RISK DISCLOSURE STATEMENT

Important Information About Carbon Certificate Trading Risks

NIHAO CARBON CERTIFICATES

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IMPORTANT: Please read this document carefully before trading in Carbon Certificates.

1. General Risk Warning

Trading in Carbon Certificates involves significant risks. The value can fall as well as rise, and you may lose some or all of your investment. Past performance is not indicative of future results.

2. Market Risk

Carbon Certificate prices are subject to significant volatility due to:

- Changes in supply and demand for emission allowances
- Energy prices (gas, coal, electricity)
- Weather conditions affecting renewable energy production
- Economic conditions affecting industrial output
- Speculative trading activity

3. Regulatory and Political Risk

- Changes to the EU ETS cap or linear reduction factor
- Introduction or removal of market stability mechanisms
- Changes to free allocation rules for industry
- Carbon Border Adjustment Mechanism (CBAM) implementation

4. CER-Specific Risks

- **Eligibility Restrictions:** CERs from certain project types may not be eligible for EU ETS compliance
- **Phase-Out Risk:** CER use in EU ETS has been significantly restricted since 2013
- **Project Risk:** CDM projects may fail to deliver expected emission reductions

5. Liquidity Risk

Market liquidity may vary significantly. In illiquid conditions, it may be difficult to execute orders at desired prices.

6. Operational Risk

Trading systems, EU ETS Registry, and associated infrastructure may experience outages, delays, or errors.

7. Counterparty Risk

In OTC transactions, you are exposed to the risk that the counterparty defaults on its obligations.

8. Leverage Risk

If trading derivative instruments with leverage, losses may exceed your initial investment.

Client Acknowledgement

I confirm that I have read, understood, and accept the risks described in this Risk Disclosure Statement.

Client Name: _____

Signature: _____

Date: _____