

APAX PARTNERS ARE RESPONSIBLE INVESTORS

ESG INITIATIVES

Apax Partners SAS and **Apax Partners LLP** decided to adopt an overall ESG strategy and signed **the Principles of Responsible Investing (PRI)** in 2011, committing themselves to integrating responsibility criteria into their management and investment policies (www.unpri.org).

Principles for Responsible Investment

The **Principles for Responsible Investment** were conceived by a group of institutional investors in response to the growing importance of environmental, social and governance issues. Sponsored by the United Nations, this initiative brings together more than 3,000 signatories, representing more than \$110bn in assets under management. It aims to promote a lasting, worldwide financial and economically efficient system, that rewards long-term responsible investment and benefits the environment and society at large.

The six Principles are as follows:

- Incorporate ESG issues into investment analysis and decision-making processes.
- Be active owners and incorporate ESG issues into our ownership policies and practices.
- Seek appropriate disclosure on ESG issues by the entities in which we invest.
- Promote acceptance and implementation of the Principles within the investment industry.
- Work together to enhance our effectiveness in implementing the Principles.
- Report on our activities and progress towards implementing the Principles.

Both companies participate actively in industry discussions and contribute to the development of these practices within the private equity profession. For example, **Apax Partners SAS** is a member of the steering committee of the ESG commission of France Invest (formerly the AFIC).

In 2015, **Apax Partners SAS** and four other private equity firms launched **Carbon Initiative 2020** aimed at combating the effects of climate change. This was the French private equity profession's first commitment to measure, manage and reduce the greenhouse gas emissions of its portfolio companies. As of the end of 2020, the initiative had 36 signatories.

International Climate Initiative

Launched in 2015 during the COP 21 by five French private equity funds, including **Apax Partners SAS**, the **Carbon Initiative 2020 (Ic 20)** was renamed Initiative Climate 2020 in 2017. It became the initiative Climat International (iCI) when it was adopted by the PRIs at the Climate Finance Day in November 2018. This forum for dialogue helps enlist the support of private equity firms wishing to play an active role in combating climate change. The signatories implement concrete and operational tools and methodologies to help investment teams integrate climate issues into their investment decisions on the one hand and to perform a carbon footprint evaluation on the other.

Every year **Initiative Climat 2020** signatories gather in workshops to discuss topics such as infrastructure and how to raise awareness among managers. As of the end of 2020, 36 signatories, representing more than 40% of assets managed by French private equity firms, had joined iC France. Since 2018, the PRIs have given international visibility and valuable recognition to the work done by French private equity firms.

ESG APPROACH AND ORGANISATION

The two Apax Partners companies have devoted resources to deploying and managing their ESG action plan:

- For **Apax Partners SAS**, a partner defines ESG policy and an ESG manager is responsible for implementing it throughout the firm and for coordination with portfolio companies.
- For **Apax Partners LLP**, a diverse, six-member Sustainability Committee meets monthly to discuss all ESG subjects, both at the management company and in the investment portfolio. Within the portfolio, the ESG approach is implemented with the support of the Operational Excellence Practice (OEP) team.

Responsibility is an integral part of Apax's investment approach and covers the entire investment cycle, from pre-investment due diligence to post-investment follow-up:

- **before an acquisition**, Apax conducts due diligence to identify ESG risks and potential value creation drivers ;
- **throughout the investment period**, Apax creates a roadmap, appoints an ESG manager, supports ESG implementation and designs ESG reporting to measure progress ;
- **upon exit**: Apax conducts due diligence again so as to value the company's ESG performance.

Since they are most often majority or lead shareholders across the funds they manage, the two Apax Partners companies have the ability to influence companies' strategies, and can help them implement and deploy their ESG policies. In this way, **Apax Partners SAS** influences around 20 companies with a total headcount of around 20,000, and Apax Partners LLP around 30 companies, representing more than 100,000 employees.

To facilitate the reporting of ESG information, the two Apax Partners companies have deployed dedicated software. In 2020, **Apax Partners SAS** set up its digital Reporting 21 platform, which quickly and efficiently collects data from all portfolio companies, so as to obtain a precise, complete and meaningful ESG report.

The two management companies communicate the information they collect and process to their investors through semi-annual reporting on the performance of the funds and the companies in the portfolios. A summary is communicated to a wider audience; it is available online at www.apax.fr and www.apax.com.

The Responsibility section of **Apax Partners SAS's** website presents the management company's ESG policy; its annual report includes the actions and initiatives of its portfolio companies and an HR report on all portfolio companies (staff, payroll, HR policies).

Every year, **Apax Partners LLP** publishes a dedicated "Sustainability Report" which also describes its ESG policy and provides an overview of the data collected from portfolio companies on the basis of environmental, social and governance criteria.

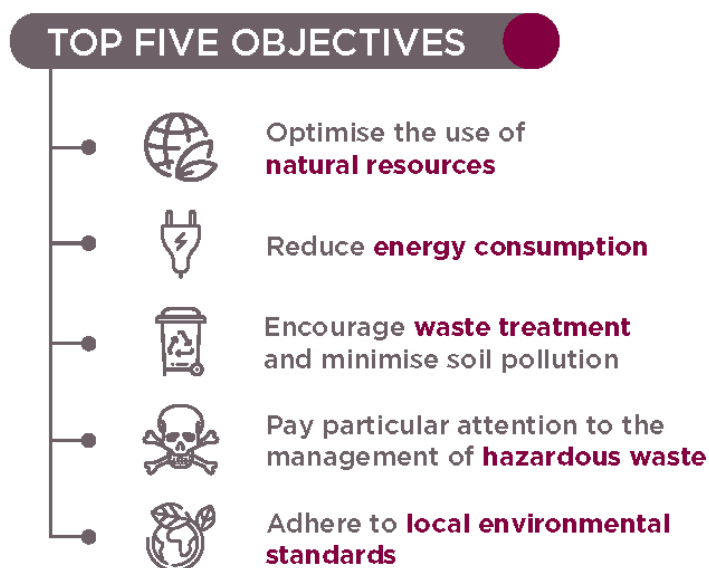
Environmental responsibility

The direct environmental footprint of the two Apax management companies is limited, by virtue of the very nature of their activities. Both have conducted carbon assessments, however, which has helped to heighten awareness internally and to implement some environment-sensitive operating procedures.

Within the investment portfolio itself, the environmental impact is relatively low given that Apax's four investment sectors require little capital expenditure.

Nevertheless, the companies managed by **Apax Partners SAS** (20 investments as of 31/12/2020) have implemented indicators to track CO2 emissions and carbon intensity on an annual basis. Seven companies have developed responsible purchasing standards, nine monitor their suppliers and six carry out ESG supplier audits. They pay particular attention to purchases of raw materials.

To protect the planet while still enabling companies to exercise their activities over the long term, **Apax Partners LLP** has defined its top five environmental responsibility objectives as follows:



Within the portfolio, the following principal indicators are monitored: electricity consumption, paper and packaging consumption, waste production and environmental accidents.

Social responsibility

Apax Partners SAS employs around 50 people, of whom roughly 30 are investment professionals, and **Apax Partners LLP** employs more than 230 people, of whom more than 120 are investment professionals spread among seven offices around the world. These professionals are recruited according to criteria of excellence (i.e., prestigious universities, MBA and international experience). The two companies enjoy a strong reputation and are recognised as leaders who attract the best talent. Their employment policy is instrumental in developing loyalty among the staff, in motivating them, and includes: good working conditions, competitive remuneration and incentives compared with market practices (profit-sharing and bonuses based on company and fund performance), individual and group training programmes, formalised evaluation process, career development opportunities and internal promotion.

The two companies have set ambitious diversity and professional equality objectives:

Apax Partners LLP	<p>Has joined an industry-wide programme, alongside prominent international private equity firms, aimed at promoting diversity, equality and inclusion both in the firms themselves and in the companies they manage.</p> <ul style="list-style-type: none">• The 46 signatories of this initiative have committed to setting ambitious recruitment and retention objectives, supported by actual recruitment figures showing gender and ethnicity, for example.• Signatories commit to recruiting a dedicated diversity manager in their organisation and to training their employees. <p>Accordingly, an Apax Partners LLP partner was appointed to be in charge of Inclusion and Diversity and monitor the implication of these objectives.</p>	<p>Ensure that portfolio companies:</p> <ul style="list-style-type: none">• adhere to local employment law regulations;• implement processes to improve employee working conditions (health, safety, eradicating forced labour – in particular of children – and combating harassment).
Apax Partners SAS	<p>Has signed the diversity standards developed by the members of France Invest:</p> <ul style="list-style-type: none">• Apax Partners SAS team: the objective is for women to hold 25% of senior positions by 2030 and 30% by 2035.• Portfolio companies: the objective is for women to hold 40% of management positions by 2030, keeping in mind that 70% of portfolio companies had implemented a diversity plan by end-2019.	<p>Puts priority on:</p> <ul style="list-style-type: none">• training• profit-sharing within each portfolio company.

Responsibility with respect to governance

At the business level, both management companies have always made sure that best practices are implemented within the companies in which they are shareholders, especially with regard to governance (alignment of interests of shareholders and the management team, Board composition, independence of directors, audit committees, etc.). They have also excluded certain business sectors (such as weaponry and tobacco) from their investment universe.

Both Apax Partners SAS and Apax Partners LLP ensure that the companies in their portfolios adhere to anti-corruption laws and regulations and implement codes of ethics and good behaviour if they do not already have one. Cyber security is also a major issue for the two companies, and Apax Partners LLP has created a dedicated function in more than 70% of the companies it manages.