

# Key Information Document

## PURPOSE

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

## Product

### KraneShares California Carbon ETC USD Securities

**MANUFACTURER:** KraneShares ETC plc

**ISIN:** XS3145731611

**WEBSITE:** <https://kraneshares.eu/>

**TELEPHONE NUMBER:** +353(0)16192300

**COMPETENT AUTHORITY:** The Financial Conduct Authority has approved the Base Prospectus relating to this product.

**AUTHORISED IN:** This PRIIP is authorised in Ireland.

**ISSUED ON:** 25/03/2026

**You are about to purchase a product that is not simple and may be difficult to understand**

## WHAT IS THIS PRODUCT?

**Type:** KraneShares California Carbon ETC Securities (the “ETC”) is a series of secured debt securities issued by KraneShares ETC plc (the “Issuer”) pursuant to a KraneShares ETC Securities Programme. Under the Programme, the Issuer may offer different series (each a separate “ETC Security”). The Issuer is a public limited company incorporated in Ireland. The ETC Securities are structured as debt securities and are not units in a collective investment scheme.

**Objectives:** The performance of each ETC Security is linked to specified reference indices comprised of futures contracts (“Futures Contracts”) in respect of major carbon allowances. Each reference index is designed to measure the performance of a portfolio of liquid carbon credit futures that require “physical delivery” of emission allowances issued under cap and trade regimes. An emission allowance or carbon credit is a unit of emissions (typically one ton of CO<sub>2</sub>) that the owner of the allowance or credit is permitted to emit (a “Carbon Allowance”). A cap and trade regime seeks to gradually reduce such emission allowances or carbon credits over time to incentivise companies to reduce greenhouse gas emissions in an effort to curb climate change by restricting the right to emit a certain quantity of Greenhouse Gas Emissions. The Reference Index for the ETC is the S&P Carbon Credit CCA Index which measures the performance of the California Carbon Allowance credit market. The ETC aims to provide investors with exposure to Futures Contracts linked to Carbon Allowances, eliminating the need for physical delivery. Investors can trade this interest through a security listed on a stock exchange. The quantity of each Futures Contract (together with the proportion of cash on deposit) that backs each ETC Security is referred to as the “**Carbon Entitlement**”. The Issuer will use the proceeds of the ETC Securities to invest in Futures Contracts linked to Carbon Allowances. However, not all proceeds will be required to purchase the relevant Futures Contracts. The balance of the proceeds will be held in cash with the custodian. These cash balances may be managed under the custodian’s “Cash Management Service,” which involves placing end-of-day balances into overnight deposits with approved institutional banks across various jurisdictions. This service aims to generate a yield aligned with the presumed yield on cash as reflected in the Reference Index. The Carbon Entitlement aims to provide a similar return to directly investing in the underlying Carbon Allowances (less applicable fees). The value of the Carbon Entitlement is calculated by reference to the value of the Futures Contracts referenced by the relevant Reference Index.

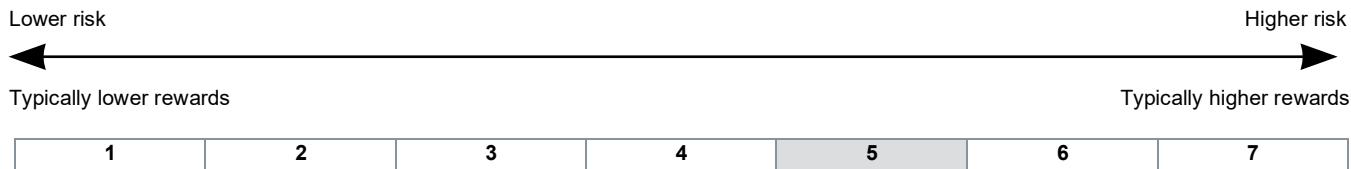
**Intended Retail Investors:** The ETC is intended for sophisticated retail investors with the knowledge and experience to understand the merits and risks associated with an investment in the ETC. Investors should have access to tools to allow them to evaluate the merits and risks of an investment in the ETC and the impact it could have on their portfolio. Investors should have the ability to bear losses up to the amount invested in the ETC and be comfortable with holding the investment until the scheduled maturity date as further described below under Term.

**Term:** The ETC has a scheduled maturity date on 25 March 2086 and investments in the ETC will be redeemed on this day. However, the ETC may be redeemed early in certain circumstances as described in the Issuer's ETC base prospectus (the “Base Prospectus”): (i) the Issuer may elect to redeem the ETC Securities early for any reason, with at least 30 days' notice; (ii) If key service providers resign or their appointments are terminated, and no replacements are appointed within 120 days, the ETC Securities may be redeemed early; (iii) If the value of an ETC Security falls below 20% of its issue price for two consecutive days, early redemption may be triggered; and (iv) Specific breaches by the Issuer, such as failure to meet obligations or insolvency events, can lead to early redemption if not remedied within the specified period. These events are detailed in the Base Prospectus and outline the specific conditions under which early redemption may be initiated.

## WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

### RISK INDICATOR

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.



The risk indicator assumes you keep the product until maturity. The actual risk can vary significantly if you cash in at an early stage and you may get back less. You may not be able to cash in early. You may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back.

We have classified this product as 5 out of 7, which is a medium-high risk class. This rates the potential losses from future performance at a medium-high level, and poor market conditions will likely impact our capacity to pay you.

**Be aware of currency risk. In some circumstances, you may receive payments in a different currency, so the final return you will get may depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.**

The ETC is subject to the following Risk Factors (without limitation):

- Futures strategy risk;
- Carbon allowances prices risk ;
- Climate change regulatory risk;
- Commodity risk;
- Concentration risk;
- Derivatives risk;
- Geographic focus risk.

This product does not include any protection from future market performance so you could lose some or all of your investment. If we are not able to pay you what is owed, you could lose your entire investment. Further risk factors related to this product are set out in the Base Prospectus.

## WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN? (CONTINUED)

### INVESTMENT PERFORMANCE INFORMATION

Your return on the product at the end of the recommended holding period will principally be affected by the performance of the underlying Futures Contracts over the recommended holding period and of the exchange rate between the product currency and the currency in which you bought the product.

#### What could affect my return positively?

An increase in the price of the carbon credit futures contracts tracked by the Reference Index, will likely lead to higher returns. Favourable market conditions, such as higher demand for carbon credits, regulatory changes promoting reduced emissions, or increased market liquidity, may also lead to higher returns.

#### What could affect my return negatively?

A decrease in the price of the carbon credit futures contracts tracked by the Reference Index will likely lead to lower returns. Unfavourable market conditions, such as lower demand for carbon credits, adverse regulatory changes to cap and trade regimes, or decreased market liquidity, may also lead to lower returns.

The factors listed above provide general guidance on how changes in the price of the Futures Contracts may affect your return. The precise impact will depend on the timing and magnitude of these changes, and the above list should not be viewed as guaranteeing a particular outcome.

In severely adverse market conditions, you may lose your entire investment.

## WHAT HAPPENS IF KRANESHARES ETC PLC IS UNABLE TO PAY OUT?

In case of a default by the Issuer, any claims made against the Issuer will be satisfied in order of the priority of payments set out in the product's conditions. If the net proceeds from the enforcement of the secured property are insufficient to meet all obligations and make all payments then due in respect of the securities, the obligations of the Issuer will be limited to the net proceeds of realisation of the relevant secured property. In these circumstances you may suffer a loss if you cannot realise the full value of your investment and no further claims can be made against the Issuer or its associated parties. There is no compensation or guarantee scheme in place which may offset, all or any of, this loss.

## WHAT ARE THE COSTS?

The person advising on or selling you this product may charge you other costs. If so, this person will provide you with information about these costs and how they affect your investment.

### COSTS OVER TIME

The tables show the amounts that are taken from your investment to cover different types of costs.

These amounts depend on how much you invest, how long you hold the product and how well the product does. The amounts shown here are illustrations based on an example investment amount and different possible investment periods.

We have assumed:

- In the first year you would get back the amount that you invested (0 % annual return).
- For the other holding periods we have assumed the product performs as shown in the moderate scenario.
- USD 10,000 is invested.

Investment Scenarios	USD 10,000	If you exit after: 1 year	5 years
<b>Total Costs</b>		86 USD	577 USD
<b>Annual Cost Impact(*)</b>		0.9 %	0.9 % each year

(\*) This illustrates how costs reduce your return each year over the holding period. For example, it shows that if you exit at maturity your average return per year is projected to be 7.98% before costs and 7.12% after costs.

We may share part of the costs with the person selling you the product to cover the services they provide to you. They will inform you of the amount.

## WHAT ARE THE COSTS? (CONTINUED)

### COMPOSITION OF COSTS

		If you exit after 1 year
<b>One-off costs upon entry or exit</b>		
<b>Entry Costs</b>	There are no entry costs for this product.	0 USD
<b>Exit Costs</b>	There are no exit costs for this product.	0 USD
<b>Ongoing costs taken each year</b>		
<b>Management fees and other administrative or operating costs</b>	All the ordinary operating and administrative expenses of the ETC shall be paid out of the Total Expense Ratio ("TER") of 0.78% the value of your investment per year. This is an estimate based on actual costs over the last year.	78 USD
<b>Transaction costs</b>	0.08% of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the underlying investments for the product. The actual amount will vary depending on how much we buy and sell. The TER does not include transaction costs.	8 USD
<b>Incidental costs taken under specific conditions</b>		
<b>Performance fees</b>	There are no performance fees for this product.	0 USD

## HOW LONG SHOULD I HOLD IT AND CAN I TAKE MONEY OUT EARLY?

### Recommended holding period: 5 years

The product has a scheduled maturity date in March 2086. The recommended holding period (RHP) has been calculated in line with the investment strategy of the ETC and the time frame in which it is expected that the ETC will achieve a return on your investment. The ETC is designed for long term investment. You may be able to sell this product at any time on the stock exchanges where it is listed. By selling the product before its scheduled maturity date, you may receive back less than you would have received if you had kept the product until the scheduled maturity date. The product may be redeemed prior to the scheduled maturity date in certain circumstances as set out in the Base Prospectus (see 'What is this Product?' above).

## HOW CAN I COMPLAIN?

If you have any complaints about the product, the conduct of the manufacturer or the person advising on the product, complaints can be lodged via the following methods:

### PRIIPs Manufacturer

I. Phone: +1 646-293-0913

II. E-mail: [compliance@kraneshares.com](mailto:compliance@kraneshares.com)

III. Mail: Chief Compliance Officer, 280 Park Avenue, 32nd Floor, New York, NY 10017 USA

IV. Online: [kraneshares.eu](http://kraneshares.eu)

## OTHER RELEVANT INFORMATION

This document may be updated periodically. The latest version, along with the product's Base Prospectus, annual reports, and additional documentation, can be found at <https://kraneshares.com/>. For detailed information on the structure, risks, and terms and conditions of the product, please refer to these documents. The information in this KID is not a recommendation to buy or sell the product and is no substitute for individual consultation with your bank or advisor. Performance scenario calculations and previous performance data are available online. Taxation regimes applicable to this security may affect your personal tax situation; prospective investors should seek appropriate advice.