conflicts and actions taken is maintained by the Compliance Department and reviewed quarterly by senior management.