# Apax Sustainable Finance Disclosure Regulation (SFDR) Disclosure

Articles 3(1), 4(1) and 5(1) of the European Union Sustainable Finance Disclosure Regulation ("SFDR") EU/2019/2088 impose obligations on "financial market participants" (as defined in SFDR) to make website disclosures at an entity level.

The Apax Funds based in Luxembourg are managed by Sanne LIS S.A. ("Sanne"). Sanne, as an EU AIFM, is in scope for SFDR entity-level disclosures. The Apax Funds based in Guernsey are managed by their Guernsey general partners as non-EU alternative investment fund managers ("Non-EU AIFMs"). Sanne and the Non-EU AIFMs are collectively referred to as "the AIFMs".

The Apax Funds in both Luxembourg and Guernsey are referred to together in the below disclosure as "the Apax Funds" and are advised by Apax Partners LLP ("Apax" or "the Firm"). The AIFMs, in making these disclosures, make reference to the wider Apax group ESG policies and practices.

Product-level disclosures under SFDR are provided to investors via the relevant investor portal.

## Article 3: Entity-level sustainability risk disclosures

In line with the SFDR, Apax defines sustainability risk as an environmental, social or governance ("ESG") event or condition, which, if occurs, could cause a negative material impact on the value of one or more investments made by the Apax Funds, which in turn could negatively impact the value returned to its investors.

Information on Apax's approach to considering sustainability risk and integrating ESG into the investment process can be found in the Responsible Investment Policy on the Apax website. The Policy covers the AIFMs and Apax's own operations.

Apax's approach to ESG is fully integrated into its processes and has become an integral part of the Firm's investment approach. Apax's ESG programme covers the lifecycle of a Fund investment from pre-investment due diligence and investment decision-making for each investment of the Funds to post-investment monitoring, value creation, and stakeholder reporting. The long-standing and well-developed ESG program seeks to identify and mitigate sustainability risks, albeit it does not guarantee that all risks will be identified and mitigated.

Apax's Responsible Investment Policy sets out the Firm's approach to the management of environmental, social and governance (ESG) issues. Apax investment professionals undertake pre-investment ESG due diligence for each new investment made by the Funds.  The focus of the due diligence may vary but, in all instances, will cover the areas that Apax believes are key to understanding the ESG profile of the company in which the Funds are considering an investment. Good governance is a key area of focus.

Prior to the closing of each new investment by the Funds, the findings of the ESG due diligence process are reviewed by a member of the Apax Sustainability Committee and incorporated into the final Investment Committee documentation. Key ESG issues, representing either a risk to the portfolio company's business or an opportunity for value creation, are highlighted as part of this process. Where necessary, investment professionals will work with the relevant company's management team to develop an improvement plan to address findings post-investment.

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

Through this post-investment monitoring process, Apax is able to unlock ESG value levers for the Funds' relevant portfolio companies and identify areas of materiality where input from investment professionals can create additional value or mitigate sustainability risk throughout the life of the investment. This collaborative approach enables the Firm to engage with portfolio companies and thoughtfully deploy appropriate people, processes, and technology in a more focused and effective manner.

## Article 4: No consideration of adverse impacts of investment decisions on sustainability factors

Currently the AIFMs do not consider the adverse impacts of investment decisions on sustainability factors in the manner prescribed by Article 4 of the SFDR. The AIFMs take sustainability and ESG very seriously; however, the detailed requirements regarding adverse impacts and the mandatory data collection and disclosure requirements around these remain under review. Please see our Responsible Investment Policy and our Sustainability webpages for more detail on how we consider ESG factors in our investment decision making and during ownership.

## Article 5: Entity-level remuneration policies disclosures

Apax's investment professionals are paid a combination of fixed remuneration (e.g. salary and benefits), variable remuneration (e.g. bonus) and other means of compensation (e.g carried interest).

Variable remuneration for relevant staff takes into account compliance with Apax's policies and procedures, including those relating to the impact of sustainability risks on the investment decision making process.

In practice, in accordance with general private equity remuneration and award processes, a significant portion of Apax's investment professionals' compensation is typically in deferred instruments aligned to the performance of investments (i.e. carried interest), meaning that the value of Apax's investment professionals' compensation will be negatively impacted by a sustainability risk that impacts the value of the underlying investment.

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