

## Mill Reef Capital Fund II SCS (the "Fund")

Sustainability-related disclosures required for Article 8 financial products under Regulation (EU) 2019/2088 ("SFDR")

<b>I. No sustainable investment objective</b>
This Fund promotes environmental and social (E/S) characteristics, but does not have sustainable investment as its objective.
<b>II. Environmental or social characteristics of the financial product</b>
The Fund promotes E/S characteristics by predominantly investing in target funds that exhibit strong ESG credentials and comply with the requirements of the proprietary ESG due diligence of the investment manager. The ESG investment strategy of the Fund will focus on ESG aligned as well as ESG transitional investments that are selected based on stringent investment due diligence processes.
<b>III. Investment strategy</b>
<p>The Fund will concentrate on the more complex, non-traditional transactions and is primarily focussed on small buyout and growth equity investments with quality fund managers. The ESG investment strategy of the Fund is based on the following elements relevant for the investments under #1 as described in the section "<i>Proportion of investments</i>":</p> <ul style="list-style-type: none"> <li>▪ Negative screening;</li> <li>▪ Target fund manager due diligence regarding ESG capabilities and processes;</li> <li>▪ Analysis of the classification and disclosure of the Investment according to SFDR or equivalent standards;</li> <li>▪ Positive screening</li> </ul>
<b>IV. Proportion of investments</b>
<p>The Fund aims to create an investment portfolio mainly holding secondaries. At least 51% of the underlying investments will be aligned with E/S characteristics (# 1). Investments that fall into the category #2 ("Other") refers to investments that are not expected to promote E/S characteristics, as well as ancillary assets. The planned asset allocation with respect to the split between #1 and #2 is applicable at the latest at the conclusion of the investment period. The fund manager commits to allocate on an overall basis considering the Fund's lifecycle, 51% of the Fund's commitments to investments that contribute to the promoted E/S characteristics. The effective commitments may differ throughout the Fund's lifecycle as illustrated above, nevertheless ensuring the 51% overall allocation of commitments is complied with. The planned asset allocation remains in any case applicable, considering the above, until the Fund begins liquidating its assets.</p> <div style="text-align: center; margin: 20px 0;"> <pre> graph LR     A[Investments] --&gt; B[#1 Aligned with E/S characteristics 51%]     A --&gt; C[#2 Other 49%]     B --&gt; D[#1B Other E/S characteristics]     B --&gt; E[#1 Aligned with E/S characteristics 51%]             </pre> </div>
<b>V. Monitoring of environmental or social characteristics</b>
The Fund is focusing on different sustainability indicators to measure the attainment of the promoted E/S characteristics. The sustainability indicators may evolve over time to ensure their ongoing relevance with respect to the target investments of the Fund. As the sustainability indicators to be assessed may differ from investment to investment, they are to be understood as in principle relevant and dependent on the specific investment. Other sustainability indicators might be more relevant and suitable to assess the level of contribution to the promoted E/S characteristics.
<b>VI. Methodologies for environmental or social characteristics</b>
<p>The Fund seeks to attain the promoted E/S characteristics by focusing on:</p> <p><b>Exclusion criteria</b></p> <p>The Fund has defined certain exclusion criteria with respect to major business activities of the investments (&gt;25 % of revenues) and behaviours of the investments which are relevant and applicable for all investments of the Fund.</p>

### **Target fund manager due diligence**

The Fund has developed a proprietary framework to classify target fund managers and strategies on their approach to ESG. The scores represent the Fund's assessment of the degree to which ESG factors are incorporated within a target fund manager's investment philosophy.

### **ESG asset due diligence with a focus on activities and behaviours**

The Fund is assessing the underlying portfolio companies based on a proprietary ESG due diligence assessment with a focus on the activities and behaviours of the company. Besides the negative screening requirements, the ESG due diligence may inter alia consider a stranded asset risk assessment, ESG data reporting capabilities and governance processes, relevant ESG policies and processes, Greenhouse gas (GHG) emissions, instances of confirmed non-compliance with human rights, severe environmental or social controversies.

### **Disclosure assessment**

Further the following elements are assessed during the investment due diligence:

- the classification of the Investment under SFDR or equivalent disclosure standards (where available);
- the contribution of the Investment to the promoted E/S characteristics measured by the relevant sustainability indicators.

In case the investment is not required to provide a relevant disclosure, the Fund will consider, as feasible and required to conclude on the ESG assessment, different options available for the assessment of the contractual alignment with the investment through means such as side letter requests. Investments contributing to the attainment of the promoted E/S characteristics are required to pass the good governance requirements.

### **VII. Data sources and processing**

The Fund may consider different data sources to attain the promoted E/S characteristics. Assessments may be based on information provided by the fund manager of the target fund, publicly available information, and information from a specialised provider. The Fund aims to implement a data quality process and, in doing so, shall consider that data used is relevant to the ESG investment strategy, appropriate regarding the considered period and consistent and comparable over time, as relevant. The Fund is collecting and assessing data during the due diligence phase in different ways which is subsequently assessed from a qualitative perspective and considered in the ESG investment strategy. The data and results of the due diligence are centrally stored and maintained. Relevant data is at least updated with respect to the annual reporting of the Fund. With respect to the initial due diligence, the Fund may use proxy information or estimates regarding GHG emissions.

### **VIII. Limitations to methodologies and data**

The Fund has implemented an SFDR process and, in relation to this process, checks that there are no material limitations at this stage. Limitations may arise in relation to data quality and completeness, which may vary between investments. However, the Fund does not expect that these limitations will materially affect the achievement of the Fund's promoted E/S characteristics or materially adversely affect the qualification of the investments under #1 as described in the section "*Proportion of investments*".

### **IX. Due Diligence**

The Fund is assessing the underlying portfolio companies based on a proprietary ESG due diligence assessment with a focus on the activities and behaviours of the company. Besides the negative screening requirements, the ESG due diligence may inter alia consider:

- A stranded asset risk assessment;
- ESG data reporting capabilities and governance processes;
- Relevant ESG policies and processes;
- GHG emissions;
- Instances of confirmed non-compliance with human rights;
- Severe E/S controversies.

The E/S characteristics focus may differ within the limits of the investment objective from investment to investment based on geography and sectoral considerations.

### **X. Engagement policies**

No dedicated engagement policy has been established for the Fund.

### **XI. Designated reference benchmark**

The Fund does not use a benchmark.