Apax Global Impact Fund - Sustainability-related disclosures

SFDR Classification:

Article 9 of the Regulations (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial sector

Summary

The Apax Global Impact Fund ("**AGI**") targets buyout and growth investment opportunities in companies which deliver Impact – defined as the creation of positive societal and/or environmental impact by a company, generated by its core business activities ("**what the company does**") as well as how such company is managed from a social, environmental and/or governance perspective ("**how a company operates**").

Investment strategy and due diligence

A "sustainability risk" as defined in the SFDR means an environment, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment arising from an adverse sustainability impact.

AGI has determined that sustainability risk is relevant to the Fund having regard to the types of investments that may be made in accordance with the objectives and investment policy of the Fund.

The General Partner will ensure that sustainability risks are integrated into the Fund's investment decision-making process through the application of Apax's Responsible Investment Policy, as may be amended from time to time.

Apax investment professionals undertake pre-investment ESG due diligence for each new investment made by AGI. The focus of the due diligence may vary but, in all instances, will cover the ESG areas that Apax believes are key to understanding the ESG profile of the company in which AGI are considering an investment. The General Partner will ensure that material sustainability risks associated with a proposed investment are identified and taken into consideration as part of the investment decision process. An in-depth analysis of the target company's potential for impact, and ESG maturity will be assessed and key performance indicators ("KPIs") agreed.

AGI will focus on companies which generate a minimum threshold of Impact in "what" they do within AGI's four sector themes of Health & Wellness, Environment & Resources, Social & Economic Mobility and "Digital Impact Enablers", defined as technology businesses that help generate Impact across the three prior themes.

AGI has adopted a negative screen to select investment opportunities and will target only buyout and growth investment opportunities in companies which deliver Impact – defined as the creation of positive societal and/or environmental impact by a company, generated by its core business activities as well as how such company is managed from a social, environmental and/or governance perspective. This investment strategy will ensure that AGI's investments make a substantial contribution to an environmental and/or social objective.

Apax has created a rigorous set of tools to measure and monitor Impact in partnership with Bridgespan (a leading social impact consultant and advisor) and the Apax Impact Advisory Board. It is intended that AGI will use certain methodologies in its investment decision-making process both to evaluate the suitability of a potential investment and to track key Impact post-investment developments. These are intended to align broadly with industry standards, integrating both Impact Management Project dimensions and the International Finance Corporation's Operating Principles of Impact Management whilst ensuring thematic alignment with the UNSDGs.

Moreover, it is intended that AGI will pursue mainly investments in businesses where it can reasonably expect to acquire a controlling position. It is expected that taking this role will allow Apax to, inter alia, monitor that the investee companies follow good governance practices in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

During the ESG due diligence process, the Apax Impact Team will consider how, among other things, a target company's existing operations might be optimized, ESG risks can be addressed and mitigated, and avenues for value creation can be unlocked during AGI's ownership tenure. Key ESG issues, representing either a risk to the portfolio company's business or an opportunity for value creation, will be highlighted as part of this process. Where necessary, the Apax Impact Team will work with the relevant company's management team to develop an improvement plan to address findings post-investment, either in the 100-day planning process or shortly thereafter.

The integration of sustainability risks in investment decisions relating to AGI, combined with the construction of a diversified portfolio in accordance with AGI's investment objective and strategy, is intended to help mitigate the potential material negative impact of sustainability risks on the returns of AGI.

Monitoring

Where Apax has the ability to control and influence the integration of ESG considerations, Apax will monitor and manage portfolio company ESG performance as part of its post-investment monitoring. Where it does not have a control position, Apax will monitor on a best-efforts basis against ESG considerations.

Further information on this is set out in Apax's Responsible Investment Policy. Terms used in this disclosure not defined therein have the meaning ascribed to them in Apax's Responsible Investment Policy.

Data sources and processing

Data on ESG Key Performance Indicators ("KPIs") is collected directly from portfolio companies as part of the annual KPI collection process. This data will be used to inform the Impact Improvement score for each portfolio company. Apax have built a comprehensive data analytics platform designed to pool together all portfolio company data streams within its systems, both financial and non-financial. The full Apax ESG indicator set is merged into this data platform providing state-of-the-art analysis capabilities and heightened data accessibility. Online access to the ESG data set is provided to all investors through the Apax investor portal and each Apax LP now has the unique ability to directly download relevant indicators by portfolio company. The Impact Improvement Score KPIs are also collected directly from the portfolio companies in the Fund and the Improvement Score will be available and accessible in the investor portal as well.

Limitations to methodologies and data

The KPI data is provided by the portfolio companies directly into the monitoring platform. For KPIs such as carbon emissions, industry standard methodologies for the required calculations are used. In some cases, portfolio companies will not be able to provide all KPI data requested given lack of data or the KPI not being relevant for the specific business.

Engagement Policy

To monitor and manage portfolio company ESG performance following an investment, Apax annually collects ESG Key Performance Indicator ("**KPI**") data from all portfolio companies where Apax has the ability to control and influence the integration of ESG considerations.

Through this post-investment monitoring process, Apax is able to capture the ESG footprint of the portfolio companies and determine areas of materiality where input from investment professionals will create additional value or mitigate risk throughout the life of the investment. This involvement enables the investment professionals to engage with portfolio companies and thoughtfully put in place the appropriate people, processes, and technology to strive for value creation or risk mitigation in a more focused and effective manner. Apax's Operational Excellence Practice is an integral partner to the investment professionals during this engagement process, working together to drive value or mitigate risk relevant to a particular portfolio company's material ESG issues (e.g., natural resource efficiency programmes) and realize the potential opportunities for value creation that were discussed pre-acquisition.

Specifically, Apax is committed to engaging with the portfolio companies on a thematic basis with regard to Inclusion and Diversity and also Climate Action. It has dedicated specialists in these areas who will support portfolio companies in setting out their strategies to improve their performance in these areas.