

# OUTSOURCING POLICY

Third-Party Service Provider Management

## NIHAO CARBON CERTIFICATES

**Version 1.0**

Effective Date: January 1, 2024

Classification: **CONFIDENTIAL**

## 1. Purpose

This policy establishes the framework for managing outsourcing arrangements in accordance with MiFID II, EBA Guidelines on Outsourcing, and DORA requirements.

## 2. Definition

Outsourcing means an arrangement whereby a service provider performs a process, service, or activity that would otherwise be undertaken by Nihao Carbon Certificates itself.

## 3. Critical Functions

- Trading platform operation and maintenance
- Order execution systems
- Client money/asset safekeeping
- IT infrastructure and cybersecurity
- Regulatory reporting
- KYC/AML screening services

## 4. Due Diligence Requirements

1. Assess provider's capability, capacity, and financial stability
2. Evaluate regulatory status and compliance history
3. Review business continuity and disaster recovery capabilities
4. Assess information security controls
5. Obtain references from existing clients

## 5. Contractual Requirements

- Clear allocation of responsibilities
- Service level agreements with measurable KPIs
- Audit and access rights for firm and regulators
- Data protection and confidentiality provisions
- Business continuity obligations
- Termination and exit provisions

## 6. Ongoing Monitoring

Outsourced services monitored through regular performance reviews, periodic on-site visits, independent audits, and incident tracking.

## 7. Register

A register of all outsourcing arrangements is maintained and reported to the Board annually.