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**MicroBit Capital Management Limited**  
(the “Company”)

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**Climate-Risk Investment Policy**

**Version: 1.0**

**31 March 2026**

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**Version Control**

Version	Summary of Changes / Amendments	Approval Date
1.0	First draft	31 March 2026

## Definition and Interpretation

The following terms have the following meanings when used in this Policy and Procedures unless the context otherwise requires:

Board	Board of Directors of the Company
Company	MicroBit Capital Management Limited
CO	Compliance Officer
Code of Conduct	Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission
Hong Kong	Hong Kong Special Administrative Region of the People's Republic of China
LC	Licensed Corporation
MIC	Managers-in-Charge
RA	Regulated Activities
RI	Registered Institution
RO	An individual who is approved by the SFC under Section 126(1) of the SFO as a Responsible Officer of a licensed corporation
SEHK	The Stock Exchange of Hong Kong
SFC	Securities and Futures Commission of Hong Kong
SFO	Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)

Unless otherwise defined, all defined terms are set out in Definition and Interpretation hereto. Where the context so permits or requires, words importing the singular number include the plural and vice versa and words importing the masculine include the feminine and neuter genders and vice versa.

## 1. Introduction

### 1.1 Background

Environmental, social and governance (“ESG”) considerations, particularly those relating to climate related risks, are a substantial focus of regulators and investors alike. The Securities and Futures Commission (“SFC”) published its Consultation Conclusions on the Management and Disclosure of Climate-related Risks by Fund Managers (“Climate Risk Consultation Conclusions” or “CRCC”) which subsequently amends the Fund Manager Code of Conduct (“FMCC”) requiring fund managers to take climate-related risks into consideration in their investment and risk management processes and make appropriate disclosures if applicable.

Consistent with regulatory and investor trends of focusing on ESG related considerations, the Company has adopted the following Climate-Risk Investment Policy (the “Policy”).

### 1.2 SFC Climate Risk Consultation Conclusion Summary

The CRCC is applicable to asset managers with discretionary authority and requires relevant entities to assess whether climate-related risks are relevant to its investment and risk management processes depending on the fund manager’s investment strategy and portfolio composition. The specific regulatory requirements per the CRCC covers four key elements, namely:

1. Governance
2. Investment management
3. Risk management
4. Disclosures

The applicability of each regulatory requirement depends on certain key factors, including whether climate risks are considered relevant or material to the fund manager’s investment strategy, the size of the investment manager’s assets under management and whether the fund manager is a ROOF manager<sup>1</sup>.

#### Key Regulatory Concepts

**Relevance of investment strategy and implications on CRCC implementation:** In limited circumstances, a fund manager may assess that climate-related risks are not relevant to its investment and risk management processes owing to the nature of a fund’s investments or strategy (e.g., a quantitative fund, macro strategy fund, index tracking fund, forex fund or managed futures fund), or the time horizon of the investments (e.g., day trading). The fund manager should exercise its professional judgement by referring to the publications and standards of other international organizations. The fund manager should maintain appropriate records explaining why climate-related risks are irrelevant and review the assessment at least annually and upon any material change to strategy or market conditions.

**Materiality assessments of climate-related risks and implications on CRCC implementation:** When assessing the materiality of the impact of climate-related risks on an investment strategy or a fund, fund managers should adopt an approach which is appropriate and proportionate to their circumstances. The approach can be qualitative, quantitative or a combination of both. Fund managers may make reference

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<sup>1</sup> ROOF manager: Responsible for overall operations of the fund.

to the publications and standards of international organizations which focus on climate change or sustainability in assessing the materiality of climate-related risks and developing their policies and procedures. Fund managers should maintain appropriate internal records to demonstrate that they have assessed the materiality of the risks.

**AUM implications on CRCC implementation:** Large Fund Manager<sup>2</sup> (“LRM”) are subject to enhanced regulatory standards under the CRCC, including requirements to conduct scenario analysis and assess portfolio carbon footprint where applicable.

**ROOF Manager considerations and implications on CRCC implementation:** a fund manager that is not responsible for the overall operation of the fund (i.e. a sub-advisor that only manages a sleeve of an overall fund without the authority to manage the day-to-day operations of the fund) is not required to prepare disclosures related to its implementation (or lack thereof) of climate-related risks.

## 2. Relevance and Materiality Assessment

2.1 The relevance of climate-related risk to our investment portfolios will depend on the nature of the product and its investment strategy. The Company will assess, on a case-by-case basis, whether climate-related risks are relevant to each fund or strategy it manages.

### 2.2 Passively Managed Products

Passively managed products are passively tracking the performance of certain index on a non-discretionary basis, such products will be regarded as irrelevant to the climate-related risk consideration. Our passively managed funds invest in Bitcoin and Ether. The Company has assessed the relevance of climate-related risks to these strategies, taking into account, among other things:

- The nature of the underlying assets
- The transmission channels through which physical and transition climate risks may affect market, liquidity and operational risks
- The potential impact of climate-related policy and transition risks on crypto-asset demand, energy-intensive mining economics, and service providers
- The expected holding period and investment horizon

The Company recognizes that climate-related risks may only affect crypto-asset markets indirectly, for example, through changes in policy, regulation, technology and market preferences relating to high carbon-intensity activities (e.g. mining), as well as through potential impacts on key service providers.

The Company has determined that climate-related risks are deemed irrelevant to the following sub-funds under MicroBit Funds Series (Hong Kong) ETF OFC based on their respective investment strategies owing to its nature of the sub-funds’ investments objective and investment strategy.

- (i) MicroBit Bitcoin Spot ETF
- (ii) MicroBit Ether Spot ETF

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<sup>2</sup> Large fund managers: defined as fund manager with assets under management excluding discretionary account mandates, that equals or exceeds HKD 8 million in fund assets for any three months in the previous reporting year.

The Company will document its assessment and the basis for any conclusion that climate-related risks are not relevant to a particular strategy or fund and will review that assessment at least annually and upon any material change to the strategy or market conditions.

### 2.3 Materiality Assessment

The materiality of climate-related risks to the Company's investment portfolios will depend on the sectors of the investment portfolio which are more likely to be adversely affected by the transition to a low-carbon economy.

The Company's assessment of materiality is based on qualitative and quantitative approach, utilizing guidance provided by the Circular to licensed corporations for management and disclosure of climate-related risks by fund managers published by the SFC on 20 August 2021 and commonly adopted industry standards in relation to climate-risks exposure to the Company's investment portfolios and its underlying assets and investment horizon.

The assessment process involves benchmarking the Company's investment portfolios against relevant indices or benchmarks of the portfolios to identify relative climate-risk concentrations and carbon intensity deviations for materiality. A formal assessment is documented in a separate document which demonstrates the investment portfolios managed by the Company for its relevance and materiality of climate-related risks.

## 3. Governance Structure

### 3.1 Board of Director

The Board of directors has ultimate responsibility for overseeing the management of climate-related risks by the Company. In particular, the Board will:

- Approve the Company's climate-related risks management framework and this Policy;
- Set the overall risk appetite and strategic direction with respect to climate-related risks;
- Review, at least annually, climate risks assessment report from management and Risk Management Committee on the identification, assessment, management and monitoring of climate-related risks; and
- Direct the Company to implement its climate-related initiatives, and ensure the process is reviewed and ratified on an annual basis.

### 3.2 Senior Management and Managers-in-Charge

Senior management, including the Managers-in-Charge (MICs) of Overall Management Oversight, Risk Management and Key Business Line, are responsible for implementing the climate-related risk framework approved by the Board, ensuring adequate resources are in place, and ensuring that relevant staff are appropriately trained.

### 3.3 Risk Management Committee

The Company has assigned the Risk Management Committee the primary responsibility for managing climate-related risks at a management level which will report to the board on the status and progress of efforts to manage climate-related risks. The Risk Management Committee will establish processes and internal controls to ensure compliance with regulatory and investor-imposed restrictions and review the Climate-Risk Investment Policy and update the Policy for the board of director's review periodically, at least annually.

## 4. Investment Management Procedures

4.1 For the funds under the Company's management which climate-related risks have been deemed relevant and material, the Company will (i) identify the key physical and transition climate-related risks applicable to that strategy and its underlying asset, (ii) integrate such risks into pre-trade research and investment decision-making, including by considering their potential impact on valuation, expected returns, volatility and liquidity, (iii) document, where material, how climate-related considerations have influenced investment decisions, (iv) monitor the evolution of such risks and adjust positions, portfolio construction and risk limits where appropriate. Where data availability is constrained, the Company will adopt a proportionate approach using reasonable proxies, qualitative assessments and third-party data, and disclose any key limitations.

4.2 The Company employs investment management procedures to identify physical and transitional climate-related risks among investee companies of the investment portfolios. In addition to considering the traditional fundamental factors, investment horizon and risk and return profile, the Company will also evaluate the potential impact of climate-related risk factors on an investment's return potential, which are categorized into two primary pillars:

- Physical risk is the risk about climate consequences that are attributable to the change of climate conditions. Such climate changes refer to severe climate conditions like tropical cyclone, wild fire, drought, flood and also chronic climate impact like extremely hot and cold weather and heavy rainfalls. The severe climate conditions will lead to damages to properties creating losses to the economy.
- Transition risk is the risk arising inevitably during the transition to a green and low carbon economy. Such transition refers to the potential impact from climate driven policies towards companies running a business in countries which have commitment in achieving a low carbon target or have restrictions in GHG emissions. The transition will likely induce additional costs to those companies and eventually lowering the performance of them.

In an effort to mitigate the multitude of potential risks associated with climate change, the Company incorporates climate-related considerations into its research and investment management process by implementing the following controls:

- Research conducted on the investee companies of the portfolios proposed to the Risk Management Committee aims to include a combination of qualitative and quantitative data to assess the exposure of proposed securities to physical and transition risks; and

- Investment decision making aims to cite the underlying climate-related research and findings conducted on an underlying security to demonstrate that such risks have been duly considered in the investment decision making process.

4.3 For the funds under the Company's management which the Company has deemed climate-related risks irrelevant to its strategy, the Company is not obliged to implement investment management procedures to manage climate-related risks. However, the Company will maintain appropriate internal records supporting its relevance assessment, ensure that such assessment is reviewed at least annually and upon any material change to the funds' investment objectives, strategies, asset allocation or market conditions, and ensure that the Board and senior management retain oversight of the continued appropriateness of the conclusion.

## 5. Risk Management Procedures

5.1 For the funds under the Company's management which climate-related risks have been deemed relevant and material to its investment strategies, the Company maintains a robust risk management framework and procedures to monitor and mitigate exposures to physical and transitional climate-related risks among investee companies of the investment portfolios. This framework is integrated into the Company's overall risk infrastructure to ensure climate-risks factors are not managed in isolation.

The Risk Management Committee will review climate-related risk exposures and key metrics at least quarterly, and more frequently where market conditions or portfolio changes so warrant. The Risk Management Committee will utilize a combination of qualitative and quantitative data and metrics, in addition to other relevant third-party climate-risk ratings reports to highlight exposure of specific securities, sectors or industries which may be impacted by transitional and physical risks of climate change.

Results of the Risk Committee's findings may result in adjustments to the Company's investment management process for affected funds, including but not limited to adjustments to investment limits, weightings, or broader investment management process to safeguard the portfolios. Result of the Risk Management Committee meetings are tabled for the Board of Directors' review to ensure appropriate follow up actions are taken to address climate-related risks to the Company's investment portfolios.

5.2 For the funds under the Company's management which the Company has deemed climate-related risks irrelevant to its strategy, the Company is not obliged to implement risk management procedures to manage climate-related risks. The Company will nevertheless keep such assessment under periodic review as part of its overall risk management framework, and will implement appropriate climate-related risk management procedures promptly if climate-related risks become relevant or material to that fund.

## 6. Enhanced Requirements for Large Fund Managers

Where the Company qualifies as a Large Fund Manager, it will, in addition, conduct scenario analysis and assess the portfolio carbon footprint for in-scope funds in accordance with the SFC's enhanced standards and disclose the methodologies, assumptions, limitations and coverage.

### Scenario Analysis

Where the Company qualifies as a Large Fund Manager under the CRCC and FMCC, it will implement climate-related scenario analysis for in-scope funds. The Company will (i) select appropriate climate scenarios over relevant time horizons, (ii) assess the potential impact of such scenarios on portfolio risk and return, (iii) use the results to inform investment and risk management decisions. The methodologies, assumptions, limitations and frequency of scenario analysis will be documented and approved by the Risk Management Committee and the Board.

### Portfolio Carbon Footprint

Where the Company is a Large Fund Manager and where reasonably practicable in light of data availability, it will calculate and monitor the portfolio carbon footprint for in-scope funds in accordance with CRCC and FMCC. The Company will describe in its internal procedures and external disclosures the methodologies used, the scope of coverage, any material data gaps or estimation techniques and key limitations.

For asset classes for which there is no widely accepted methodology, the Company will adopt a conservative and proportionate approach, disclose such limitations and continue to monitor market and regulatory developments.

## **7. Disclosure Requirements**

The Company is committed to maintaining transparency regarding its climate risk practices. On an annual basis, the Company shall provide written disclosures to investors outlining its strategies, assessment methodologies, and conclusions regarding climate-related risks. These disclosures will be delivered via appropriate channels, such as the official company website, annual reports, or investor newsletters, to ensure stakeholders can make informed investment decisions.

For investment strategies where climate-related risks are deemed relevant and material, the Company shall make adequate disclosure of information in relation to climate-related risks to allow fund investors to make an informed judgment about their investment into the funds, including:

- a. The Company's governance arrangement for oversight of climate-related risks (board and senior management oversight); and
- b. An overview of how climate-related risks are integrated into the investment management process and risk management framework. This includes a description of the qualitative and quantitative tools, metrics, and data sources utilized to identify and monitor these risks.

For investment strategies where climate-related risks are deemed irrelevant, the Company shall make disclosures the assessment to its investors at least on an annual basis.