MERILL FUNDS

Statement on

Principal Adverse Impacts

of Investment Decisions

on Sustainability Factors

June 2026

MERILL FUNDS

Table of Contents

Sustainable Finance Disclosure Regulation (SFDR)

Date	30th June 2026
Financial Market Participant	Merill SICAV plc (LEI 254900WI37GGVUSS6K65)

Summary

Merill SICAV plc (LEI 254900WI37GGVUSS6K65), a self-managed scheme (the 'Company'), considers Principal Adverse Impacts (PAIs) of its investment decisions on sustainability factors. This statement provides a comprehensive overview of the methodologies, policies, and actions taken by the Company to identify, prioritize, and mitigate these impacts.

The PAI is considered by the Company as part of its investment due diligence process and procedures. At entity level, PAIs are considered by measuring and monitoring the aggregated negative impact of its investments on sustainability factors. This statement provides a description of the PAIs of the investment decisions adopted by the Company.

As a financial market participant, the Company is committed to fulfilling its obligations under Article 4 of the SFDR to consider the PAIs of investment decisions on sustainability factors.

The Company recognizes the material importance of adverse impacts on the Environment, Society, and Governance (ESG) factors, and aims to integrate these considerations into its investment decisions in a transparent, systematic, and compliant manner.

Additionally, this statement further provides:

1. Information on the policies adopted to identify and prioritise PAIs;
2. The methodologies and data processes adopted by the Company;
3. The approach taken in engaging with investee companies and other measures taken;
4. Details on the international standards adopted by the Company;
5. Remedial actions and measures;
6. Historical Comparison.

This statement on PAIs will cover the period from 1st January 2025 to 31st December 2025

Policies to Identify and Prioritize PAIs on Sustainability Factors

Sustainable Finance Disclosure Regulation defines sustainability factors as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. PAIs are generally understood as the negative impact caused by an investment decision or investment advice on these factors.

The Company employs a robust set of policies to manage and mitigate PAIs, including:

- **Exclusionary Screens**: Utilized within the investment management system to highlight investments in companies involved in activities deemed harmful and in violations of UNGC principles.
- **ESG Scoring**: Provided by Clarity AI, ESG scores which include the consideration of all PAIs are integrated into the investment decision process, with pre-agreed thresholds set by the ESG Committee (for further information see below under 'Description of PAIs of Investment Decisions on Sustainability Factors').
- **Further PAI Consideration**: Investments inside the investable universe are further considered on the basis of specific PAIs chosen by the Company. Those that rank above the 50th percentile and/or those that score higher than others in the same industry sector, are preferred (for further information see below under 'Description of Principal Adverse Impacts of Investment Decisions on Sustainability Factors').
- **Good Governance Practices**: Investee companies are assessed for sound management structures, employee relations, remuneration practices, and tax compliance.

Governance and Accountability

The Company is committed towards ensuring a good corporate governance in relation to its policies, procedures and processes. The governance structure overseeing sustainability practices at the Company includes:

- **ESG Committee**: Responsible for setting and reviewing sustainability policies and practices.
- **(Delegated) Portfolio Manager**: Integrates ESG factors into the investment process and ensures compliance with sustainability policies.
- **Compliance Team**: Monitors adherence to exclusionary screens and other binding elements of the investment strategy.

Data Sources and Methodologies

The Company uses data provided by Clarity AI for ESG research and scoring methodology, this data provider is further supplemented by desktop research from our analysts and engagement.

Description of PAIs of Investment Decisions on Sustainability Factors

The Company makes use of an ESG score provided by Clarity AI platform, which incorporates all PAI metrics. The score provides an overarching mechanism to ensure that all PAIs are considered by the Company. This allows the Company to maintain a clear focus on promoting specific environmental and social characteristics.

All mandatory PAIs under Annex I of the SFDR RTS are considered within the ESG scoring model provided by Clarity AI platform. The Clarity AI platform also considers the two voluntary PAIs chosen by the Company due to their alignment with the objective of the funds, which are the water usage and recycling for companies and average human rights performance for sovereigns. Their consideration is also included in the overall ESG score of an investee company or issuer. These factors are evaluated holistically by the Clarity AI platform and the ESG score provided by the said platform on the basis of the aforementioned PAIs, influence the overall sustainability assessment of each investee company or issuer.

Whilst the Company does not directly monitor all mandatory PAIs, it ensures that these are adequately considered through the ESG scoring methodology referred to above.

The Company further focuses on indicators of adverse impacts on sustainability factors that are most material to its investment strategy and areas of expertise.

It has identified the following PAIs based on the methodologies provided by Clarity AI platform that are mainly aligned with the investment strategy of its funds:

Indicators Applicable to Investments in Investee Companies

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Adverse sustainability indicator		Metric	Impact [year n]	Explanation	Actions taken
Greenhouse gas emissions	1. GHG emissions	Total GHG emissions		Company's carbon emissions (Scope 1 + 2 + 3) multiplied by the % of the company owned (calculated based on the enterprise value). It is considered a 1M Euro invested in the company for the calculation of this PAI	Exclusionary screens
Water	8. Emissions to water	Water usage		Average amount of water consumed and reclaimed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	Exclusionary screens
		Water recycling		Weighted average percentage of water recycled and reused by investee companies	Exclusionary screens

Indicators Applicable to Investments in Investee Companies *- continued*

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Adverse sustainability indicator		Metric	Impact [year n]	Explanation	Actions taken
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises		At company level: Has the company been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises? At portfolio level: Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises Notes: 1. A "yes" value at company level indicates that such company has been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises. 2. The aggregation of this PAI is carried out by the sum of "yes" values.	Exclusionary screens

Indicators Applicable to Investments in Investee Companies *- continued*

INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS					
Adverse sustainability indicator		**Metric**	**Impact [year n]**	**Explanation**	**Actions taken**
Human Rights	HUMAN_RIGHTS_SOVEREIGNS	Average human rights performance		Measure of the degree of respect for workers' rights using five domains: civil liberties, the right to establish or join unions, trade union activities, the right to collective bargaining and the right to strike.	Exclusionary screens

These impacts are measured using indicators such as total carbon intensity, water usage, water recycling, and overall UNGC compliance status.

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse sustainability indicator		Metric	Impact [2025]	Impact [2024]	Explanation	Actions taken
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	11193.934 tonne CO2e	12753.674 tonne CO2e	Coverage 86.69% Estimated 15.66% Reported 84.34%	Exclusionary screens
		Scope 2 GHG emissions	929.8682 tonne CO2e	973.82416 tonne CO2e	Coverage 86.69% Estimated 15.45% Reported 84.55%	Exclusionary screens
		Scope 3 GHG emissions	105997.52 tonne CO2e	114015.33 tonne CO2e	Coverage 84.71% Estimated 28.1% Reported 71.9%	Exclusionary screens
		Total GHG emissions	115270.39 tonne CO2e	125300.2 tonne CO2e	Coverage 84.36% Estimated 29.68% Reported 70.32%	Exclusionary screens
	2. Carbon footprint	Carbon footprint	909.2157 tonne CO2e / EUR M invested	986.0615 tonne CO2e / EUR M invested	Coverage 84.43% Estimated 29.57% Reported 70.43%	Exclusionary screens
	3. GHG intensity of investee companies	GHG intensity of investee companies	815.86426 tonne CO2e / EUR M revenue	798.39435 tonne CO2e / EUR M revenue	Coverage 84.43% Estimated 29.57% Reported 70.43%	Exclusionary screens
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	8.899563 %	8.941041 %	Coverage 86.54% Estimated 0% Reported 100	Exclusionary screens
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to	Consumption: 40.85133 % Production: 1.4293396 %	Consumption: 40.89029 % Production: 1.3442705 %	Coverage 73.66% Estimated 1.43% Reported 98.57% Coverage 99.28% Estimated 0% Reported 100%	Exclusionary screens

MERILL FUNDS

Adverse sustainability indicator		Metric	Impact [2025]	Impact [2024]	Explanation	Actions taken
		renewable energy sources, expressed as a percentage				
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Total: 0.17398861 GWh / EUR M revenue Sector A: 0.00019822898 GWh / EUR M revenue Sector B: 0.044716842 GWh / EUR M revenue Sector C: 0.031657726 GWh / EUR M revenue Sector D: 0.06796764 GWh / EUR M revenue Sector E: 0.00038785525 GWh / EUR M revenue Sector F: 0.00040866126 GWh / EUR M revenue Sector G: 0.0027165888 GWh / EUR M revenue Sector H: 0.012469612	Total: 0.16634771 GWh / EUR M revenue Sector A: 0.0001775236 GWh / EUR M revenue Sector B: 0.04805993 GWh / EUR M revenue Sector C: 0.028727496 GWh / EUR M revenue Sector D: 0.06255606 GWh / EUR M revenue Sector E: 0.00046903617 GWh / EUR M revenue Sector F: 0.00046143733 GWh / EUR M revenue Sector G: 0.002616925 GWh / EUR M revenue Sector H: 0.011855322	Coverage 95.84% Estimated 19.77% Reported 80.23% Coverage 35.08% Estimated 4.33% Reported 95.67% Coverage 98.45% Estimated 21.7% Reported 78.3% Coverage 98.25% Estimated 16.26% Reported 83.74% Coverage 99.43% Estimated 28.62% Reported 71.38% Coverage 100% Estimated 9.93% Reported 90.07% Coverage 96.77% Estimated 35.97% Reported 64.03% Coverage 95.65% Estimated 25.11% Reported 74.89% Coverage 98.38% Estimated 22.24%	Exclusionary screens

Adverse sustainability indicator		Metric	Impact [2025]	Impact [2024]	Explanation	Actions taken
			GWh / EUR M revenue Sector L: 0.011216057 GWh / EUR M revenue	GWh / EUR M revenue Sector L: 0.009884275 GWh / EUR M revenue	Reported 77.76% Coverage 74.44% Estimated 20.47% Reported 79.53%	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	2.1665797 %	2.4946232 %	Coverage 82.78% Clarity AI leverages NLP models to identify breaches for this PAI. All controversies considered a potential violation by NLP models are later reviewed by our analysts.	Exclusionary screens
Water	8. Emissions to water	Tonne of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.025237042 tonne / EUR M invested	0.024996392 tonne / EUR M invested	Coverage 44.24% Estimated 73.91% Reported 26.09%	Exclusionary screens
Waste	9. Hazardous waste ratio	Tonne of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	22.960949 tonne / EUR M invested	23.732893 tonne / EUR M invested	Coverage 83.11% Estimated 56.07% Reported 43.93%	Exclusionary screens

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse sustainability indicator		Metric	Impact [2025]	Impact [2024]	Explanation	Actions taken
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	2.041755 %	2.0366435 %	Coverage 82.78% Clarity AI leverages NLP models to identify breaches for this PAI. All controversies considered a potential violation by NLP models are later reviewed by our analysts.	Exclusionary screens
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.10587548 %	0.113739625 %	Coverage 82.44% Estimated 0% Reported 100%	Exclusionary screens

Adverse sustainability indicator		Metric	Impact [2025]	Impact [2024]	Explanation	Actions taken
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	13.4152775 %	13.187025 %	Coverage 60.06% Estimated 0% Reported 100%	Exclusionary screens
	13. Board gender diversity	Average ratio of female to male board members in investee companies	31.239586 %	30.990467 %	Coverage 84.38% Estimated 0% Reported 100%	Exclusionary screens
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00021728197 %	0.0003870977 %	Coverage 87.88% Estimated 0% Reported 100%	Exclusionary screens

INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS

Adverse sustainability indicator		Metric	Impact [2025]	Impact [2024]	Explanation	Actions taken
Environmental	15. GHG intensity	GHG intensity of investee countries	52.790226 tonne CO2e / EUR M GDP	55.415405 tonne CO2e / EUR M GDP	Coverage 99.98% Estimated 100% Reported 0%	Exclusionary screens
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	Relative: 2.43239 % Absolute: 1.75 -	Relative: 2.456641 % Absolute: 1.75 -	Coverage 100% Estimated 0% Reported 100% Coverage 100% Estimated 0% Reported 100%	Exclusionary screens

INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS

Adverse sustainability indicator		Metric	Impact [2025]	Impact [2024]	Explanation	Actions taken
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A		Exclusionary screens

Adverse sustainability indicator		Metric	Impact [2025]	Impact [2024]	Explanation	Actions taken
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A		Exclusionary screens

Engagement Policies and Other Measures

The Company undertakes a range of engagement activities with both investors and investee companies. This engagement serves to promote better sustainability practices and mitigate PAIs. Additionally, the Company aims to influence and encourage improved ESG practices and enhance sustainable long-term financial performance. This engagement includes both direct dialogues as well as proxy voting.

In addition to the above, the following are additional engagements:

- **Voting**: the Company exercises its voting rights to influence corporate behaviour towards improved ESG practices.
- **Exclusion**: Companies failing to meet specific ESG criteria are excluded from the investment universe.
- **ESG Factors Integration**: ESG factors are integrated into the investment analysis and decision-making process.
- **Controversy Monitoring**: Continuous monitoring of investee companies for involvement in controversies, with appropriate actions taken when necessary.

Reference to International Standards

The Company aligns its sustainability practices with international standards, including the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. it also adheres to the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. Additionally, the Company aims to invest in companies that comply also with the international conventions and norms that are adhered by the Company.

Remedial Actions and Measures

To address identified adverse impacts, Merill has implemented several measures, including:

- **Engagement with Investee Companies**: Encouraging better ESG practices and transparency.
- **Policy Adjustments**: Regular review and updates of sustainability policies to align with best practices.
- **Enhanced Monitoring**: Strengthened monitoring of ESG performance and controversies.

Historical Comparison

Historical comparison for the period 2024 and 2025 are reflected in the above table.