

BEST EXECUTION POLICY

Order Execution Standards for Carbon Certificate Trading

NIHAO CARBON CERTIFICATES

Version 1.0

Effective Date: January 1, 2024

Classification: **CONFIDENTIAL**

1. Introduction

This Best Execution Policy sets out the arrangements Nihao Carbon Certificates has implemented to obtain the best possible result when executing client orders in Carbon Certificates, in accordance with Article 27 of MiFID II.

2. Scope

This policy applies to:

- All orders in EU Allowances (EUAs) and EU Aviation Allowances (EUAAAs)
- Orders in Certified Emission Reductions (CERs)
- Derivatives on emission allowances (futures, forwards, options, swaps)
- Retail and Professional Clients (Eligible Counterparties may agree different arrangements)

3. Execution Factors

When executing orders, Nihao Carbon Certificates considers the following factors:

Factor	Description	Relative Importance
Price	The price at which the order is executed	HIGH
Costs	All costs related to execution	HIGH
Speed	Time to execution	MEDIUM
Likelihood	Probability of execution	HIGH
Size	Order size vs liquidity	MEDIUM

4. Execution Venues

Nihao Carbon Certificates may execute orders through the following venues:

1. **ICE Endex** – Primary venue for EUA futures and options
2. **European Energy Exchange (EEX)** – EUA spot and derivatives
3. **NASDAQ OMX Commodities** – Nordic carbon trading
4. **OTC Markets** – Bilateral transactions with approved counterparties
5. **EU ETS Primary Auctions** – Direct participation in allowance auctions

5. Order Handling

5.1 Client orders are executed promptly and fairly in the sequence received.

5.2 Comparable orders are executed sequentially unless impractical.

5.3 Client limit orders not immediately executed are made public unless client instructs otherwise.

6. Monitoring and Review

6.1 Nihao Carbon Certificates monitors the effectiveness of its execution arrangements on an ongoing basis.

6.2 This policy is reviewed at least annually or whenever a material change occurs.

6.3 Annual reports on execution quality are published in accordance with RTS 28 requirements.

7. Client Consent

By entering into the Client Agreement, the Client consents to this Best Execution Policy and acknowledges that orders may be executed outside a regulated market or MTF where appropriate.