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# Mill Road Capital Management LLC

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## *Part 2A of Form ADV: Firm Brochure*



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***March 29, 2024***

### **Item 1 Cover Page**

This brochure, dated March 29, 2024 (the "Brochure"), provides information about the qualifications and business practices of Mill Road Capital Management LLC. If you have any questions about the contents of this Brochure, please contact us at: 203-987-3500, or by email at: [investorrelations@millroadcapital.com](mailto:investorrelations@millroadcapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC or a state securities authority does not imply a certain level of skill or training.

Additional information about Mill Road Capital Management LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## Item 2 Material Changes

Item 2 discusses only material changes made since an adviser's last Annual Updating Amendment to its brochure.

This Brochure has been prepared by Mill Road Capital Management LLC ("Mill Road" or the "Firm") as an amendment to the prior version of the Firm's brochure filed on April 28, 2023. Since Mill Road's last Annual Updating Amendment, dated March 31, 2023, Mill Road changed its principal office and place of business and mailing address, effective April 5, 2023. Additionally, Mill Road routinely makes updates throughout the Brochure to improve and clarify the description of its business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices.

Mill Road will update this Brochure no less than annually. We encourage all recipients of this Brochure to read it carefully in its entirety.

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## Item 4 Advisory Business

### ***Firm Description***

Mill Road is a Delaware limited liability company founded in 2004 by Thomas Lynch. Joining Mr. Lynch in the management of the Firm are two senior investment professionals who have been with the Firm since 2008 and 2014.

### ***Principal Owners***

The owners of Mill Road are set forth on Schedule A of Part 1A of the Firm's Form ADV. Thomas Lynch is a principal owner of the Firm.

### ***Types of Advisory Services***

Mill Road provides investment advice to closed-end private investment funds that are not registered under the Investment Company Act of 1940, as amended. Currently, the Firm provides investment advisory services to three funds and two alternative investment vehicles ("AIVs"): Mill Road Capital, L.P. ("Fund I"), which had its final closing in 2008, Mill Road Capital II, L.P. ("Fund II"), which had its final closing in 2013, and Mill Road Capital III, L.P. ("Fund III"), which had its final closing in 2020, (each a "Fund," and collectively, the "Funds") and Fund III's parallel AIVs, MRC III AIV, L.P. and MRC III Offshore AIV, L.P. (each Fund and AIV a "Client," and collectively, the "Clients"). Fund I and Fund II are structured as Delaware limited partnerships. Fund III is structured as a Cayman Islands exempted limited partnership. The AIVs are structured as Delaware limited partnerships and were formed in April 2021 using a portion of the capital originally committed to Fund III by its investors. The investors in Fund III participate directly in, and constitute the beneficial owners of, the AIVs. Mill Road Capital GP LLC ("Fund I GP") serves as Fund I's general partner, Mill Road Capital II GP LLC ("Fund II GP") serves as Fund II's general partner, Mill Road Capital III GP LLC ("Fund III GP") serves as Fund III's general partner and serves as the AIVs general partner (each a "GP," and collectively, the "GPs"). Each of Fund I GP, Fund II GP and Fund III GP is an affiliate of Mill Road.

Pursuant to investment management agreements among the Firm and the individual Clients and their respective GPs, Mill Road assists the GPs with the management of the Clients' investments. Fund I GP, Fund II GP and Fund III GP are special purpose vehicles of Mill Road within the meaning of guidance provided by the SEC's Division of Investment Management. In reliance on such guidance and in order to satisfy the reporting obligations of the SPVs, information concerning the SPVs is included in the Form ADV, Part 1A.

The Firm provides investment advice to closed-end private investment funds that are not registered under the Investment Company Act of 1940, as amended. Mill Road focuses on making private investments in and/or taking private publicly-traded primarily micro-cap companies in North America. Mill Road has in the past and could also make investments in private companies which are otherwise similar in nature to the publicly-traded micro-cap companies in which it generally invests. The Firm believes that its investment process enhances return and mitigates risk, with the goal of generating long-term value creation. The current portfolio consists of companies in a broad range of industries, including retail, manufacturing, business services, commercial aircraft trading and leasing, commercial services and consumer products and services.

### ***Tailored Relationships***

Mill Road provides its advisory services to the Clients in accordance with the investment objectives, investment guidelines and restrictions set forth in the relevant Client's confidential private placement memorandum (if applicable), limited partnership agreement, investment management agreement and other formation and operating documents pertaining to the Client (collectively, the "Governing Documents"). Mill Road's advisory services for each Client are detailed in the Client's Governing Documents and are further described below under "Item 8. Methods of Analysis, Investment Strategies and Risk of Loss."

Mill Road is entitled to give certain persons, including existing investors in the Clients and third parties, an opportunity to co-invest alongside a Client. The terms of any such investment would be set by Mill Road at the time of such investment.

### ***Wrap Fee Programs***

Mill Road does not participate in wrap fee programs.

### ***Assets Under Discretionary and Non-Discretionary Management***

As of December 31, 2023, Mill Road had approximately \$827.4 million in discretionary assets under management which includes uncalled capital commitments as of that date. Mill Road does not currently manage any assets in a non-discretionary manner.

## **Item 5 Fees and Compensation**

For services provided to each Fund, Mill Road charges a management fee, which is generally computed at a rate of 2.0% per annum of the investors' aggregate commitments until the end of the Investment Period (as described in the Fund's operating documents), and, thereafter, 2.0% per annum of the cost basis of all investments then held by the Fund which were funded by limited partner capital contributions, provided that the cost basis would be reduced by investments written off or permanently written down, as applicable, by such Fund. Fees are payable by the Fund quarterly, in advance. If Mill Road ceases to provide services to the Fund, the unearned portion of the management fee (computed on the basis of the number of days elapsed) will be refunded to the Fund.

The management fees paid by each Fund, and any capital contributions called to pay such expenses, are allocated to the limited partners in Fund I and Fund II in proportion to their respective capital contributions and Fund III in proportion to their respective capital commitments. Mill Road has and could in the future agree with any investor in a Fund to waive or reduce these management fees at its discretion, and the allocation of the management fee expense of the Fund reflects any such reductions or waivers.

The management fee for each Fund is reduced and offset by the full amount of any advisory, monitoring, commitment, director's, financial consulting, transaction, break-up or similar fees Mill Road or its affiliates receive from existing or prospective portfolio companies, to the extent apportionable to the activities of such Fund. In Fund II and Fund III, the management fee is also reduced by any placement agent fees paid by the Fund.

Mill Road does not charge a management fee to the AIVs.

Fund III was responsible for paying the expenses of organizing Fund III, including Fund III GP, the aggregate amount of these expenses in excess of \$1.5 million was to reduce/offset Fund III's management fee. Fund III's expenses were not in excess of the \$1.5 million amount. Fund I and Fund II were responsible for paying or reimbursing the first \$1 million in aggregate expenses of organizing Fund I and Fund II, respectively, including Fund I GP and Fund II GP, and the remainder of these expenses were borne by the Firm.

As permitted by their respective Limited Partnership Agreements, the Clients bear their respective operating costs and expenses, including the following: (i) expenses for legal services, (ii) expenses for third party services in connection with custody, administration, bookkeeping and recordkeeping, and in the case of Fund III any portion of compensation of the Firm that is attributable to services that would otherwise be provided by a third-party fund administrator, (iii) expenses for auditing, accounting, tax and other services of independent registered public accountants, (iv) expenses for consulting (including the use of expert networks and research consultants) and all other professional services (including in Fund III services for licensing, implementing or maintaining of any internet portal), (v) brokerage fees, commissions, discounts and all other expenses incurred in connection with the purchase, holding or sale of securities by the Clients and in the case of Fund II and Fund III for Investments (as defined in the limited partnership agreements) or prospective Fund II Investments (whether or not consummated), (vi) travel, lodging and other expenses incurred directly in connection with a transaction or proposed transaction (whether or not consummated) by the Clients that are payable by the Clients or Mill Road to unaffiliated third parties, (vii) filing fees, (viii) taxes, fees, assessments and all other governmental charges levied or assessed against the Clients including all expenses relating to the compliance-related matters and regulatory filings of the Clients including all filings required by Sections 13(d), (f) or (g), and Section 16 of the United States Securities Exchange Act of 1934 and expenses incurred in connection with the registration or exemption from registration of the Securities held by any Clients under the United States Securities Act of 1933 (the "Securities Act"), (ix) expenses of any lenders, investment banks and other financing sources incurred by the Clients, (x) expenses of providing reports and other information to the Clients' limited partners and expenses of holding meetings of the Clients' limited partners, (xi) expenses and fees incurred by the tax matters partner of the Clients (the general partner of each Client currently is the tax matters partner of the Client), (xii) expenses and fees incurred by the advisory committees and their members, (xiii) the cost of insurance coverage associated with the operation of the Clients including the reasonable premiums of liability insurance, and (xiv) other than those to be borne by a Client's general partner or Mill Road, all other liabilities and expenses (including judgments, fines, penalties, amounts paid in settlement, attorneys' fees, and costs of investigation) incurred by or on behalf of the Clients in connection with the conduct of the activities of the Clients or the defense or disposition of any claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, arising in connection with the conduct of the activities of the Clients.

In addition, when agreed to with Mill Road, the portfolio companies of the Clients bear certain costs and expenses related to the activities associated with a Client's investment or potential investment in that particular company, including travel and lodging, meals while traveling, accounting, tax, consulting, due diligence, legal and research.

Please see “Item 12. Brokerage Practices” of this Brochure for more information about the Firm’s brokerage arrangements for the Clients.

Mill Road is responsible for its own day-to-day operating expenses including office, employee and other overhead costs and expenses, the cost of general data service providers (such as Capital IQ), a portion of the cost of liability insurance and fees and expenses associated with its registration as an investment adviser.

#### **Item 6 Performance-Based Fees and Side-By-Side Management**

Mill Road does not receive performance based fees. However, the general partner of each Client (each of which is an affiliate of Mill Road) is entitled to receive an incentive allocation, which is tied to the performance of such Client. Incentive allocations will be made in compliance with Rule 205-3 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The receipt by an affiliate of Mill Road of an incentive-based allocation raises certain conflicts of interest, which are described below.

The incentive allocation to the general partner of each Client is equal to 20% of profits in excess of capital contributions to such Client, provided that an 8% preferred return is achieved. Fund I GP, Fund II GP and Fund III GP have in the past and could in the future waive or reduce/increase this incentive allocation with respect to any limited partner at its discretion.

Investors should be aware that an incentive-based allocation arrangement creates an incentive for Mill Road or the general partner of the applicable Client to make riskier or more speculative investments than would be the case in the absence of such arrangement. Mill Road, however, subjects each prospective investment to a comprehensive due diligence process and an approval procedure that includes approval by the relevant principals. The Firm is committed to fulfilling its fiduciary duty to its advisory clients to act at all times in their best interest. Please refer to each Client’s Governing Documents for further information regarding risk factors and conflicts of interest.

#### **Item 7 Types of Clients**

Mill Road provides advisory services to pooled investment vehicles which are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Mill Road currently has five Clients: Fund I, Fund II, Fund III and the two AIVs. The minimum single investment commitment by an investor in each Client is \$250,000, subject to reduction at the discretion of the Client’s general partner. Investors in the Clients must meet certain prescribed criteria, including, as applicable, being an “accredited investor,” as defined in Rule 501(a) of Regulation D, promulgated pursuant to Section 4(a)(2) of the Securities Act and a “qualified purchaser,” as defined in Section 2(a)(51)(A) of the Investment Company Act. Such minimum investment amounts and investor criteria are set forth in the Governing Documents of each Client. In general, Mill Road requires that each investor in a Client be an “accredited investor”, in most cases, a “qualified purchaser” or “knowledgeable employee”, as defined by the Investment Company Act and the rules thereunder.

Mill Road is entitled to give certain persons, including existing investors in the Clients and third parties, an opportunity to co-invest alongside a Client. The terms of any co-investment would be set by Mill Road at the time of such investment, and in accordance with Governing Documents.

## Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

### ***Target Segment***

Mill Road focuses primarily on small, value-oriented public companies in North America. The Firm generally targets companies that are market leaders in niche segments with strong competitive positions.

### ***Methods of Analysis and Investment Strategy***

Mill Road has nearly two decades of accumulated experience in reviewing the companies in its target segment and, over this period, has achieved familiarity with the companies in this space.

In relatively stable market conditions, Mill Road has developed and executes a distinctive, multi-step investment process that is structured to mitigate risk and enhance return. On an ongoing basis, Mill Road monitors its large target universe by industry as well as by certain company-level financial characteristics to identify attractive changes in valuation and fundamental performance. This approach is supplemented by customized and opportunistic screens to identify other potentially attractive opportunities.

Mill Road builds initial positions in companies meeting the criteria set forth above that typically are sized at less than 1% of committed capital. After completing considerable due diligence on these companies, Mill Road identifies what we believe to be the most compelling opportunities and deploys further capital in the corresponding companies, increasing its stake to a block position.

Mill Road may ultimately deploy further capital by purchasing shares in the open market, buying large block positions from existing shareholders, providing capital for growth or acquisition opportunities, investing in debt or subordinated securities, or sponsoring going-private transactions. Due to changes in market conditions, Mill Road has not executed a going private transaction since 2016, and the Firm anticipates that its primary focus will be on public equity and structured investments for the foreseeable future.

The Firm's investment process is designed to mitigate risk as the amount of capital invested is generally based on the certainty of the investment premise and the market value of the security: the greater the knowledge, the more capital Mill Road may invest. In periods of high market volatility or at other times when targeted securities experience a precipitous decline in their price relative to intrinsic value, Mill Road will shorten the individual steps in its investment process to ensure that an investment can be consummated before the overall market or security price recovers.

If a public position materially appreciates, Mill Road can divest the security and realize a significant capital gain. If the target company performs well operationally and its valuation does not appreciate, Mill Road may then seek to work constructively with management to create a plan to enhance shareholder value.

Mill Road has in the past and could in the future also make investments in private companies that are otherwise similar in nature to the small public companies in which it generally invests.



Within the limitations set forth in each Client's limited partnership agreement, Mill Road may alter a Client's investment strategy as it deems appropriate throughout the life of such Client.

### ***Risk of Loss***

An investment in a Client involves a significant degree of risk, with the possibility of partial or total loss of contributed capital. For example, a Client may experience a loss if one or more of the securities selected decreases in value. Additionally, because the securities in which a Client invests are less liquid than certain other equity classes, it may be difficult to liquidate these positions. Listed below is a summary of the material risks associated with an investment in a Client. This list is not meant to be exhaustive, and a more detailed description of these and other risks is provided in the offering documents for each Client.

### ***Competitive Market for Investment Opportunities***

The activity of identifying, completing, and realizing attractive investments is competitive and involves a high degree of uncertainty. A Client will be competing for investments with other private and public equity investment vehicles, as well as individuals, institutions, and corporate buyers. There can be no assurance that a Client or Mill Road will be able to locate and complete portfolio investments that satisfy a Client's rate of return objectives or that a Client will be able to fully invest its committed capital.

### ***Long-Term Investments; Lack of Portfolio Liquidity***

There will be no readily available market for many of a Client's portfolio investments. These investments are subject to various risks, particularly the risk that a Client will be unable to realize its investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. An investment in a Client should be viewed as illiquid. The return of capital and the realization of gains, if any, will occur only upon the partial or complete disposition of a Client investment and losses on unsuccessful investments may be realized before gains on successful investments are realized. Disposition of a Client's portfolio investments may require a lengthy time period or may result in distributions in-kind to the investors in a Client. There may be a number of years when the only income from a Client is dividend and interest income, if any, from its investments. Such income may not be significant and operating expenses may exceed income during those years.

### ***Use of Leverage***

A Client's investments are expected to include portfolio companies whose capital structures could include leverage. The leveraged capital structure of such portfolio companies will increase their exposure to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the portfolio company or its industry. In the event that such a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of a Client's equity investment in such portfolio company could be significantly reduced or even eliminated.

A Client itself may also borrow funds in order to make investments or pay expenses. While the use of leverage can increase returns, it can also increase the loss exposure of a Client. Interest

payments and borrowing expenses incurred in connection with any such borrowing will reduce a Client's return.

#### *Risk of Limited Number of Investments; Potential Lack of Diversification*

A Client may participate in a limited number of investments, and, as a consequence, the aggregate return of a Client may be substantially adversely affected by the unfavorable performance of a single or small group of investments.

#### *Non-Control Investments*

A Client will hold non-controlling interests in certain portfolio investments and, therefore, may have limited ability to protect its positions in such portfolio investments.

#### *Growth Equity Transactions*

The Clients' strategy includes targeting growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

#### *Risks Associated with Publicly-Traded Investments*

A Client may invest a material portion of its total commitments in publicly-traded securities. Such public investments may be sensitive to movements in the stock market and trends in the overall economy. In addition, investments in publicly-traded securities will make a Client subject to federal and state securities laws which may, among other things, restrict or prohibit a Client's ability to sell or dispose of a portfolio investment.

#### *Limited Information*

In general, a Client's public investments will be made based on information available to the public at large. By comparison, privately negotiated transactions are usually completed based on information gathered through contact with and access to the counterparty's records, facilities, and personnel. This disparate amount of information may negatively affect a Client's certainty of achieving a particular outcome in connection with its public investments. In either case, a Client may invest in portfolio companies without knowing at the time of its investment all information, whether available or not, that a reasonable investor might deem material with regard to such investment, including information that, if known to a Client or Mill Road at the time of such investment, might have deterred a Client from having made such investment.

#### *Material Nonpublic Information*

By reason of its investment in a portfolio investment or otherwise, a Client, its general partner, and Mill Road may acquire confidential or material nonpublic information that they may be unable to act upon or that may cause them otherwise to be prevented from purchasing securities that they otherwise might have purchased or from selling a portfolio investment that they otherwise might have sold.

#### *Risks Upon Disposition of Certain Investments*

In connection with the disposition of an investment in a portfolio company, a Client may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business and may be responsible for the content of disclosure documents under applicable securities laws. It may also be required to indemnify the purchasers of such investment to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately need to be funded by the investors in such Client.

#### *Hedging Policies/Risks*

In connection with the financing of certain investments, a Client may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange. While such transactions may reduce certain risks, they themselves may entail certain other risks that may result in a poorer overall performance for a Client than if it had not entered into such hedging transactions.

#### *Economic and Market Risk*

Companies in which a Client invests may be sensitive to general downward swings in the overall economy or in a particular industrial or economic sector. A recession or adverse development in the securities markets might have an adverse impact on some or all of a Client's investments. Occasionally social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, acts of war, sanctions, conflicts and social unrest) will occur that have significant impacts on financial markets and could negatively impact a Client, the financial and operational performance of its portfolio companies, and the value of its portfolio investments. In addition, factors specific to a portfolio company may have an adverse effect on a Client's investment in such company. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by a Client or considered for prospective investment. Mill Road or the general partner of a Client may rely upon its own or a portfolio company's projections concerning the portfolio company's future performance in making investment decisions. Such projections are inherently subject to uncertainty and factors beyond the control of the portfolio company, the general partner, and Mill Road.

#### *Inflation*

Inflation could affect the Clients' investments adversely in a number of ways. During periods of rising inflation, interest and dividend rates of any instruments a Client or entities related to portfolio investments could increase, which would tend to reduce returns to investors in the Clients. Inflationary expectations or periods of rising inflation could also be accompanied by the rising prices of commodities which are critical to the operation of certain portfolio companies.

During periods of high inflation, capital could flee to other asset classes, which could adversely affect the prices at which a Client is able to sell its investments. Portfolio companies in certain industries have fixed income streams and, therefore, could be unable to pay higher dividends. The market value of such investments can decline in value in times of higher inflation rates. Some of the Clients' portfolio investments could have income linked to inflation through contractual rights or other means. However, as inflation tends to affect both income and expenses, any increase in income might not be sufficient to cover increases in expenses.

#### *Side Letters*

Certain of the Clients have entered into side letters or other writings with certain investors in connection with their admission, without the approval of any other investor, which has the effect of establishing rights under or altering or supplementing the terms of a Client's Governing Documents. Such rights or terms in any such side letter or other similar agreement include, but are not limited to, rights to receive reports from a Client on a more timely or frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions), "most favored nations" provisions and such other rights or terms as may be negotiated by Mill Road, on behalf of the Clients, with an investor. Any rights or terms so established in a side letter with an investor will govern solely with respect to such investor and will not require the approval of any other investor notwithstanding any other provision of a Client's limited partnership agreement. Absent agreement to the contrary or as required by law, Mill Road is not required nor does it expect, to disclose the terms of a side letter to any investor not party to such a side letter nor to offer comparable terms to such investors.

#### *Counterparty Risk*

The Firm and/or its Clients may be subject to credit risk with respect to the counterparties to instruments entered into directly by the Clients or held by the Clients' underlying investments. The Clients will also be subject to the risk that a counterparty may become unwilling or unable to meet its obligations prior to settlement. The Clients may also be exposed to the credit risk of counterparties through a wide range of activities that occur in the normal course of the activities of the Clients, including through service providers, banks, brokers, insurance providers, trading counterparties, co-investors, portfolio companies, prospective portfolio companies, or other entities that the Clients will have financial exposure to. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a contract due to financial difficulties, the Clients may experience significant delays in obtaining any recovery under the contract in a bankruptcy or other reorganization proceeding. The Clients may obtain only a limited recovery or may obtain no recovery in such circumstances. The Firm is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with a single counterparty. The ability of the Firm to transact business with any one or number of counterparties, the lack of any independent evaluation of such counterparties' financial capabilities, and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Clients, especially during unusually adverse market conditions.

#### *Custody Risk*

The Firm is required to maintain certain Client assets at a qualified custodian. Clients may incur a loss on securities and funds held in custody in the event of a custodian's or sub-custodian's insolvency, negligence, fraud, poor administration or inadequate recordkeeping. Custodial assets

maintained at a bank do not typically become part of a failed bank's estate, however, the Firm's operations could be impacted by the bank's insolvency in that there may be a delay in trade settlement, delivery of securities, or other similar circumstance. Establishing multiple custodial relationships could mitigate custodial risk in the event of a bank failure.

#### *Bank Deposits Risk*

Deposits maintained at a Federal Deposit Insurance Corporation ("FDIC") insured bank are covered up to \$250,000 per depositor, per insured bank, for each account ownership category, in the event of a bank failure. Any deposits over \$250,000 in cash at a single bank may be lost in the event that the bank fails. Diversifying banking relationships could serve to minimize the potential uncertainty and destabilizing effect on the Firm's operations due to concern regarding the financial viability of a single banking institution. In addition, valuation of companies may experience significant price declines, volatility, and liquidity concerns as a result of short- and long-term financing to continue operations at normal levels.

#### *Uncertainty in the U.S. and Global Financial Markets*

Similar to the upheavals in the United States and global financial markets that began in 2008, the recent banking crisis has the possibility of extraordinary and unprecedented uncertainty and instability in such markets. There can be no assurances that conditions in the global financial markets will not adversely affect one or more of a Client's portfolio companies or other investments, its access to capital or leverage, or its overall performance.

#### *Public Health Emergencies*

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on a Client and its investments and could adversely affect Mill Road's ability to fulfill a Client's investment objectives. The extent of the impact of any public health emergency on a Client's investments and operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, unemployment levels, consumer confidence and spending levels, and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency could materially and adversely impact the value and performance of a Client's investments, Mill Road's ability to source, manage and divest investments on behalf of a Client, and the ability to achieve a Client's investment objectives, all of which could result in significant losses to the investors. In addition, the operations of a Client, its portfolio companies, and Mill Road could be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of the personnel of any such entity or the personnel of any such entity's key service providers.

#### *Non-U.S. Investments*

The Client makes investments outside of the United States. Foreign investments involve certain additional risks not typically associated with investing in domestic investments, including risks relating to: (i) currency fluctuations and associated conversion costs; (ii) differences between the U.S. and foreign securities markets, including volatility in and relative illiquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and different government supervision and regulation; (iii) certain economic and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability, and the possibility of expropriation or confiscatory taxation; and (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such investments.

#### *Business Continuity and Disaster Recovery*

The Firm's and the Clients' business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (e.g., tornadoes, floods, hurricanes and earthquakes), epidemics and pandemics, terrorist attacks or other circumstances resulting in property damage, network interruption and / or prolonged power outages. Although Mill Road has implemented various measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. If such business operations are disrupted or suspended for extended periods of time, the Clients may be adversely affected.

#### *Cyber Security Breaches and Identity Theft*

Mill Road and its affiliates and its portfolio companies' information and technology systems are subject to a number of different threats or risks that could adversely affect the Clients and its investors. Although Mill Road has implemented, and portfolio companies will likely implement, various measures to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Clients and its investors, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Firm, the Clients and/or a portfolio company could be materially adversely affected. For example, these systems are subject to damage or interruption from computer viruses, network failures, computer and telecommunication failures, security threats (including ongoing cyber security threats to and attacks on information technology infrastructure), infiltration by unauthorized persons and other security breaches, usage errors by their respective professionals, the increased threat arising from state sponsorship of cybersecurity attacks, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Third parties could also attempt to fraudulently induce employees, customers, third-party service providers or other users of the general partners' and the Firm's systems to disclose sensitive information, including non-public personal information related to investors (and their beneficial owners) and material non-public information in order to gain access to the general partners' or the Firm's data or that of the Clients' investors. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information, including nonpublic personal information related to investors (and their beneficial owners of investors) and material nonpublic information. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Firm's, its affiliates', the Clients' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors), material non-public information and the intellectual property and

trade secrets and other sensitive information of the Firm, its affiliates and/or its portfolio companies. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing them from being addressed appropriately. Any such failure or unauthorized disclosure of data could harm the Firm's, the Clients' and/or a portfolio company's reputation and require a significant investment to remedy the effects of any such failures, subject any such entity and their respective affiliates to legal claims, increased costs, financial losses, reputational harm, adverse publicity, regulatory intervention, and otherwise affect their business and financial performance. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means.

The service providers of the Clients are subject to the same information security threats. If a service provider fails to adopt or adhere to adequate data security policies, or if the service provider's network is breached, information relating to the transactions of the Clients and personally identifiable information of the investors (and beneficial owners thereof) may be lost or improperly accessed, used, or disclosed.

#### *Climate Change*

The Clients may acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the Clients' business and operations. Physical impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate-related events, the Clients may be vulnerable to the following: risks of property damage to the Clients' investments; indirect financial and operational impacts from disruptions to the operations of the Clients' investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the Clients' investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the Clients' business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

#### **Item 9 Disciplinary Information**

There is no disciplinary information to report for Mill Road or for any of persons associated with the Firm, or the Clients.

## **Item 10 Other Financial Industry Activities and Affiliations**

Each of Fund I GP, Fund II GP and Fund III GP is an affiliate of the Firm. As described above, each of Fund I GP, Fund II GP and Fund III GP is entitled to special allocations based on the performance of the Client for which it serves as general partner. This incentive allocation arrangement between each Client and its general partner creates an incentive for the Firm, as an affiliate of each general partner, to recommend and/or implement investments that are riskier or more speculative than would be the case in the absence of such incentive allocations.

As noted in “Item 8. Methods of Analysis, Investment Strategies and Risk of Loss,” certain of the Clients for which Mill Road or its related persons serve as investment manager has entered into and expects in the future enter into agreements, or “side letters,” with certain prospective or existing investors whereby such investors, including in some cases investors that are affiliated with Mill Road or its related persons, are subject to terms and conditions that are more advantageous than those set forth in the Governing Documents for the particular Client and which apply to other investors in the Clients. For example, a side letter could provide for special rights to make future investments in a Client, other investment vehicles or managed accounts; offer special redemption rights, including those relating to frequency or notice; provide a waiver or rebate in fees or redemption penalties to be paid by the investor and/or other terms; include rights to receive reports from a Client on a more timely or frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions); include “most favored nations” provisions and such other rights as may be negotiated by Mill Road, on behalf of the Clients, with an investor. The determination of whether to enter into a side letter is solely at the discretion of Mill Road and could, among other things, be based on the size of the investor’s investment in a Client or affiliated investment entity, an agreement by an investor to maintain such investment in a Client for a significant period of time, or other similar commitment by an investor to a Client. In some cases, a side letter that benefits a party to that side letter could work to the detriment of other investors. Absent an agreement to the contrary or as required by applicable law, Mill Road is not obligated to inform other investors of the terms of any side letter or offer equally favorable terms to such other investors.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### ***Code of Ethics***

The Firm has adopted a Code of Ethics (the “Code”) to ensure that it fulfills its role as a fiduciary to the Clients. The Code requires that employees of the Firm act in the best interests of the Clients to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Clients to the extent reasonably possible, and identify and manage other conflicts of interest to the extent that they arise. Employees of the Firm are required to comply with applicable provisions of federal securities laws and make prompt reports to the Chief Compliance Officer or appropriate party of any actual or suspected violation of such laws by the Firm and its employees or affiliates. In addition, the Code of Ethics sets forth policies and procedures with respect to the personal securities trading activities of Mill Road’s Covered Persons (as defined in the Code), and as described in more detail below. The Code also addresses outside business activities of employees, certain reportable relationships of employees, policies and procedures concerning the prevention of insider trading, restrictions on the receipt and acceptance of gifts and business entertainment, including the pre-clearance and reporting of



certain gifts and business entertainment, and the pre-clearance and reporting of political contributions. Employees are required to provide a written certification to the Firm as to their compliance with the Code upon commencement of employment and at least annually thereafter.

Mill Road has also adopted a Compliance Manual, which sets forth policies and procedures with respect to among other things, best execution, marketing activities, valuation, record retention, information security, cybersecurity and compliance with applicable laws, rules and regulations.

Investors can request a copy of the Code by contacting the Chief Compliance Officer at 203-987-3500, or by email at: [investorrelations@millroadcapital.com](mailto:investorrelations@millroadcapital.com).

### ***Confidential Information***

As an investment adviser, the Firm has a fiduciary duty to its Clients not to divulge or misuse information obtained in connection with its services as an adviser. Therefore, all information, whether of a personal or business nature, that an employee of the Firm obtains about a Client's affairs in the course of employment will be treated as confidential and used only to provide services to or otherwise to the benefit of the Client. Such information may sometimes include information about non-clients, and that information will likewise be held in confidence. Even the fact that Mill Road advises a particular Client should ordinarily be treated as confidential.

The Code sets forth steps that employees should take to help preserve confidential information.

### ***Material Inside Information***

The Firm reminds all of its employees (in any capacity) and consultants that purchasing or selling securities on the basis of, or while in possession of, material nonpublic information for their own, for a Client's or for the Firm's account is a crime punishable by imprisonment as well as large fines. In addition, all of the Firm's employees (in any capacity) and consultants are made aware that such rules apply not only to the Firm's employees and consultants, but also apply to anyone (including friends, relatives, business associates and others) who may receive material, nonpublic information from the Firm's employees concerning an issuer of securities (whether such issuer is a Client or not).

All personnel receiving material nonpublic information have the same duty not to disclose or use information about persons or issuers who are not Clients of the Firm in connection with securities transactions as they have with respect to Client securities. Employees may not purchase or sell any securities with respect to which they have material nonpublic information for their own, for the Firm's or for a Client's account or cause Clients to trade on such information until after such information becomes public. The foregoing prohibition applies whether or not the material nonpublic information is the basis for the trade. Whenever employees come into possession of what they believe may be material nonpublic information about an issuer with which the Firm does not have a confidentiality agreement, they must immediately notify the Chief Compliance Officer. All information about an issuer with which the Firm has a confidentiality agreement will be treated as material nonpublic information by the Firm.

The Chief Compliance Officer maintains a restricted list which prohibits employees and the Clients from trading in securities of companies in which Mill Road may be in possession of material non-public information.

### ***Fiduciary Duty and Conflicts of Interest***

Both the Firm and its employees have a fiduciary duty to the Firm's Clients to act for the benefit of the Clients and to take action on the Clients' behalf before taking action in the interest of any employees or the Firm. Both Mill Road and its employees must act for the Clients' benefit and treat the Clients fairly. The manner in which any employee discharges its fiduciary duty and addresses a conflict of interest depends on the circumstances. Sometimes general disclosure of common conflicts of interest may suffice. In other circumstances, explicit consent of the Client to the particular transaction giving rise to a conflict of interest may be required or an employee may be prohibited from engaging in the transaction regardless of whether the Client consents. The duty to disclose and obtain a Client's consent to a conflict of interest must always be undertaken in a manner consistent with the employee's duty to deal fairly with the Client. Therefore, even when taking action with a Client's consent, each employee must always seek to assure that the action taken is fair to the Client.

The Code sets forth several common examples of conflicts of interest and how such conflicts can be avoided.

### ***Scalping or Front-Running***

As a general rule, if any employee knows of a pending "buy" recommendation or is aware of a pending "sell" recommendation, then that employee and his/her Covered Persons may not engage in the practice of purchasing or selling stock before the Firm takes action for its Clients.

### ***Unfair Treatment of Certain Clients vis-a-vis Others***

An employee who handles one or more Client accounts may be faced with situations in which it is possible to give preference to certain Clients over others. Employees must be careful not to give preference to one Client over another even if the preferential treatment would benefit the Firm or the employee. For example, an employee should not (i) recommend certain purchases (including with respect to securities of a limited supply and higher potential return) with respect to one Client account as opposed to another because the account generates larger fees for the Firm or (ii) act for one Client account ahead of another.

### ***Personal Trading***

All Covered Persons are required to submit an initial, and thereafter, annual securities holdings report as well as quarterly transaction reports or equivalent brokerage statements detailing Reportable Securities (as defined in the Code) held, purchased or sold during the relevant period. Covered Persons are prohibited from trading for any account in which the employee has a "beneficial ownership interest" any security of or interest in companies with equity market capitalizations of less than \$500 million and/or any securities which the Firm is currently researching or which the Clients currently hold. In addition, all Covered Persons must pre-clear Reportable Securities, as well as securities traded in an initial public offering or a private placement.

### ***Dealing with Clients as Agent and Principal***

In accordance with Section 206(3) of the Advisers Act, the Code requires that employees involved in situations where the Firm is buying or selling securities from a Client or where the Firm acts as a broker-dealer for a non-Client in a transaction with an advisory client disclose to the Client in writing the capacity in which the Firm acts, its profits (if it acts as principal) and its commissions (if it acts as agent for another) and obtain the Client's consent. These types of transactions must not be entered into without prior consultation with the Chief Compliance Officer.

### ***Participation or Interest in Client Transactions and Personal Trading***

With respect to the Clients, the Firm has established the following allocation policy.

Fund I or Fund II shall not make an initial investment in any Fund III portfolio company. Except as otherwise authorized by the exempted limited partnership agreement ("LPA") of Fund III, Fund III shall not make an initial investment in any portfolio company of Fund I or Fund II, or in any company in which Fund I or Fund II is contemporaneously making an initial investment, without the approval of the limited partner advisory committee ("LPAC"), provided that Fund III may, without such approval but subject to the other limitations on investments set forth within the Fund III LPA, make an initial private equity investment in a portfolio company of Fund I or Fund II, or in company in which Fund I or Fund II is contemporaneously making an initial investment, if Fund I or Fund II does not, as reasonably determined by the Fund III GP, have sufficient access to capital in order to consummate such investment by itself; and thereafter, Fund III may, without approval of the LPAC but subject to the other limitations on investments set forth within the Fund III LPA, make follow-on investments in such portfolio company. The Firm shall promptly notify the LPAC upon the first closing of the sale of interests of any other Mill Road Client.

Other than follow-on investments by Fund I or Fund II in their portfolio companies as of Fund III's effective date or co-investments contemplated within Fund III's LPA, from Fund III's effective date until the earlier of (i) the last of the Fund III's investment period and the date on which at least 75% of Fund III's total commitments have been invested, committed in writing to be invested, reserved for making future investments in existing portfolio companies or expended or reserved for reasonably anticipated expenses, liabilities or obligations of the members of Fund III, the investment principals and entities controlled by the Firm shall not act as managers of or the primary source of transactions for, or close on the sale of interests in, any successor fund, Fund I's GP or Fund II's GP and the Firm shall use their best efforts to present to Fund III any investment opportunity that is not prohibited by the other terms hereof, unless the Firm reasonably believes that such investment opportunity is not suitable for Fund III.

Fund II was obligated by its limited partnership agreement and did purchase certain securities from Fund I upon the terms set forth in Fund II's limited partnership agreement and as approved by the limited partner advisory committee of Fund I and the investors in Fund II. Fund II is not obligated to purchase any further securities from Fund I and no additional sales from Fund I to Fund II are expected to occur.

Fund III was obligated by its exempted limited partnership agreement and did purchase certain securities from Fund II upon the terms set forth in Fund III's exempted limited partnership agreement and was approved by the limited partner advisory committee of Fund II and the

investors in Fund III. Fund III will not be obligated to purchase any further securities from Fund II and no additional sales from Fund II to Fund III are expected to occur.

In addition to the specific guidelines set forth above, as a general rule, allocations among accounts with the same or similar investment objective are made pro-rata based on the total assets under management in the accounts. Allocation decisions are made and documented before an order is placed.

Furthermore, except as authorized by the Chief Compliance Officer or specifically noted on the restricted list, Mill Road and its employees may not, for any account, buy or sell or recommend the purchase or sale of a security or related instrument of an issuer that is on the Firm's restricted list.

## **Item 12 Brokerage Practices**

### ***Selection of Broker-Dealers***

Mill Road will seek best execution when placing trades for Clients. While a primary criterion for all transactions in portfolio securities is the execution of orders at the most favorable net price, numerous additional factors may be considered when arranging for the purchase and sale of Clients' portfolio securities. These include restrictions imposed by the federal securities laws and the allocation of brokerage in return for certain services and materials described below. In determining the abilities of the broker-dealer to obtain best execution of a particular transaction, the Firm will consider all relevant factors including the execution capabilities required by the transaction(s), the ability and willingness of the broker-dealer to facilitate the account's portfolio transactions promptly and at reasonable expense, the importance to the account of speed, efficiency or confidentiality, the broker-dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold, the broker-dealer's ability to supplement the Firm's management capabilities with research, quotation and consulting services and computer hardware and software materials, as well as any other matter the Firm deems relevant to the selection of a broker-dealer for a particular portfolio transaction of the account.

The Firm has a broker approval process that includes, but is not limited to, a review of certain documentation demonstrating the financial and regulatory status of each new executing broker. The Firm also maintains an approved brokers list which is reviewed by Mill Road's Best Execution Committee on a regular basis.

### ***Research and Other Soft Dollar Benefits***

The Firm does not benefit from any soft dollar arrangements and has no current plans to implement any such arrangements. However, should the needs of the business change, the Firm could use broker-provided research and brokerage services and products which assist it in carrying out its investment decision making responsibilities. The Firm intends to comply with Section 28(e) of the Securities Exchange Act of 1934 in connection with its use of soft dollars "research" and "brokerage" services as permitted under safe harbor. In some cases the Firm could acquire a research product or service with soft dollars which also has non-research uses. In such cases the Firm would make a reasonable allocation of the cost of the product or service according to its use. That portion of the product or service which provides administrative or other non-research services would be paid for by the Firm in hard dollars.

All research and brokerage products and services received from broker-dealers to whom commissions are paid would be used collectively. There would be no direct relationship between commissions received by a broker-dealer from a particular Client's transactions and the use of any or all of that broker-dealer's products and services in relation to that Client's account. The Firm could pay a broker-dealer a brokerage commission in excess of that which another broker-dealer might have charged for the same transaction in recognition of research and brokerage related services provided by the broker-dealer. Research obtained with soft dollars could be used to service accounts other than the Client paying such commissions.

#### ***Brokerage for Client Referrals***

Mill Road does not consider whether it receives Client referrals from a broker in selecting or recommending broker-dealers.

#### ***Directed Brokerage***

Mill Road does not recommend, request or require that a Client direct Mill Road to execute transactions through a specified broker-dealer.

#### ***Aggregation of Client Accounts***

The Firm currently manages five Client accounts: Fund I, Fund II, Fund III and the two AIVs. The Firm is not permitted to aggregate orders for the purchase or sale of securities on behalf of all five Clients.

#### ***Trading Errors***

Any trading error including details surrounding the error must be reported immediately to the Chief Compliance Officer. The Chief Compliance Officer, in consultation with the trader and the finance team, will determine whether it is possible and appropriate for the trade to be unwound. If the trade cannot be unwound, the Chief Compliance Officer will review and consult with the Chairman of the Management Committee or the trader regarding the trade error, and together they will determine the Firm's response, consistent with the best interests of the Clients. A log of all trade errors is maintained by the Chief Compliance Officer or a designee. The Chief Compliance Officer, the finance team and the trader will review any trading error to determine if new policies and procedures should be adopted to prevent a similar error from occurring in the future.

### **Item 13 Review of Accounts**

Mill Road's investment committee supervises and monitors the investment activities of the Clients. Mill Road performs various daily, quarterly and other periodic reviews of the Clients' portfolios to determine whether investments are made in accordance with approved procedures and the investment objectives of the Clients. Such reviews are overseen by the Chief Compliance Officer, trader and/or the finance personnel of the Firm. Mill Road's investment professionals monitor and review the Clients' private positions by participating in board meetings, reviewing financial reporting packages and making on-site visits.

Mill Road provides a written report to each Client's investors on a semi-annual basis describing the performance of the Clients and of the private investments. Mill Road also holds an annual investor meeting to report on the Clients' performance and investments.

#### **Item 14 Client Referrals and Other Compensation**

No person other than the Clients provides any compensation or material economic benefit (including sales awards or prizes) to Mill Road for providing investment advice or other advisory services to Mill Road's Clients. Mill Road's employees are required to report gifts, favors, preferential treatment or other special arrangement having a value in excess of \$500 from any supplier of goods or services to Mill Road or the Clients.

Mill Road made in the past and, from time to time, makes payments to third parties in connection with referrals of potential investors for funds managed by the Firm. In Fund II and Fund III, placement agent fees are borne by investors in the Funds but reduce the management fee paid by such investors. Details of how the costs of any such placement agent arrangement are borne are set forth in a written agreement with the placement agent and disclosed to the investors through inclusion in the Governing Documents of the relevant Fund and in the private placement memorandum pursuant to which interests in the Fund were offered. Investors should be aware that the receipt of compensation by a placement agent or third party solicitor could create a conflict of interest, and affect the judgment of the placement agent or solicitor, when making a recommendation for an investment in the Funds advised by the Firm.

As described under "Item 5. Fees and Compensation" above, Mill Road or its affiliates receive certain fees from portfolio companies.

#### **Item 15 Custody**

The custodians for the Clients are Goldman Sachs, U.S. Bank, N.A., and Banc of California.

Financial statements are prepared and sent to each investor in client managed accounts on at least a semi-annual basis. In addition, audited financial statements are sent to each investor within 120 days after the end of each fiscal year and following liquidation of such account. Investors who fail to receive financial statements timely, or who have questions about them, should contact the Chief Compliance Officer at 203-987-3500, or by email at: [investorrelations@millroadcapital.com](mailto:investorrelations@millroadcapital.com).

#### **Item 16 Investment Discretion**

The Firm has entered into a separate investment management agreement with respect to each Client. Pursuant to such investment management agreements, Mill Road assists the general partner of each Client with the management of the Client's investments. Mill Road is responsible for, among other things, developing, investigating and securing information with respect to prospective investments by the Client and monitoring the Client's investments.

Each of Fund I GP, Fund II GP and Fund III GP is a special purpose vehicle of Mill Road, within the meaning of guidance provided by the SEC's Division of Investment Management. In reliance on such guidance and in order to satisfy the reporting obligations of the SPVs, information concerning the SPVs is included in the Form ADV, Part 1A.

### **Item 17 Voting Client Securities**

In accordance with SEC requirements, Mill Road has adopted Proxy Voting Policies and Procedures (the “Policy”) to address how the Firm votes proxies, as applicable, for the securities held by the Clients. The Policy is designed with the goal that the Firm votes proxies (or similar instruments) in the best interest of the Clients, including when there may be material conflicts of interest in voting proxies.

The Policy will generally support proposals and director nominees of the management of the company. For proposals where the Firm does not agree with the management of the company, such votes have to be approved by the Management Committee Director who is leading the relevant deal and reported to the Chairman of the Management Committee.

Proxy materials that are received are logged in the proxy material spreadsheet with, among other things, the date received, company name and deal lead. The deal lead then reviews the proxy materials with the investment team member(s) and, if no further action is required, the proxy is then submitted. Once proxies have been voted, the date is recorded and information is updated in the Firm’s proxy database, and the relevant proxy materials are retained. Investors may contact the Chief Compliance Officer to obtain information regarding how the Firm voted proxies. Investors will receive a copy of Mill Road’s proxy voting policies and procedures upon request.

A Client may also enter into a separate voting agreement with an issuer or other security holders of the issuer which provides for how the account will vote its securities with respect to certain matters, including with respect to the appointment of directors of such issuer. To the extent any Client account has entered into such an agreement relating to the voting of securities, the Firm will vote such securities in accordance with the terms of such agreement.

### **Item 18 Financial Information**

The Firm is not required to provide a balance sheet pursuant to Item 18A. Mill Road does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients.

### **Item 19 Requirements for State-Registered Advisers**

This item is not required as Mill Road is a federally registered investment adviser.