
MILL
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CAPITAL
ESG Report
2025

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1 Introduction

1.1. Foreword

We are pleased to present the 2025 Mill Reef Capital ESG Report, reflecting another year of progress for Mill Reef Capital ("MRC" or "we"), both in terms of our business development and our continued commitment to sustainable investment practices.

In 2025, we continued the successful deployment of our second flagship fund, Mill Reef Capital Fund II ("Fund II"), and of Mill Reef Capital Financing Solutions ("Financing Solutions"), our dedicated vehicle focused on financing solutions. The new investments further strengthened our platform and enhanced our exposure to high-quality fund managers and portfolio companies.

Strengthening our investment processes and governance remained a key focus. Our funds continue to operate under the oversight of a third-party fully licensed Alternative Investment Fund Manager (AIFM) and depositary, ensuring full compliance with AIFMD requirements.

This report outlines the ESG progress we have made as an investment advisor and across the underlying fund managers and portfolio companies. It also presents the results of the ESG questionnaire that was conducted with the fund managers for the fifth year. We remain committed to enhancing sustainable value creation, responsible stewardship, and strong governance, ensuring that ESG remains at the core of our long-term investment philosophy.

1.2. Mill Reef Capital Core Values

Our core values represent the essence of our firm and define our attitude and behaviour. Mill Reef Capital's approach to ESG is anchored in its core values, which provide guidance for managing the firm and investing in funds and businesses according to ESG principles.



Stewardship

- We invest our money side by side through a significant fund manager commitment
- We work with best-in-class partners to invest our clients' money
- We go the extra mile



Integrity

- We follow highest standards of ethical behavior and corporate governance
- We strive to build our firm based on sustainable principles
- We communicate openly



Meritocracy

- We empower our team members and make sure they grow with the firm
- We set the right incentives for full alignment of the team



Excellence

- We hire exceptional people
- We apply analytic rigor to create superior investment returns
- We strive to deliver best-in-class service to our investors



Collaboration

- We form strong partnerships with our investors and partners
- We grow with our investors and partners

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2 | ESG at Mill Reef Capital

Mill Reef Capital is committed to incorporating ESG into its business operations to contribute to the United Nations (UN) Sustainable Development Goals (SDGs).

2.1. Environmental Initiatives

The following initiatives have been implemented at Mill Reef Capital:

Use of public transport: The firm's employees are encouraged to use public transport to commute to work and to commute to and from airports. Mill Reef Capital encourages the use of public transport by providing yearly public transportation full compensation to all its employees.

Reduce air travel: Mill Reef Capital limits intercontinental travel as far as possible. For short-distance travel in Europe, Mill Reef Capital encourages its employees to travel by train.

Consume renewable energy: 100% of Mill Reef Capital electricity consumption at its offices come from mostly locally produced energy from water, solar and wind.

Reduce use of paper: Mill Reef Capital strives to operate a fully paperless office. The firm uses tablets for meetings with clients and prospects.

Waste reduction: In 2025, Mill Reef Capital continued to reduce waste by:

- Using reusable boxes for take away food, which has helped reducing office waste significantly.
- We partner with a specialized recycling provider to ensure waste is properly separated for recycling, as regular waste in Zurich is typically incinerated. In addition to promoting environmental sustainability, this initiative also supports social inclusion by providing meaningful employment opportunities to individuals facing barriers to the job market, including those with disabilities.

Offsetting: As a firm, Mill Reef Capital has offset 50% of its 2021 and 2022 carbon footprint and 100% for 2023. In 2025, Mill Reef Capital offset 100% of its 2024 footprint (34 tCO_2e) by acquiring and withholding European Emission Allowances (EUAs) of the European Emission Trading Scheme via Compensators e.V.. The benefits of the EUAs are:

- Given we acquired the certificates, it reduces the emissions in the EU given another party cannot use the certificates to emit greenhouse gases.
- No risk of using the offset several times as sometimes the case with other offsetting methods.
- Emissions are reduced in the EU, not in some remote region not related to the location of our business.
- The acquisition of the certificates increases the CO_2 price which increases the incentive for companies to innovate.

Mill Reef Capital believes that these initiatives contribute to the following SDGs:



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2.2. Social Initiatives

The following initiatives have been implemented at Mill Reef Capital:

Encourage team diversity: Mill Reef Capital is keen to promote diversity of perspectives for optimal decision making. The team has therefore been built on the principles of gender and cultural diversity.

At Mill Reef Capital, as at the end of 2025, we had a share of 43% women in the team.

Within our team of fourteen full-time professionals, we count seven nationalities with Swiss naturally being the most represented.

Welcome working parents: At Mill Reef Capital, maternity leave stretches beyond the legal entitlement of 98 days and lasts 112 days. Mill Reef Capital employees are also entitled to 25 business days of vacation, reflecting our commitment to a healthy work-life balance.

Physical well-being: At Mill Reef Capital, we recognize the vital role physical well-being plays in overall employee health and productivity. To promote an active lifestyle, we offer two guided fitness classes per week at the office, open to the entire team. Additionally, we support our employees' individual fitness journeys by subsidizing gym and sports club memberships.

Holistic well-being: At Mill Reef Capital, we believe that a fulfilling life outside of work enhances personal and professional growth. To support our employees in pursuing their passions and long-term aspirations, we offer sabbatical leave in addition to standard vacation days. Team members are eligible for an additional 10 days of leave after five years and 20 extra days after ten years of employment.

Develop human capital: Mill Reef Capital supports the further education of its employees by paying for language courses or other professional education (e.g. CFA).

Volunteering: In 2025, we continued to strengthen our commitment to community engagement through Mill Reef Capital's volunteering program. Over the course of the year, our team dedicated a total of 16 hours to various initiatives aimed at making a positive impact.

- As part of our efforts to promote financial literacy, several team members conducted an interactive financial education workshop at a Swiss public secondary school. The session introduced students to key asset classes, investment strategies, and the Swiss pension and social security system, while also emphasizing the importance of responsible personal financial planning.
- Additionally, our team supported Terre des Hommes, Switzerland's largest children's aid organization, by volunteering at its stand at the Zurich Christmas Market, selling knitwear to raise funds for children in need.
- Several team members participated in SpracheTandem exchanges promoted by the city of Zurich.
- We also organised a session at a German Gymnasium presenting career opportunities in finance in combination with education on various market segments of the finance industry. By offering insights into the world of finance and private equity, we hope to inspire the next generation and foster early career awareness.

Mill Reef Capital believes that these initiatives contribute to the following SDGs:







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2.3. Governance Initiatives

Mill Reef Capital is fully employee-owned and commits itself to growing the firm based on the highest institutional standards. Amongst others, the following policies and initiatives contribute to our commitment:

Investment policy: Details the investment process and defines relevant control mechanisms.

Incentive structures and accountability: Mill Reef Capital fosters alignment with investors' interests through substantial employee investment in the funds, carried interest incentives for the entire team, and senior employee ownership of the firm.

Compliance policy: Governs rules and regulations with regards to AML, handling of material, non-public information (MNPI), outside business activities of Mill Reef Capital employees etc.

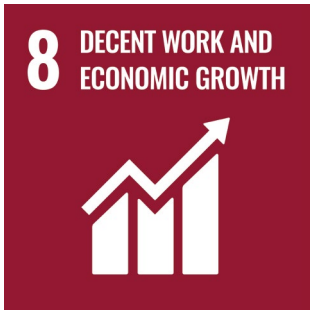
Risk policy: Identifies and describes the handling of strategic, operational and investment risk of Mill Reef Capital.

Business Continuity Plan: Defines the framework by which Mill Reef Capital establishes, implements and maintains an adequate Business Continuity Policy ("BCP").

Cyber Security Initiatives: Mill Reef Capital recognizes the increasing importance of cybersecurity in safeguarding our operations, data, and stakeholder trust. As part of our broader risk management framework, we have implemented a structured approach to mitigate cyber threats and enhance our resilience against potential breaches.

Mill Reef Capital has one independent director on its three-member Board of Directors. Furthermore, Mill Reef Capital has built a high-quality group of external advisors. It is comprised of professionals who have deep knowledge of asset management and private equity. They support Mill Reef Capital in the achievement of strategic objectives and further enhance the firm's high governance standards.

Mill Reef Capital believes that these initiatives contribute to the following SDGs:





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3

ESG in Investment Management

3. ESG in Investment Management

The funds advised by Mill Reef Capital from 2023 onwards are classified as Article 8 funds under the EU's Sustainable Finance Disclosure Regulation (SFDR) ((EU) 2019/2088). The funds promote environmental and/or social characteristics and may invest in sustainable investments, but do not have sustainable investing as a core objective.

The funds will consider ESG-related factors across:

- The investment selection process, through proprietary ESG target fund manager and asset due diligence
- The investment monitoring process, through a yearly fund manager questionnaire and other checks confirming or updating the ESG status of the investments

Mill Reef Capital has pledged to allocate at least 51% of the funds' commitments starting from Fund II to investments that promote environmental and/or social characteristics ("E/S Investments").

Additionally, we committed to excluding any underlying assets that do not pass the negative screening or that have been involved in severe and systematic violation of the UN Global Compact (investments not classified as E/S investments but passing the negative screening and UN Global Compact test are considered "Other Investments").

3.1. ESG in the Investment Selection Process

During the investment selection process, we run a comprehensive ESG assessment based on the following elements:

- Negative screening
- ESG asset due diligence with a focus on activities and behaviours
- Target fund manager due diligence regarding ESG capabilities and processes
- Disclosure assessment of the investment according to the Sustainable Finance Disclosure Regulation ("SFDR") or equivalent standards

The results of the assessment determine if the investment is classified as an E/S Investment, as an Other Investment or is excluded.

3.2. ESG in the Investment Monitoring Process

As part of the ongoing monitoring of the investments, most of the steps from the investment selection process are repeated annually to confirm or update the original ESG assessment, and to conduct initial ESG analysis on new underlying companies. This is done primarily through an annual ESG questionnaire sent out to all fund managers, as well as internal assessments of inter alia:

- Stranded asset risk
- ESG data reporting capabilities and governance processes
- Greenhouse gas emissions
- Instances of confirmed non-compliance with human rights
- Severe environmental or social controversies
- Good governance



4. ESG at the Underlying Fund Managers

4.1. Mill Reef Capital Fund Manager ESG Questionnaire

For the fifth time, Mill Reef Capital asked fund managers to complete an ESG questionnaire to assess the current status of ESG implementation and to collect KPIs. The questionnaire was revised in 2023 to ensure alignment with our SFDR Article 8 framework and processes. We sent the questionnaire to the 30 fund managers that were part of the portfolio at the end of 2025. We had a 97% response rate, with 29 fund managers submitting answers.

We present the results in the coming sections. For some questions in the company-level section, no data was provided by the respective fund managers. We only present the responses for companies where data is available, i.e., the underlying number of companies may vary from question to question.

4.2. Fund Manager Assessment

The survey results revealed a growing emphasis on ESG considerations and responsible investment practices among fund managers. Most fund managers in the portfolio are reporting on ESG with 77% reporting ESG status on a regular basis compared to 75% in 2024. There has been a significant increase over time in fund managers using materiality maps to identify material ESG factors (68% in 2025 vs 55% in 2023). 77% of the fund managers are UNPRI signatories or members of a similar association, and the large majority (87%) of fund managers report having a responsible investment policy.

While even the fund managers that are already advanced in their ESG journey see a margin of improvement, a minority of fund managers (16%) are not planning any ESG improvements in the coming year. On the other hand, 84% provide ESG training to staff, with varying approaches – some systematic and external, others more ad hoc and internal, compared to 67% last year. Tracking ESG performance is common, with 77% monitoring ESG KPIs, ranging from basic social measures to comprehensive sets. Encouragingly, 84% (vs. 79% last year) plan ESG improvements, spanning reporting improvements, environmental initiatives, and social actions. Mill Reef Capital collaborates with managers demonstrating strong ESG commitment, with 87% achieving Tier 1 or Tier 2 ratings (compared to 82% in 2023). Meanwhile, Mill Reef Capital continues to engage with existing Tier 3 managers to enhance their ESG approach.

Figure 1:
Do you have a responsible investment policy?

87% of all fund managers have a responsible investment policy.

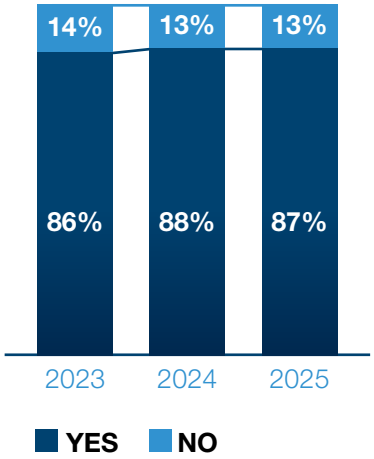
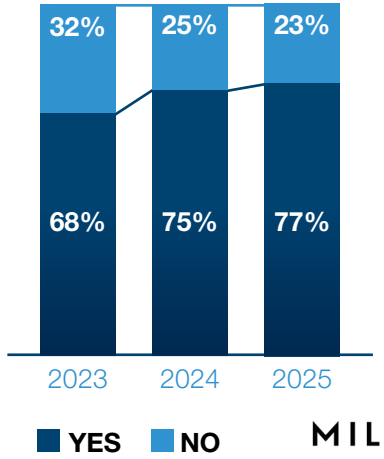


Figure 2:
Are you a UNPRI signatory or member of a similar association?

Among all fund managers, 23% are not signatories of any initiatives, while 77% are signed up for at least one initiative, standard or reporting framework.



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Figure 3:

Do you provide ESG training for staff?

With significant improvement from the previous year, 83% of all fund managers provide ESG training to their staff. This training varies from regular systematic training provided by external providers to more ad hoc training provided internally. 16% of respondents have not provided ESG training yet.

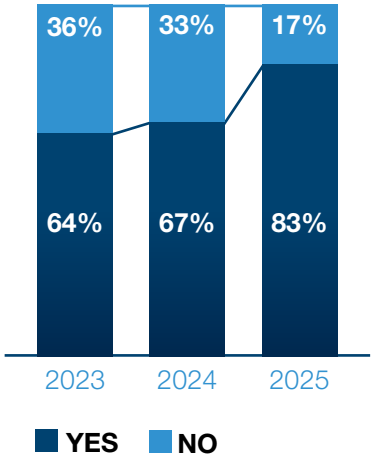


Figure 4:

Do you track ESG progress on company level for your investments?

77% of all fund managers track ESG KPIs with a wide range of depth ranging from basic social measures to comprehensive sets with more than 100 indicators tracked.

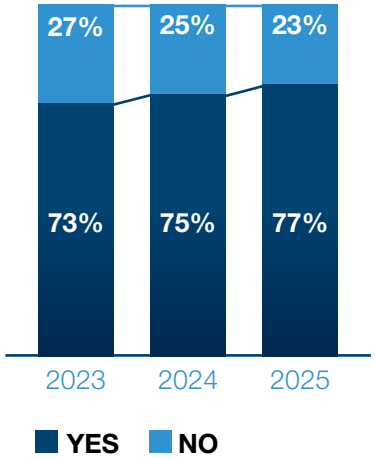


Figure 5:

Do you use a materiality map to identify material ESG factors?

67% of all fund managers use a materiality map to identify material ESG factors.

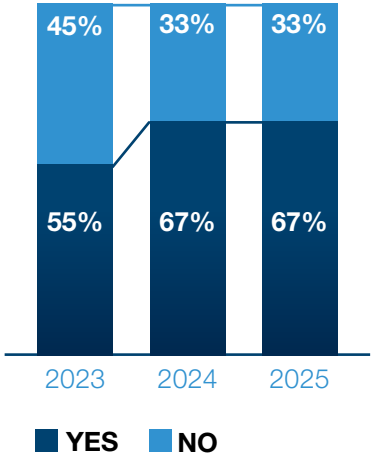
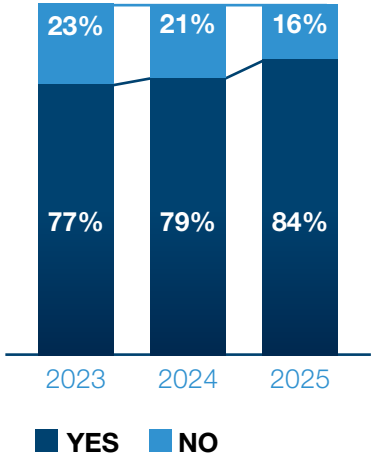


Figure 6:

Are you planning to implement ESG improvements in the coming year?

84% of all fund managers indicated they are planning ESG improvements in the coming year. The planned improvements vary from starting to track portfolio GHG emissions to enhanced reporting, as well as various environmental and social initiatives both at fund manager and portfolio company level.



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Figure 7:
Do you compile a regular ESG reporting?

77% of all fund managers issue a regular ESG report, in line with the previous year.

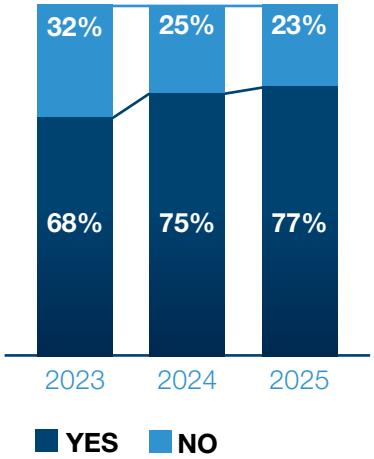
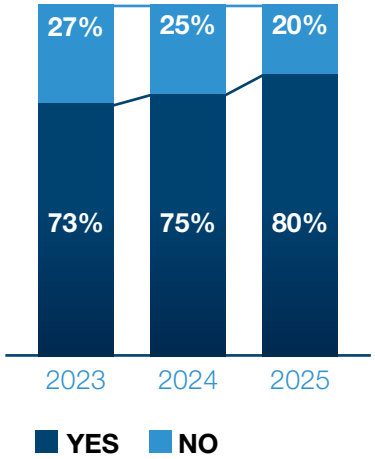


Figure 8:
Do you include ESG implementation as part of value creation?

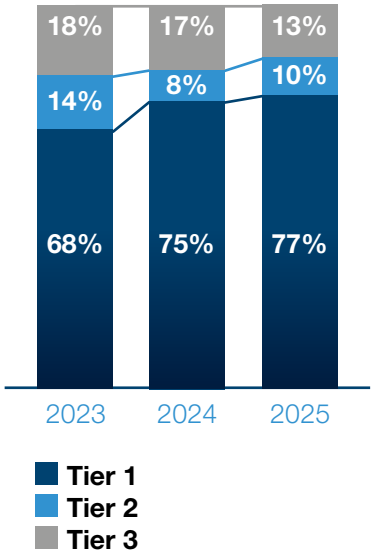
80% of all fund managers include ESG implementation in the value creation plans for their portfolio companies.



Prior to investment and on an ongoing basis, all underlying fund managers MRC is invested with are rated based on the proprietary MRC fund manager ESG rating.

Mill Reef Capital is proud to work with managers that show a high commitment to ESG, with 87% of the underlying fund managers achieving a Tier 1 or Tier 2 rating. Meanwhile, we continue to engage with existing Tier 3 fund managers to strengthen their commitment to ESG.

Figure 9:
Split of underlying fund managers by rating.



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4.3. Company Level Assessment

All 147 underlying portfolio companies in the portfolio adhere to the UN Global Compact principles, demonstrating a commitment to responsible business practices. Stranded asset risk is slightly higher with 8% of relevant company fair market value classified as Amber, compared to 6% last year (categories ranging from Green to Amber and Red), due to a higher proportion of industrials and healthcare companies that are often classified as Amber. Additionally, 53% of relevant portfolio companies have an existing ESG policy. Encouragingly, 81% of relevant companies with no ESG policy indicated they plan to implement one in the future. With slight improvement compared to last year, the portfolio companies generally track ESG performance, with 81% of relevant companies reporting KPIs and 63% tracking greenhouse gas emissions. Furthermore, 30% of portfolio companies have a dedicated ESG training plan.

Figure 10:
Adherence to UN Global Compact principles.

Out of 147 underlying companies in the portfolio as of December 2025, all adhere to UN Global Compact principles.

The UN Global Compact violation test is completed prior to investment through the fund manager questionnaire as well as a negative media screening via Factiva. Adherence is confirmed by the fund manager each year through our annual ESG questionnaire.

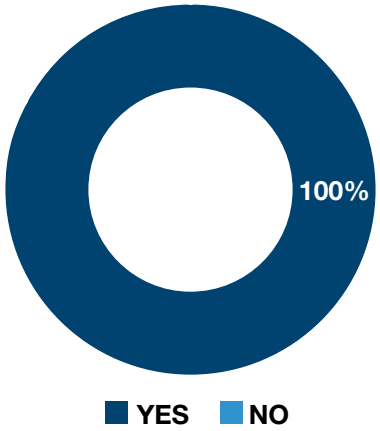


Figure 11:
Negative screening against exclusion list.

All 147 underlying portfolio companies have been screened against our exclusion list. Mill Reef Capital conducts an annual review of all portfolio companies to make sure all companies adhere to our exclusion criteria.

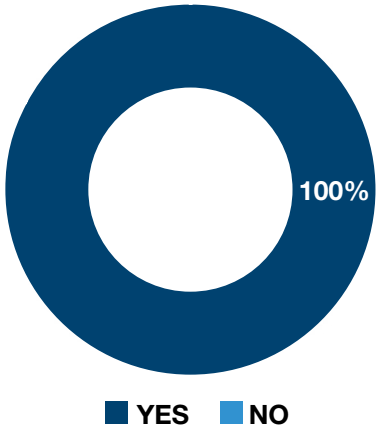


Figure 12:
Stranded asset risk assessment.

Starting from 2023, we screen all new portfolio companies for stranded asset risk. Using the company's activity (via NACE code), we classify the company as either Green, Amber or Red – with Green representing the lowest stranded asset risk and Red the highest. According to the fair market value of relevant companies, 92% are classified as Green, while 8% are classified as Amber. Last year 6% of the relevant portfolio fair market value was classified as Amber. The slight increase is due to the addition of multiple companies operating in the industrials space.

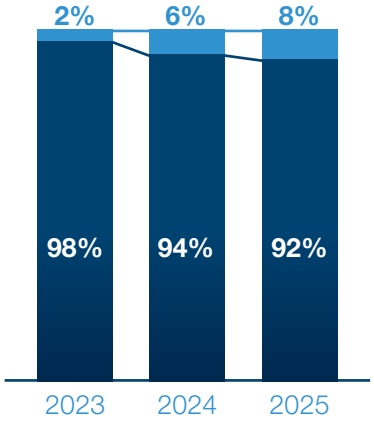


Figure 13:
Environmental or social controversies.

Starting from 2023, we screened all new underlying portfolio companies for environmental and social controversies prior to investment via adverse media screening. None of them were involved in any environmental or social controversies.

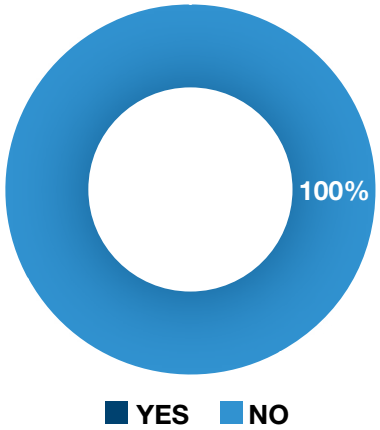


Figure 14:
Percentage of portfolio companies with an ESG policy.

53% of portfolio companies for which we have available data have an ESG policy.

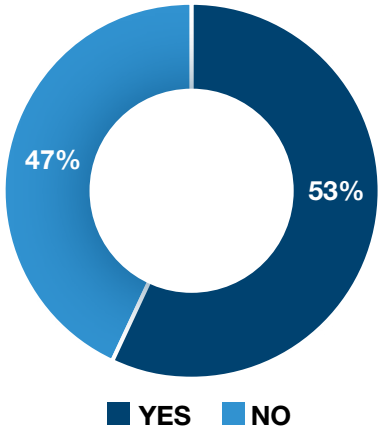
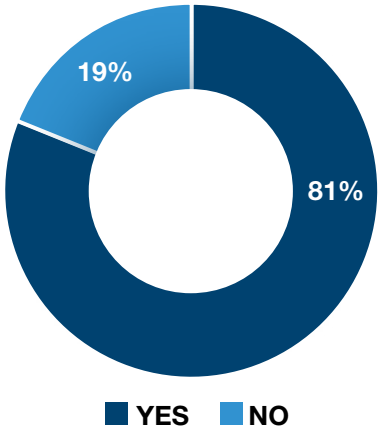


Figure 15:
Percentage of companies with no ESG policy that plan to implement one.

81% of portfolio companies that do not currently have an ESG policy plan to implement one in the future.



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Figure 16:
Percentage of portfolio companies reporting ESG KPIs.

81% of portfolio companies for which we have available data report ESG KPIs.

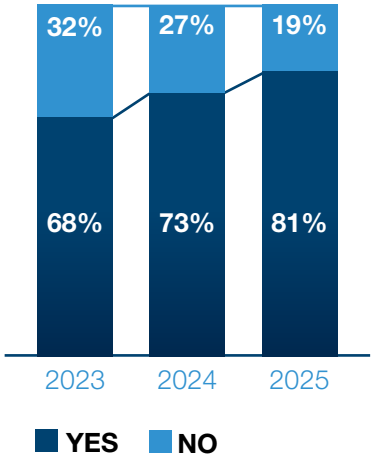


Figure 17:
Percentage of companies tracking GHG data.

63% of portfolio companies from responding managers track greenhouse gas emissions data, increasing from 52% last year.

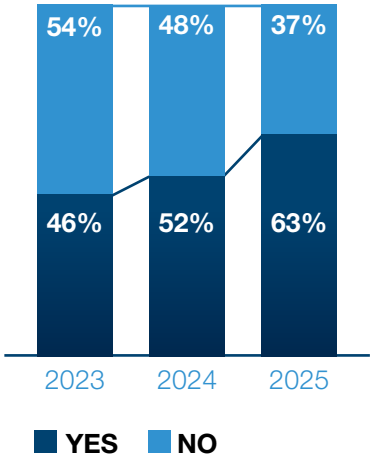
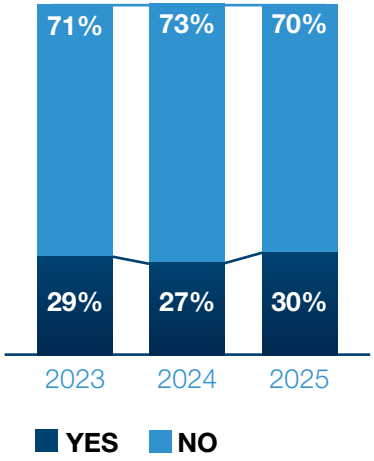


Figure 18:
Percentage of companies that have a dedicated ESG training plan.

30% of portfolio companies from responding managers have a dedicated ESG training plan.



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5 Portfolio Footprint

5. Portfolio Footprint

Given many fund managers do not report greenhouse gas emissions at this stage, we continued to use carbon accounting software Persefoni to estimate the portfolio emissions in 2025. However, there has once again been a large increase of reported bottom-up data on portfolio companies from fund managers. Of the 147 companies in the portfolio as of December 2025, we received data for 78 companies, representing circa 40% of fair market value. This is in line with last year, with data for 52 companies, representing circa 40% of total fair market value. In our 2022 report, bottom-up data was available for only one portfolio company. This underscores the increasing awareness of fund managers we work with regarding climate issues. By integrating climate considerations into investment strategies and engaging with portfolio companies to address sustainability challenges, fund managers can enhance the resilience of companies adapting to a low-carbon economy. This also shows the broader commitment towards sustainable investment practices, thereby aligning financial objectives with environmental stewardship.

For the portfolio companies where no bottom-up data is available, this report relies on the Persefoni estimate. The estimate is based on Partnership for Carbon Accounting Financials ("PCAF") guidelines. PCAF was created in 2015 by financial institutions with the aim of standardizing reporting for portfolio emissions.

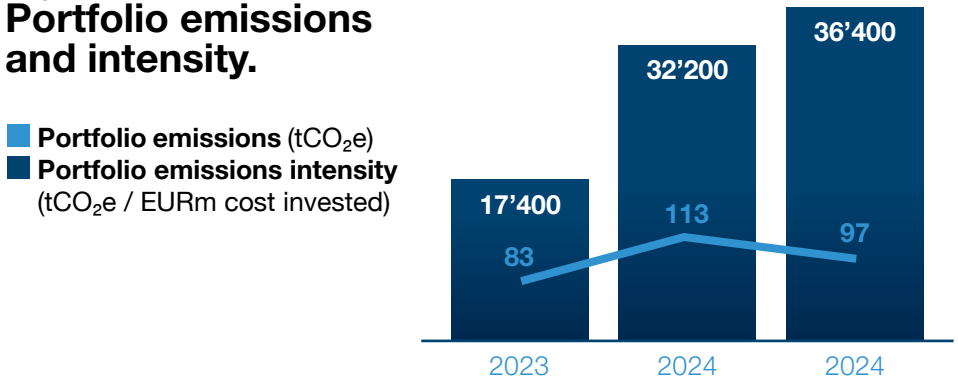
The top-down calculation is based on factors such as industry classification, location and revenues of the underlying portfolio companies. Once emissions are calculated, they are distributed between debt and equity holders. The footprint of the Mill Reef Capital portfolio considers the look-through equity shareholding. Over time, we will continue to improve both the data quality within Persefoni as well as introduce more bottom-up data from the underlying companies.

In 2025, Mill Reef Capital's portfolio footprint was approximately 36'415 tCO_2e. This compares to approximately 32'200 tCO_2e in 2023 and 17'400 tCO_2e in 2023 (comparable numbers adjusted for the new emissions factor set used by Persefoni since 2023). This growth follows the development of our firm, as the number of portfolio companies increased significantly with the deployment of Mill Reef Capital Fund II and Mill Reef Capital Financing Solutions funds.

	2023	2024	2025
Portfolio emissions (tCO_2e)	17'400	32'200	36'400
Companies reporting own emissions data (#)	22	52	78
Companies reporting own emissions data (% FMV)	21%	40%	40%
Emissions intensity (tCO_2e / EURm cost invested)	83	113	97

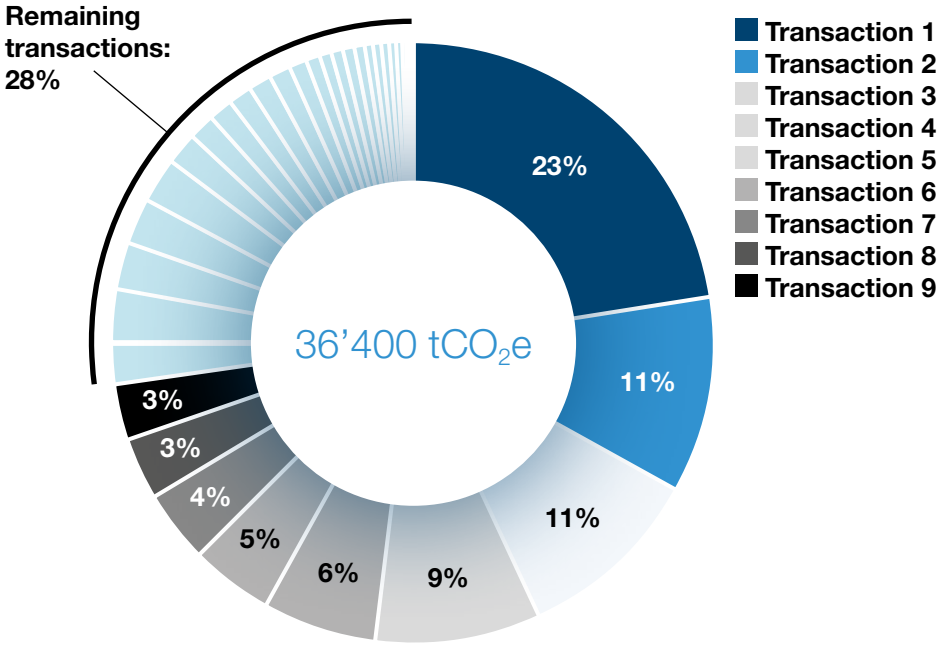
It can be difficult to compare absolute emissions over time, due to differing sizes, sectors and scope of emissions. We believe intensity metric for the portfolio emissions allows for an easier comparison as there is a common shared denominator and allows for comparison over time.

Figure 19:
Portfolio emissions and intensity.



A more comparable figure between the years is the portfolio emissions intensity metric which was 94 (tCO2e per EURm of cost invested) in 2025. The emissions intensity has been increasing linearly since 2022 (from 64 in 2022 to 113 in 2024) due to the introduction of more companies in the industrials and services sectors to Mill Reef Capital's portfolio, which was initially more focused on technology and software, but has decreased y-o-y in 2025, reflecting a continued balance across sectors in the portfolio.

Figure 20:
Split of MRC Portfolio emissions by Deal in 2024.

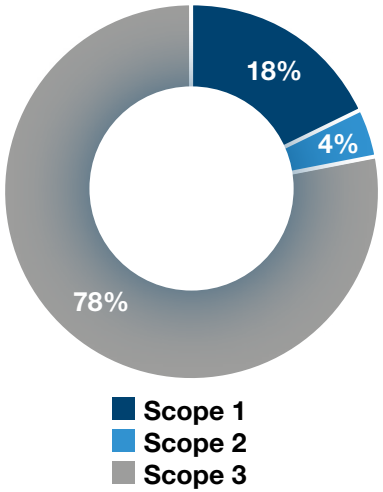


Approximately 23% of Mill Reef Capital's portfolio footprint is generated by Transaction 1, a NAV financing covering 4 portfolio companies, one of which is involved in metal casting. This company is responsible for significantly increasing MRC's portfolio emissions and emissions intensity in 2025. However, the company's strategic initiatives and product focus align positively with ESG principles. Notably, a significant portion of the company's turnover is derived from cast parts used in renewable energy generation, particularly in the wind power industry. The company produces critical components such as rotor hubs and machine carriers for wind turbines. Furthermore, the company is committed to environmental sustainability, sourcing around 90% of its raw materials from recycled metal waste and gradually transitioning to renewable energy sources, with approximately 70% of its electricity already coming from such sources. These efforts underscore the company's dedication to supporting the European energy transition and achieving climate neutrality by 2030.

Transaction 2 involves a company active in the production of active fire protection systems in Europe and accounts for 11% of the total footprint. The top 8 transactions account for approximately 72% of Mill Reef Capital's portfolio footprint and involve companies from diversified sectors, including manufacturing, telecom, healthcare and professional services. The remaining 41 transactions account for approximately 28% of the portfolio footprint.

Figure 21:
Scope 1, 2 and 3.

18% of Mill Reef Capital's portfolio footprint relates to Scope 1 emissions, whereas 4% relates to Scope 2 emissions. Most of the portfolio footprint (78%) relates to Scope 3 emissions.



PCAF standards organize corporate emissions into Scope 1, Scope 2, or Scope 3 based on the emissions source.

- Scope 1 emissions occur from sources controlled or owned by an organization, such as boilers, furnaces, and vehicles.
- Scope 2 are indirect emissions associated with the purchase of electricity, steam, heat, or cooling.
- Scope 3 emissions are also indirect GHG emissions. These emissions are the result of activities from assets not owned or controlled by the reporting organization but that the organization indirectly impacts in its value chain. Scope 3 emissions also often represent the majority of an organisation's total GHG emissions.

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6 Sustainable Development Goals

6.1. SDGs at Mill Reef Capital

The SDGs set out a pathway to inclusive growth and represent a call to action for the private and public sectors as well as civil society. Mill Reef Capital firmly believes that the private sector has a critical role to play in achieving the SDGs, and private equity investors are in a unique position to invest in and influence businesses in a manner that creates positive change.

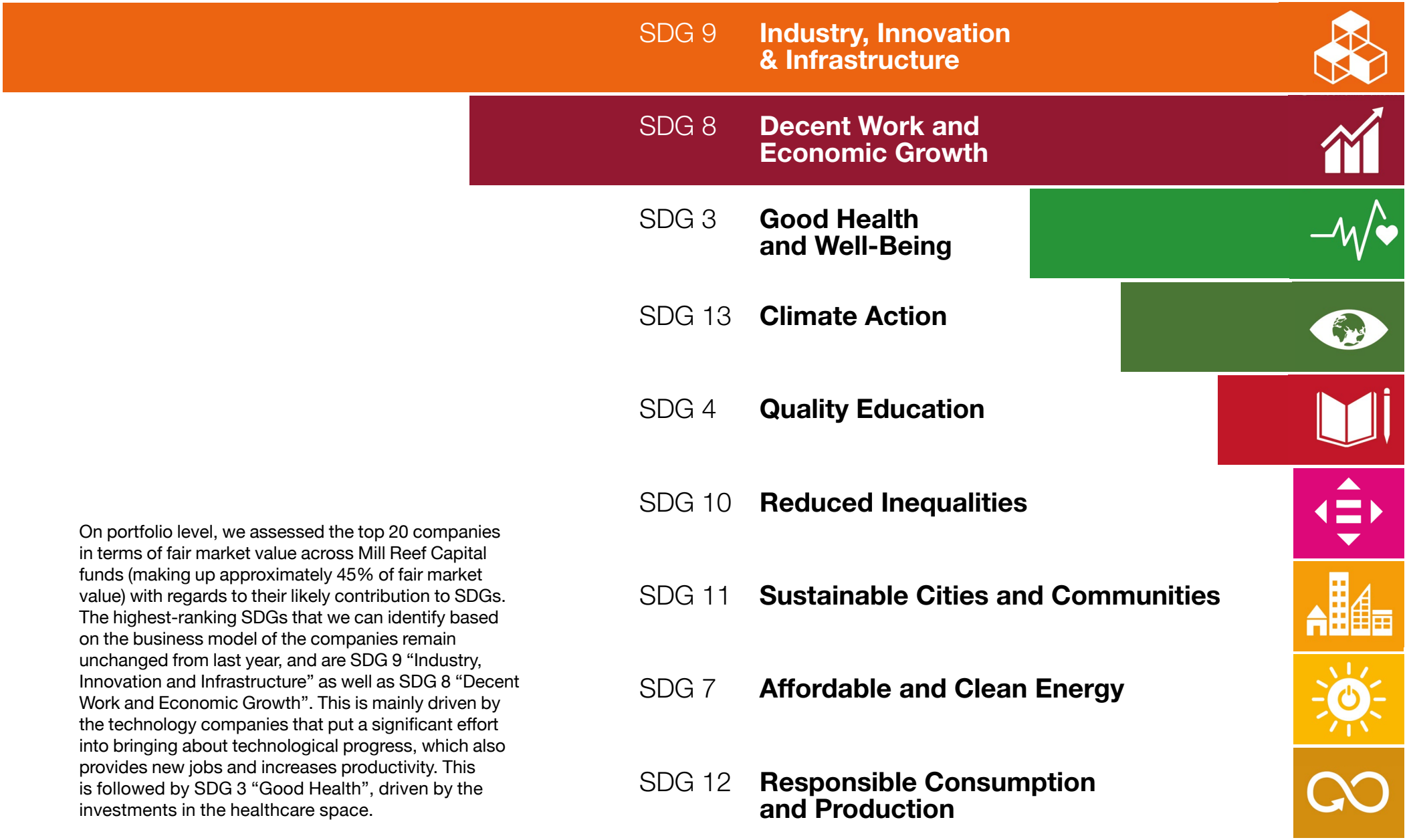
Mill Reef Capital commits itself to contribute to the achievement of the SDGs by implementing appropriate initiatives both on the level of its own business operations as well as by assessing target portfolio companies with regards to their contribution to the SDGs.

Mill Reef Capital believes it contributes to the following SDGs (see also section 2 above):



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6.2. **SDGs at the Portfolio Companies**



On portfolio level, we assessed the top 20 companies in terms of fair market value across Mill Reef Capital funds (making up approximately 45% of fair market value) with regards to their likely contribution to SDGs. The highest-ranking SDGs that we can identify based on the business model of the companies remain unchanged from last year, and are SDG 9 “Industry, Innovation and Infrastructure” as well as SDG 8 “Decent Work and Economic Growth”. This is mainly driven by the technology companies that put a significant effort into bringing about technological progress, which also provides new jobs and increases productivity. This is followed by SDG 3 “Good Health”, driven by the investments in the healthcare space.

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7

ESG Initiatives for 2025

In 2025, Mill Reef Capital will be working on a number of initiatives aimed at enhancing the implementation of ESG principles and furthering our impact.

7.1. **Management Company**

In 2026 Mill Reef Capital plans to advance the ESG effort by:

- enhancing data coverage and data collection processes
- adjust in accordance with UN PRI's updated requirements
- preparing for the upcoming changes of the SFDR regulation

7.2. **Portfolio**

Based on the responses of the fund manager ESG questionnaire and the carbon footprint analysis with Persefoni, Mill Reef Capital will continue engaging with the fund managers to encourage further advances in the depth of ESG implementation and understand measures to reduce emissions on portfolio level.



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