

SLS (Senior Leadership Statement)

Section 1. Our Commitment

- Why does your organization engage in responsible investment?

At Micro Connect, social betterment is the cornerstone of our business model. We are committed to pioneering an innovative, inclusive, and equitable financial market that connects global capital with micro and small businesses. Our mission is to foster a new era of financial inclusion and to create new opportunities for grassroots workers and entrepreneurs. In doing so, we hope to promote a fairer and more diverse economy and launch exciting opportunities for investors around the world.

The Chinese name of Micro Connect (滴灌通) is inspired by the agricultural practice of "drip irrigation." Just as drip irrigation enables farmers to selectively and precisely channel the perfect amount of water to individual crops that need it most, Micro Connect aims to provide small, accessible amounts of capital, sized and formatted in ways that are most suited to the needs of individual micro and small businesses. Our mission is to nurture and empower the diverse ecosystems of micro and small businesses, create millions of jobs, build a financial market conducive to small business participation, and showcase the vibrancy of the grassroots economy to the world.

- What is your organization's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

Micro Connect strives to pioneer solutions to the prevailing challenges faced by micro and small businesses, which often struggle to access capital through traditional debt and equity financing channels. Incurring debt is a major economic ordeal that exploits the financial vulnerabilities of small-scale businesses, while forfeiting ownership through equity investments infringes on storeowners' livelihoods while being inappropriate for investors due to a lack of exit channels. In consideration of these enduring issues, we have developed Daily Revenue Obligations (DROs) — a proprietary asset class that facilitates accessible, equitable investments into micro and small businesses without the limitations and stress of conventional investment channels.

As a non-debt, non-equity asset class, DROs ensure investors justly share the risk with businesses they invest in while retaining a potentially boundless upside. The asset entitles investors to share an agreed portion of revenue with investees over a fixed period of time, providing micro and small businesses access to permanent capital without equity dilution or debt — all while rewarding the investor for their end of the risk. By offering an equitable investment solution, Micro Connect facilitates the

development of a more vibrant, inclusive grassroots economy, providing micro and small businesses the capital and liquidity they need to grow and thrive.

Using DROs, we have designed and implemented two access channels to make meaningful contributions to the responsible investment community. The first is the Micro Connect Macao Financial Assets Exchange (MCEX), the world's first licensed exchange to trade our proprietary financial assets. The MCEX ecosystem is driven by large volumes of real-time granular data, including ESG metrics, which are a cornerstone of our commitment to responsible investment. Our overall approach to responsible investment is thereby one of facilitation — we enable and expedite socially impactful investments into micro and small businesses while promoting ESG practices in our network.

The second channel is the Micro Connect Leadership Fund, which behaves very similarly to a traditional fund, allowing us to make direct investments into micro and small businesses and manage a portfolio of DROs on behalf of Fund investors.

By leveraging our commitment to responsible investment and the power of DROs, we aspire to bring about a new era of financial inclusion.

Section 2. Annual Overview

- **Discuss your organization's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organization or its assets.**
- **Reflect on your performance with respect to your organization's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):**
 - **refinement of ESG analysis and incorporation**
 - **stewardship activities with investees and/or policymakers**
 - **collaborative engagements**
 - **attainment of responsible investment certification and/or awards**

At Micro Connect, we are dedicated to fostering a world of social betterment through financial inclusion and have started our journey in Mainland China. China's vast ecosystem of micro and small businesses collectively field boundless potential, yet a \$1 trillion USD financing gap stifles their growth. We strive to close this financing gap through accessible, equitable proprietary financial assets made available in our exchange, creating socially inclusive jobs for workers across the country and nurturing China's grassroots economy to evolve into what we know it can be.

Keeping to our vision for a more equitable economy, our investment portfolio includes many stores based in government-prescribed tier 3 cities or lower, where the influx of capital can play a crucial role in boosting the local economy. We are furthermore committed to supporting unbiased work environments that are inclusive of all individuals regardless of gender, ethnicity, and physical or mental ability. Many brands in our network have policies in place that guarantee jobs to minorities, veterans, and women, and we proudly support and fund their devotion to diversity.

To date, we have invested in over 10,000 micro and small businesses and plan to invest in over 30,000 by the end of the year. Our network of micro and small businesses has grown from under 1,000 stores to over 10,000 in just twelve months, creating an estimated 100,000 jobs across Mainland China.

At Micro Connect, we believe that all workers deserve admiration, support, and most importantly, capital investment to nurture their businesses and livelihoods. We strive to support millions of small businesses and serve as a partner in their value creation process, providing tailored growth capital that meets their development needs.

Section 3. Next Steps

- **What specific steps has your organization outlined to advance your commitment to responsible investment in the next two years?**

Since our inception, we at Micro Connect have taken significant strides in facilitating the growth of micro and small businesses. According to our projected expansion over the next two years, we will become the foremost global advocate for these vital economic engines.

We have set three overarching goals spanning the next decade.

1. Enable 30,000 stores by 2024, 100,000 stores by 2025, and 3,000,000 stores by 2032 to achieve an annual revenue of RMB 1,000,000.
2. Create and support 10,000,000 socially inclusive, environmentally friendly, and sustainable job opportunities in Mainland China by 2032.
3. Establish a framework to monitor stores' environmental and social impact and encourage their adoption of sustainable and inclusive business practices. Micro Connect recognizes the vital importance of remaining vigilant in the advent of climate change.

With our ambitious goals at Micro Connect, we strive to inaugurate a happier, wealthier, and greener grassroots economy across the world.