Releasing potential sustainably

Apax Partners Sustainability Report
Edition 4
Committed to delivering value sustainably

Fully Embedded in the Investment Process
At Apax Partners we believe that a focus on sustainable investing can lower risk and enhance financial returns for the Apax Funds’ portfolio, all while creating a net benefit for society. Sustainable investing has become an integral part of the investment team’s approach and is fully embedded in our investment process, to help release the full potential of the Apax Funds’ portfolio companies.

Comprehensive Sustainability Programme
The Firm became a signatory to the Principles for Responsible Investing in 2011 and over the course of the last five years has developed a robust set of processes culminating in a comprehensive sustainability programme which is embedded in the lifecycle of a business in which Funds advised by Apax invest. In our view sustainable investing is not only the right thing to do but should also have a powerful and measurable business logic. This belief has become the core tenet of the Apax Partners sustainability programme.

Driving Measurable Progress
A distinctive feature of the Apax Partners sustainability programme is the annual collection of approximately 100 Environmental, Social and Governance (ESG) related KPI’s from the Apax Funds’ underlying portfolio companies. Now in its fourth year and with all relevant portfolio companies contributing non-financial data, it is proving an invaluable tool in driving measurable progress in the overall ESG footprint of the Funds and also in creating value through dedicated programmes at the individual portfolio company level.

Maintaining Industry Leadership
In recognition of the Firm’s commitment to responsible investment, we were very pleased to be selected in 2015 as the winner of the BVCA Responsible Investment Award both for our ESG Framework and for our Engagement on ESG matters with portfolio companies. In addition, for the past four years, the firm has received ESG leader status in the well-respected RobecoSAM ESG assessment programme, providing further validation of the Apax sustainability approach.

Contributing to Global Sustainable Development Goals
In a landmark agreement in the battle against climate change in December 2015 and as part of COP21, the United Nations set 17 Sustainable Development Goals supported by 195 nations. Already several of the Apax Funds’ portfolio companies such as EVRY and Azelis S.A. are integrating one or more of these goals into their operating activities and over time we expect other portfolio companies to follow their lead in setting measurable targets for a better planet.

This 4th edition of the Apax Partners Sustainability Report highlights the actions the Firm and the Apax Funds’ portfolio companies are undertaking to contribute to the global effort for a more sustainable world. We trust you will find it informative reading.

Andrew Sillitoe
Co-CEO, Apax Partners

Mitch Truwit
Co-CEO, Apax Partners

“…a focus on sustainable investing can lower risk and enhance financial returns… all while creating a net benefit for society.”
Sustainable investing... What we do

Active ownership

Apax Partners has a well-defined Corporate Responsibility policy which is guided by its fundamental values (Integrity, Stewardship, Community, People and Relationships).

Pre-investment

Pre-investment activity focuses on the identification of ESG risks, the company’s ability to manage ESG considerations and its performance related to ESG in the past.

Post-investment

Post investment the Apax Fund portfolio companies contribute to the Firm’s ESG processes by monitoring and reporting on key environmental, social and governance indicators. These in turn are reported in the Apax Partners Sustainability Report to provide transparency for investors in Apax Funds.

Since adoption of the PRI Principles (see below), sustainability has been embedded in Apax’s investment process as a tool to help release the full potential of the businesses in which Apax Funds invest. This means that issues relating to sustainability are raised at an early stage in any potential investment opportunity and are monitored throughout Apax Funds’ ownership of the company.

The Firm coordinates its sustainability efforts through a sustainability committee consisting of six members from different functions within the Firm. The committee meets on a monthly basis and reviews all matters relating to Apax’s internal and external sustainability related activities; the committee ensures that implementation of sustainability matters is achieved across the investment team, the Apax Fund portfolio and the Firm.

The Apax investment team undertakes standard pre-investment Environmental, Social and Governance (ESG) due diligence for each new investment made by the Apax Funds. The due diligence is based on a detailed questionnaire which has been drawn up to cover the ESG areas which Apax believes are key to understanding the ESG profile of the company in which the Apax Funds are considering an investment.

The outcome of the ESG due diligence review is presented to and reviewed by the Apax Investment Committee prior to each new commitment and areas of risk and opportunity are highlighted by the respective investment teams. The objective is to create a high degree of awareness upfront with regards to potentially relevant ESG issues which can contribute to value creation at a very early stage of ownership of the company.

The pre-investment due diligence is backed up post investment by an annual Environmental, Social and Governance KPI collection cycle. Through this Apax is able to capture the ESG footprint of the Funds’ portfolio companies and establish the possible areas of materiality which require further focus from the investment team to create value or mitigate risk.

For Apax Partners the key goal of this project is to get a better understanding of the materiality of certain KPI’s to the overall operations of a portfolio company. This helps the team to put in place value creation or risk mitigation initiatives in a far more focused manner in conjunction with the Apax Operational Excellence Practice to drive the value relevant to the particular material issues (such as natural resource efficiency programmes).

www.unpri.org

1. Incorporate ESG issues into investment analysis and decision-making processes

2. Be active owners and incorporate ESG issues into ownership policies and practices

3. Seek appropriate disclosure on ESG issues by the entities in which we invest

4. Promote acceptance and implementation of the principles within the investment community

5. Work together to enhance our effectiveness in implementing the Principles

6. Report on our activities and progress towards implementing the Principles
Portfolio monitoring... How we do it

ESG KPI data collection

A key feature of the Apax Partners sustainability programme is an annual data collection cycle through which the Firm monitors, tracks and reports on the Environmental, Social and Governance performance of the Apax Fund portfolio companies.

The annual data collection cycle is designed to highlight each portfolio company’s performance in its key areas of risk and opportunity. A set of general key performance indicators (“KPIs”) across environmental, social and governance areas has been developed, which allows Apax to gather qualitative and quantitative data from its portfolio companies; in so doing, Apax is able to provide transparency on the portfolio’s ESG footprint to the Funds’ investor base. A sustainability software system facilitates and streamlines the data capture of the KPI information and additionally functions as a central repository for ESG information and its related supporting documentation across the portfolio.

Each Apax Fund portfolio company is able to maintain, track and record its own ESG data over time. For Apax Partners, the key benefit of this project is that it affords significant visibility and relevant data capture which in turn drives improvement of the ESG footprint across the overall Apax Fund portfolio, as well as within each individual portfolio company; critically, the Firm is able to provide this information to LPs on an ongoing basis.

Full Portfolio Company Participation

In total 29 Apax Funds portfolio companies reported on c.100 non-financial KPI’s in 2015. This number represents all relevant portfolio companies. (1),(2)

The group of companies which provided ESG KPI data for the 2015 sustainability report is referred to as the Apax ESG Group. For this report the ESG group consists of: Acelity, Answers, Aptos, Ascential, Assured Partners, Azelis, Cole Haan, Epicor, Evry, Exact, Full Beauty Brands, Garda, Genex, GHG, Global Logic, Ideal Protein, Idealista, One Call Care Management, Paradigm, Planpasen, Psagot, Quality Distribution, Rue21, Sisal, Takko, TIVIT, Trader Canada, Unilabs, Wehkamp. No longer in the ESG Group in 2015 are Capio, iGate, New Look, Rhiag and Sophos due to full or partial exits and there were eight new additions: Aptos, Assured Partners, Azelis, Full Beauty Brands, Idealista, Ideal Protein, Quality Distribution and Wehkamp.

The Apax ESG Group generated approximately US$ 21.4 billion (€20bn) in global revenues in 2015 and employed more than 150,000 full time equivalent employees (FTE) globally. The scale of the combined operations of Apax Funds portfolio companies puts the Firm on a par with many of the world’s largest multi-national companies and necessitates a proactive focus on sustainability as a fundamental part of the Firm’s wider corporate responsibility.

(1) The ESG Group only includes buyouts
(2) The Apax Funds hold minority stakes in several public companies which are not included in the KPI data collection programme.
Apax believes that its approach to obtaining ESG KPI data from the portfolio is innovative. Once established, the process is designed to be self-sustaining and self-governing on the part of the portfolio companies, allowing each to take full responsibility for their respective ESG policies.

The firm sees the benefit of the ESG KPI data collection as three-fold:
- Providing transparency to Apax investors on the ESG footprint of the Apax Funds portfolio companies, thereby enabling them to communicate to their underlying clients more effectively and in a meaningful way on non-financial ESG matters.
- Enabling the Apax investment team to get a better understanding of the materiality of certain KPIs to the overall operations of a portfolio company, helping the team together with the Apax Operational Excellence Practice to put in place value creation or risk mitigation initiatives in a far more focused manner.
- Creating a solid foundation for continued awareness of the importance of an ESG focus in its day-to-day operations with each individual portfolio company, as the collection of non-financial metrics can be continued by each portfolio company post ownership by Apax Funds.

In October 2015 Apax was selected as the winner of the BVCA 2015 Responsible Investment Awards both for its ESG Framework and for its Engagement on ESG matters with portfolio companies.

The judges commented that Apax’s strong and aspirational submission demonstrated how seriously the firm takes responsible investment. Responsible investment was found to be fully integrated throughout the company’s investment process with detailed questionnaires at entry to a portfolio firm as well as subsequent comprehensive action plans. The judges also remarked on the evident strong buy-in from Apax’s leadership and commended interesting nuances such as the firm’s cooperation with the Carbon Trust.

Apax also obtained ESG leader status from RobecoSAM and very positive feedback in the PRI assessment round for 2015. All of these accolades provide a strong validation of the Firm’s commitment to Responsible Investment.

Equipped with this insight the OEP then engages with those portfolio companies where there is a materially accretive outcome to implementing an improvement programme. Examples of ESG engagements supported by the OEP include:
- Engaging in projects to reduce the costs and consumption of natural resources. The OEP has developed a preferred partnership relationship with The Carbon Trust, a UK based NGO. The Carbon Trust works with companies to reduce their carbon footprint, cut energy costs and gain a strategic competitive advantage. Going forward the Carbon Trust will be involved with those portfolio companies where there is a material impact expected from enhanced natural resource efficiency.
- Reducing risks through improved governance and policy implementation. The ESG KPI collection process also provides insight into corporate policies and governance practices. Based on our findings in the data collection, the OEP and Compliance group work together to address specific opportunities for enhanced policy implementation or risk management in areas like anti-corruption and anti-money laundering.
Apax Funds have a globally diversified portfolio consisting of companies with headquarters across 12 countries with differing regulatory frameworks. Total capital invested globally at year end 2015 was USD 15.5 billion, in 40 companies, generating combined revenues of USD 38 billion*.

*Includes all minority owned companies
## Portfolio KPI snapshot

### ESG Group evolution

<table>
<thead>
<tr>
<th>Year</th>
<th>New investments</th>
<th>Exits</th>
<th>Portfolio company participation</th>
<th>Reported CO2 tonnes eq.</th>
<th>Employees</th>
<th>Code of ethics</th>
<th>Diversity policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td>80%</td>
<td>830,000</td>
<td>166,000</td>
<td>80%</td>
<td>36%</td>
</tr>
<tr>
<td>2013</td>
<td>Trizetto</td>
<td></td>
<td>92%</td>
<td>607,000</td>
<td>168,000</td>
<td>96%</td>
<td>61%</td>
</tr>
<tr>
<td>2014</td>
<td>Answers</td>
<td></td>
<td>100%</td>
<td>623,000</td>
<td>202,000</td>
<td>100%</td>
<td>74%</td>
</tr>
<tr>
<td>2015</td>
<td>Aptos</td>
<td></td>
<td>100%</td>
<td>857,000</td>
<td>151,000</td>
<td>93%</td>
<td>66%</td>
</tr>
</tbody>
</table>

(1) 2012 is the first year of the ESG Group composition: no additions or exits in the first reporting year.
Environmental impact of the Apax Funds portfolio

Environmental achievements

- Reduction in electricity consumption: 37%
- Reduction in A4 paper usage since 2013: 50%
- Anticipated reduction in energy use as result of new initiatives to drive usage down: 20%
- Reduction in A3 paper usage since 2013: 33%
- Total amount of cardboard recycled in just 5 months: 378 tonnes

Breakdown of CO₂ emissions

- 19 companies account for 11% of CO₂ emissions
- 6 portfolio companies account for 89% of CO₂ emissions

857,000 tons equivalent of CO₂ were reported by 25 companies

Examples of environmental initiatives

Across the Apax Funds’ portfolio, we have a high number of initiatives in place that reduce complexity, waste and energy consumption. These initiatives range from: reducing electricity usage via replacing traditional light bulbs to led, reducing paper usage by setting default double sided printing in all of the offices and reducing water usage by investing in low flow fixtures, auto shut off faucets and other water reducing features.

Energy

- 746m Kwh of electricity usage reported by 20 companies

Full Beauty Brands has reduced total electricity consumption by 37% since 2018 and has a large number of initiatives lined up in order to achieve further energy reductions. In 2016 the company installed conveyor sleep mode in their Indianapolis distribution centre and in 2017 the company will replace 34-400-watt parking lot pole lights with 150-watt LEDs in their El Paso customer care centre and they will add stock floor HVAC units to their energy management systems in the Indianapolis distribution centre.

GHG have reduced electricity and gas consumption by 22% over the last 12 months and the company is currently in the procurement phase of an energy demand project anticipated to reduce energy consumption by 20% at their ten largest sites.

TIVIT is reducing energy usage through lighting and air conditioning automation. Lighting and air conditioning are working for shorter periods during the day and specific points where lighting is not needed the lighting is switched off. In the meeting rooms the company alternating the light switch for room illumination and the projection, illumination and substituted the incandescent and fluorescent lamps with LED lighting.

Ideal Protein achieved a 15% saving of electricity equivalent to 95,981 kWh last year in their Manufacturing Plant. This was achieved through monitoring peaks in usage and the company also performed a selective cutting of loads on the final stages of air treatments for the Pharma Plant.

Paper

- 56,820 tons of paper purchased by 22 companies

Ascential constantly seeks to improve print run efficiency and generate less waste on paper stock. It purchases the lowest paper volumes necessary and uses only one or two grades across all titles and supplements. Initiatives to further reduce paper weight in line with advances in paper technology partly led to the reduction of more than 500 tonnes of paper in 2015 over a year earlier. The total paper purchased by Ascential between February 2015 and February 2016 was 2,420 reams of A3 and 2,248 reams of A3. This is a reduction of 1,062 reams of A3 and 40 reams of A4 over the same time a year earlier. Since 2013, Ascential has reduced its A4 paper requirements by some 50% and by 32% for A3.

For magazines and other product print, Ascential purchased 482,175 reams of paper, a reduction of some 511 tonnes over a year earlier. This drop is partly due to paper weight reductions but mainly due to frequency and pagination reductions. The company has reduced print run requirements by 671 tonnes since 2013 and will reduce this again substantially in 2016 as the business cases for many print magazines, and moves to digital only subscription products.

Cole Haan continues to recycle all cardboard coming into their Greenland facility and in the last 6 months of 2015 recycled 378 tons of cardboard out of Greenland. The company has been working with a new vendor to now roll out corrugated recycling in the Greenland distribution centre beginning in summer 2016.

Resources usage

The Apax Fund portfolio consists of a large number of "asset light" businesses which do not have a significant environmental impact. The majority of resources usage is reported by a small number of companies. In 2015, 89% of CO₂ emissions were generated by only 6 portfolio companies with the other 19 portfolio companies reporting energy data accounting for the remaining 11%.

Electricity usage in the ESG Group reduced by 15% with 6 portfolio companies accounting for over 80% of the Group’s electricity usage and 20% being reported by 14 portfolio companies. On a like for like basis the 15 companies reporting data both in 2014 and 2015 reported an increase in usage of 5.7% or 39 million kwh.

The portfolio’s environmental stewardship initiatives will help protect the planet while improving efficiency, reducing costs and preserving their ability to do business in the future. Sustainability is not just the right thing to do, it can also boost innovation and profitable growth. This is why we continue to see it as a key differentiator and a competitive advantage.

Environmental performance overview

Environmental Policy: 34%
Waste Management Policy: 41%
Initiatives to reduce water usage: 45%
Initiatives to reduce packaging: 62%
Initiatives to reduce energy usage: 69%
No Serious Environmental Incidents: 93%
Compliance with all local environmental regulations: 97%

Data representative of year ended 31.12.2015
Social impact
of the Apax Funds portfolio

Social achievements

<table>
<thead>
<tr>
<th>Description</th>
<th>Figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed employee training courses</td>
<td>8,304</td>
</tr>
<tr>
<td>8,000 free V.A.C. therapy treatments provided to low income patients at Acelity</td>
<td></td>
</tr>
<tr>
<td>Donated in-kind matching donations</td>
<td>$39,000</td>
</tr>
</tbody>
</table>

Employee Health and Well Being

Days lost due to illness tracked by almost all companies. In 2015, 28 out of 29 companies in the ESG Group reported this information, or over 96% of the respondents. This is up from 21 companies or 80% in 2014. Across the 28 companies on average 3.4 days were lost per FTE due to illness compared to 3.5 days in 2014. Roughly 33,000 individuals chose a voluntary exit and there were c. 17,000 redundancies at year end 2015.

Health and Safety

A Health and Safety policy is in place at 24 out of the 29 portfolio companies reporting in 2015, a positive change from 2014 where 21 companies had an H&S policy. There were around 3,600 work related accidents reported across the ESG Group, a substantial decrease from the 6,100 work related accidents reported in 2014. Two companies reported a fine for health and/or safety non-compliance, relating to issues with regard to Occupational Health Certificates.

Gender balance

The ESG Group workforce by year end 2015 was equally balanced in terms of gender. Roughly 49.8% female and 50.2% male. On a like for like basis there was a 4.6% decrease in female employees and a 4% increase in male employees relative to year end 2014 but the addition of several new portfolio companies adjusted the balance of the workforce to be roughly equal.

Social impact summary

The ESG Group workforce decreased by more than a quarter in 2015 and stood at 152,000 FTEs at year end 2015. This was due to the exits of a few large employers such as iGate, New Look and Capco; combined over 58,000 FTE’s left the ESG Group. Employee growth across companies reporting in 2014 and 2015 was constant at 0.6% or 800 FTE’s from a core group of 21 companies, 8 new companies in the portfolio brought just over 9,000 additional FTE’s to the ESG Group total.

The Apax ESG Group contains a few large employers. Two companies employ around 30,000 FTE’s and 6 companies combined account for over 69% of employees.

Examples of social impact initiatives

The Apax Funds’ portfolio companies have put in place many initiatives to make an impact on their workforce by conducting regular employee surveys, implementing improved training programmes and putting in place career development practices. In addition, the portfolio companies make an impact on the communities in which they operate through their community engagement. A few examples of each are set out below.

Employee Engagement and Talent Management

The Exact set out on a journey to better facilitate talent management in 2015. Managers have participated in talent review sessions focused on identifying talent, building the talent pipeline and assessing bench strength for leadership roles. These discussions are based on a methodical approach and will continue in the years to come to ensure that the identification, growth and retention of talent become engrained in the organizational and leadership culture. Talent review sessions will enable the company to better understand specific development needs and target development initiatives. The appetite for development has continued in 2015. 488 employees have participated in a total of 62 skill training sessions. The number of completed skills training sessions has increased with 33% as compared to 2014. Exact Insight, the Exact onboarding program, has been attended by 308 new joiners globally, 70 out of which joined the company in Kuala Lumpur, 37 in the US and 201 in Europe. The total number of completed training courses is 8,304, with 3,189 obtained certificates. Compared to 2014 this means an increase of 33% and 16% respectively.

Since 2014, Acelity has measured employee engagement every 2 years by means of a survey to which all employees are asked to participate. The survey is run via a third party and is anonymous. The 2016 survey has taken place in April and the first results show an improvement of the 2 main indexes (Satisfaction & Motivation) on an individual and group level.

Acelity has set $100,000 aside for the Case Manager Scholarship Program Awards. Its other CSR effort is Matching Gifts, where they match up to $50,000 per employee per year for their donations to educational institutions and 501(c)3 institutions. In 2015 the company matched $35,043.56 in gifts.

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Governance of the Apax Funds portfolio

Improved governance and policy implementation

Throughout 2015, 8 new companies were added to the Apax Funds’ portfolio and, as expected, a number of these companies did not yet have mature governance systems in place. The Apax OEP and Compliance teams are working with these companies in order to ensure that going forward they will apply best practice amongst others with regard to their codes of conduct and anti-corruption policies.

Examples of corporate governance and supply chain improvements

Governance is a key area of focus for the Apax Funds’ portfolio companies and companies are encouraged to focus on continuous improvement of their governance practices from the start of the Apax Funds investment with a particular emphasis on anti-corruption practices and establishing robust codes of conduct. Likewise, supply chain improvements are a key focus area for portfolio companies with exposure to supply chain risk. A number of examples of improvements are outlined below.

Overview of compliance and policies

Compliance

<table>
<thead>
<tr>
<th>Compliance</th>
<th>FY 2014</th>
<th>FY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>No fines paid for health &amp; safety non-compliance</td>
<td>98%</td>
<td>98%</td>
</tr>
<tr>
<td>Monitoring of compliance with policies and procedures</td>
<td>98%</td>
<td>98%</td>
</tr>
<tr>
<td>No serious environmental incidents</td>
<td>98%</td>
<td>98%</td>
</tr>
<tr>
<td>Compliance with all relevant local labour regulations</td>
<td>98%</td>
<td>98%</td>
</tr>
<tr>
<td>No target of investigation relating to anti-corruption laws</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Appropriate risk management systems &amp; controls in place</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Governance summary

At Apax we realise that good corporate governance is the foundation of effective corporate management. For us, corporate governance means the application of international and national values and principles of responsible and transparent company management and control that are geared towards sustainable added value. We target full compliance with the laws and regulations of each country in which we operate, as well as with international standards. It is the necessary condition for our engagement with society. We are convinced that good corporate governance strengthens the trust placed in Apax Funds’ portfolio companies by their business partners and employees and also by Apax Funds’ institutional investors.

Robust corporate governance systems are in place across the Apax ESG group. Virtually all companies have a code of conduct and/or a code of ethics which guides their business activities. Portfolio companies that are new to Apax Funds’ or which have historically had activities. Portfolio companies that are new to Apax Funds’ or which have historically had administrative problems or activities, with training also provided on how to distance oneself from forms of bribery and corruption. Employees in doubt about whether a particular situation or gift is permissible are also able to seek guidance from the company’s compliance unit. EVRY has well-established ‘whistle-blower’ arrangements as well as procedures for dealing with suspected corruption at its businesses.

GHG introduced a new national committee structure in June 2015, with corporate and operational member representation. A new risk management and risk register structure was also introduced, initially at a corporate level, with a cascade to individual operational units in 2016. The Operational Plan for the business, identifying the key actions and accountability for those that will drive the company’s vision was refreshed for 2015 and also cascaded to individual operational units.

Examples of corporate governance and supply chain improvements

Corporate governance improvements

- EVRY works actively to combat all forms of corruption. E-learning programs and training courses are organised to ensure employees are trained to act in accordance with the Group’s guidelines on accepting gifts, travel and other benefits or activities, with training also provided on how to distance oneself from forms of bribery and corruption. Employees in doubt about whether a particular situation or gift is permissible are also able to seek guidance from the company’s compliance unit. EVRY has well-established ‘whistle-blower’ arrangements as well as procedures for dealing with suspected corruption at its businesses.

- Cole Haan has become a member of Social Accountability International and is working with SA to transition their program to one that works with their supply chain partners to continuously improve the supply chain. The company is also working with SA to establish its Code of Conduct and develop their own audit standards.

- Full Beauty Brands implemented a number of supply chain improvements in recent months. It is now a requirement for all apparel vendors to disclose the factory prior to order confirmation.

- Takko accomplished its ambitious target of increasing the share of goods sourced from audited suppliers to over 30% in financial year 2015/2016. A total of 369 audits were conducted in its production countries (including follow-up audits of already audited sites) and 95-98% of the goods purchased by Takko are now sourced from audited suppliers. Takko also passed the threshold defined by the Fair Wear Foundation for its members. All sourcing is handled by Takko’s own sourcing team and the implementation of an in-house supplier evaluation tool gives the company full transparency about orders as well as being a means for recording any breaches of their code of conduct and introducing the required corrective actions.

Supply chain improvements

- EVRY works actively to combat all forms of corruption. E-learning programs and training courses are organised to ensure employees are trained to act in accordance with the Group’s guidelines on accepting gifts, travel and other benefits or activities, with training also provided on how to distance oneself from forms of bribery and corruption. Employees in doubt about whether a particular situation or gift is permissible are also able to seek guidance from the company’s compliance unit. EVRY has well-established ‘whistle-blower’ arrangements as well as procedures for dealing with suspected corruption at its businesses.

- Cole Haan has become a member of Social Accountability International and is working with SA to transition their program to one that works with their supply chain partners to continuously improve the supply chain. The company is also working with SA to establish its Code of Conduct and develop their own audit standards.

- Full Beauty Brands implemented a number of supply chain improvements in recent months. It is now a requirement for all apparel vendors to disclose the factory prior to order confirmation. All factories over $100,000 are required to provide an existing audit performed for another company in the last 6 months or submit to a Full Beauty Brands audit. In addition, KSO, the company’s primary sourcing agent, has invested in CSR in the last 2 years, increasing its internal CSR team to 5 associates and implementing a CSR handbook of CSR policies and requirements. Full Beauty Brands has also implemented a pre-qualification process for new factories.

Anti-corruption

During the year, no public allegations of corruption were made against any of Apax Funds’ portfolio companies or their employees.
Only those portfolio companies which participated in the KPI collection exercise are featured in the performance data overview (see page 4).

Employees are reported in FTE’s but sick days and voluntary turnover in some instances are reported in total employees.

### 2015 ESG performance data: by Sector

#### Environmental

<table>
<thead>
<tr>
<th>Company</th>
<th>Sub-sector</th>
<th>CO2 emissions (tons)</th>
<th>Electricity (Kwh)</th>
<th>Business Travel by Air (Miles)</th>
<th>Water used (m3)</th>
<th>Waste treated (tons)</th>
<th>Environmental incidents</th>
</tr>
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<tbody>
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<td>-</td>
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#### Social

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<th>Employees FTEs</th>
<th>Women FTEs</th>
<th>Men FTEs</th>
<th>Diversity policy</th>
<th>Sick days</th>
<th>Voluntary turnover</th>
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#### Governance

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<th>Code of conduct</th>
<th>Anti-corruption policy</th>
<th>CSR Report</th>
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<td>Company B</td>
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<td>Yes</td>
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<td>No</td>
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<td>Company D</td>
<td>Gaming</td>
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<td>Yes</td>
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#### Healthcare

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<th>Women FTEs</th>
<th>Men FTEs</th>
<th>Diversity policy</th>
<th>Sick days</th>
<th>Voluntary turnover</th>
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<tbody>
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#### Services

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<th>Sub-sector</th>
<th>Code of conduct</th>
<th>Anti-corruption policy</th>
<th>CSR Report</th>
</tr>
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<td>Yes</td>
<td>Yes</td>
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<td>Business Services</td>
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<td>No</td>
</tr>
<tr>
<td>Company D</td>
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<td>Yes</td>
</tr>
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<td>Company E</td>
<td>Financial Services</td>
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<td>Yes</td>
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#### Tech & Telecom

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<th>Anti-corruption policy</th>
<th>CSR Report</th>
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<td>No</td>
</tr>
<tr>
<td>Company C</td>
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<tr>
<td>Company G</td>
<td>Software</td>
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<td>Yes</td>
<td>Yes</td>
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</tbody>
</table>

[1](#) Only those portfolio companies which participated in the KPI collection exercise are featured in the performance data overview (see page 4).

[2](#) Employees are reported in FTE’s but sick days and voluntary turnover in some instances are reported in total employees.

Data representative of year ended 31.12.2015
### 2015 ESG performance data: by Fund

#### Apax Europe VI

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>CO2 emissions (tens)</th>
<th>Electricity (Kwh)</th>
<th>Business Travel by Air (Miles)</th>
<th>Water used (m3)</th>
<th>Waste treated (tens)</th>
<th>Environmental incidents</th>
<th>Employees FTEs</th>
<th>Women FTEs</th>
<th>Men FTEs</th>
<th>Diversity policy</th>
<th>Sick days (FTEs)</th>
<th>Voluntary turnover</th>
<th>Workers Council</th>
<th>Code of conduct</th>
<th>Anti-corruption policy</th>
<th>CSR Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company A</td>
<td>Consumer</td>
<td>12,707</td>
<td>22,692,118</td>
<td>2,614,912</td>
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#### Apax Europe VII

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<th>Waste treated (tens)</th>
<th>Environmental incidents</th>
<th>Employees FTEs</th>
<th>Women FTEs</th>
<th>Men FTEs</th>
<th>Diversity policy</th>
<th>Sick days (FTEs)</th>
<th>Voluntary turnover</th>
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<th>Code of conduct</th>
<th>Anti-corruption policy</th>
<th>CSR Report</th>
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#### Apax VIII

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<th>Electricity (Kwh)</th>
<th>Business Travel by Air (Miles)</th>
<th>Water used (m3)</th>
<th>Waste treated (tens)</th>
<th>Environmental incidents</th>
<th>Employees FTEs</th>
<th>Women FTEs</th>
<th>Men FTEs</th>
<th>Diversity policy</th>
<th>Sick days (FTEs)</th>
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<th>Code of conduct</th>
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<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Company B</td>
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</table>
Case study

**EVRY**

**Overview**

Funds advised by Apax Partners completed their investment in EVRY in March 2015. Formed in 2010 by the merger of two Norwegian IT companies, EVRY is a leading IT services company in the Nordic region. EVRY has over 40 offices across Norway and Sweden, and has over 8,500 employees, of which c.3,000 are based in offshore centres primarily in India and the Ukraine. EVRY has leading market positions in the mid-market segment in both Norway and Sweden.

Reporting emissions since 2011

After the merger, several of its major Nordic customers (such as Telenor) began to request carbon disclosure from EVRY to dovetail with their own sustainability objectives such as climate change issues and supply chain focus. In addition, a number of EVRY’s large Nordic institutional investors were asking for increased transparency and reporting on Environmental, Social and Governance (ESG) matters as an important component of their investment decision.

After considering the needs of these significant stakeholders and the benefits carbon footprint disclosure would bring for their customer alignment, EVRY decided to sign up to the Carbon Disclosure Project (CDP) in 2011.

Impact of Disclosure – Reducing Emissions by 50% in 5 years

EVRY found that the process of responding to the CDP climate questionnaire delivered real changes in business practices resulting in much lower energy usage. EVRY became focused on driving a large number of energy efficiency initiatives throughout its operations. The most significant of these measures is taking place during ownership by the Apax Funds, namely the consolidation of EVRY’s datacentres. Across Norway and Sweden EVRY will go from 15 datacentres at the time of Apax’ investment to 6 datacentres in total.

The results of these initiatives are outstanding: EVRY reduced its greenhouse gas emissions by 50% in a period of 5 years from 12,500 tons equivalent in 2012 to 6,000 in 2015.

EVRY is in the top league globally for achieving real and lasting reductions in the emissions generated by its activities. Only Norwegian company to achieve the prestigious CDP A score in 2016

In 2016 EVRY made the Climate A list together with 192 other companies worldwide representing less than 10% of all respondents. Out of these, just 14 companies were from the Nordic region of which EVRY is the only Norwegian company.

**Future Targets**

Going forward EVRY expects to see its CO2 emissions decrease by a further 30% from their current level as a result of environmental measures it already has planned and it is planning to become Climate Neutral in 2017.

The company will also increase its electronic waste reduction programme in 2017, and has reached an agreement with two recycling companies to increase reuse and recycling of all electronic waste such as PCs, servers, light bulbs, cell phones, cables etc. EVRY will disclose a climate and environmental report within the recycle program.

As a result of these activities EVRY is in a very strong position to achieve even stronger alignment with its customer base on sustainability matters, to develop “green” solutions for them, to reinforce their sustainability programmes and to help reduce their energy footprint.
Case study

Overview

Funds advised by Apax Partners first invested in Azelis S.A. in April 2015. Azelis acquired Koda Distribution Group in December 2015 to become a leading global distributor of specialty chemicals, with market leading positions in North America and Europe and an established and growing presence in Asia. Headquartered in Antwerp, Belgium, Azelis operates globally, providing a diverse range of products and innovative services to more than 29,000 customers in more than 35 countries worldwide.

CSR a core component of revenue retention and growth

Many of Azelis’ major customers are under increasing pressure from key stakeholders to provide transparency about their Corporate Social Responsibility (CSR) practices including also their supply chain. Customers are no longer buying and negotiating on price alone having a comprehensive CSR strategy in place is becoming more of a pre-requisite for doing business. Consequently, following the investment by Apax Funds and the combination with Koda, the senior leadership team of Azelis recognised it would need to ensure that its operations globally shared the same environmental, ethical and social values and that these values were implemented in the same way across geographies.

Developing a CSR strategy appropriate for the business

In early 2016, Azelis set up a steering committee tasked with developing a comprehensive CSR programme for the company following the ISO 26000 standard. The steering committee consisted of 15 members of the senior leadership team, amongst others the CEO, across many different functional disciplines. The committee identified 3 core areas on which to focus the programme:

- **Labour Practices**: Enabling employee development, promoting life balance and well-being and ensuring equal opportunity and diversity
- **Environmental Issues**: Managing a sustainable use of resources and minimizing the impacts of its activities on the environment
- **Societal and economic Issues**: Conducting business in a responsible way, key components of which are predominantly sustainable procurement, fair operating practices and societal engagement.

Early results and future targets

Azelis is expecting to see the first benefits of its increased CSR focus reflected in its Ecovadis score, a tool used by large multinationals in monitoring the CSR performance of their suppliers and becoming a factor in purchasing decisions. The typical standard most customers expect from their suppliers is silver. Azelis is currently bronze and its target is to increase the score to silver in 2017.

Azelis is planning to roll out its new sustainable procurement charter in 2017 to its suppliers. In early 2017 it will also begin collecting environmental, societal and labour related KPI’s with the objective to publish a first report on these KPI’s by 2018.

By 2018 Azelis will have all the components of its CSR programme embedded throughout its diversified organisational structure and this will be an important element driving its future success as the leading global distributor of specialty chemicals.
The Apax Foundation is the channel for Apax Partners’ corporate giving globally and has made donations averaging over £1 million a year since its inception in 2006.

Social entrepreneurship was chosen as the focus for the Apax Foundation’s major grant giving as it is the natural extension of what Apax does commercially and builds on the Firm’s history of support in that area, most notably as one of the founders of Bridges Ventures. It is also an area where some of the Foundation’s Trustees have significant experience. This provides us with a steady flow of introductions to leading charities in the field, both from within the firm and from our wider network.

The Foundation has also continued its commitment to our staff ‘matching’ scheme and the private equity community’s collective charity, Impetus – The Private Equity Foundation.

**Trustees of The Foundation**
- The Apax Foundation is chaired by Sir Ronald Cohen and its Trustees include:
  - Simon Cresswell
    Partner, General Counsel
    Apax Partners
  - Peter Englander
    Co-CEO of the Apax Foundation
  - Rohan Haldea
    Partner, Apax Partners
    and Co-CEO of the Apax Foundation
  - David Marks
    Senior Taxation Advisor,
    Apax Partners
  - John Megrue
    Chairman, Apax Partners
    U.S.
  - Shashank Singh
    Partner, Apax Partners
  - Mitch Truwit
    Co-CEO, Apax Partners
  - Jason Wright
    Partner, Apax Partners

**Social entrepreneurship**
Social entrepreneurship is the main focus of the Apax Foundation’s charitable giving. We support a range of charities, large and small, working to help people in deprived communities to lift themselves out of poverty through enterprise. The Apax Foundation has made total cumulative donations of £4.8 million to charities working in this field.

**Impetus – The Private Equity Foundation**
Impetus – PEF accelerates the growth of innovative charities and social enterprises helping disadvantaged children and young people to get the start in life they deserve.

**Social investments**
A proportion of the Foundation’s invested endowment fund is allocated to social investments - in other words, investments that generate a positive social impact as well as a financial return. The most significant of these is Finance in Motion, whose mandates include the European Fund for Southeast Europe (EFSE) and the Green for Growth Fund Southeast Europe.
The Apax Foundation’s social entrepreneurship portfolio encompasses a mix of enterprising start-ups and larger, more established organisations. We look to fund projects that will bring lasting economic and social benefits, and to support charities in all the regions in which Apax operates.

### Social entrepreneurship examples

<table>
<thead>
<tr>
<th>Charity</th>
<th>Period</th>
<th>Country</th>
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</thead>
<tbody>
<tr>
<td>Dasra</td>
<td>3 years</td>
<td>India</td>
</tr>
<tr>
<td>Grameen America</td>
<td>3 years initially followed by 3-year re-commitment</td>
<td>US</td>
</tr>
<tr>
<td>Joblinge</td>
<td>1 year initially followed by two 3-year re-commitments</td>
<td>Germany</td>
</tr>
<tr>
<td>Mosaic/ The Prince’s Trust</td>
<td>3 years initially followed by rolling re-commitments</td>
<td>UK</td>
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<tr>
<td>Institute for the Development of Social Investment</td>
<td>1 year initially</td>
<td>Brazil</td>
</tr>
<tr>
<td>Non-Profit Incubator/ Xingeng Workshop</td>
<td>3 years</td>
<td>China</td>
</tr>
<tr>
<td>Opportunity Network</td>
<td>3 years</td>
<td>US</td>
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</table>

- **Dasra India**
  Dasra is an NGO in India focussed on capacity building in the social sector. It helps high potential social enterprises (non-profits and social businesses) scale up to move people in India out of poverty faster. The organisation brings together networks, knowledge and funding to catalyse large scale social change. An example is Magic Bus, Dasra’s first investment, whose budget went from $0.025m to $9.2m between 2000 and 2014.

- **Grameen America North America**
  Grameen America is a not-for-profit microfinance organisation founded by Nobel Laureate Prof. Muhammad Yunus, providing small loans to people of limited means in the US to enable them to start up their own small businesses. The Grameen concept, which specifically aims to help the poorest, is new to the U.S. and the Apax Foundation was one of its early backers.

- **Joblinge Germany**
  Joblinge works to reduce youth unemployment in Germany through a 6-month programme targeting unemployed high school leavers. Joblinge targets the most challenging cases, who have already been through government training schemes without success. Its programme consists of training, intense mentoring, internships and ongoing coaching throughout the participants’ apprenticeship, with a job placement as the final aim. The programme has proved 4-6 times more effective than comparable government schemes.

- **Mosaic UK**
  Mosaic (part of The Prince’s Trust) is an initiative to help young people fulfil their potential. The Apax Foundation was the founding supporter of the Mosaic Enterprise Challenge, an online business game that runs in schools in disadvantaged areas throughout the UK and culminates in a grand finals event at which the winning teams pitch their business idea to a panel of judges drawn from the business world.
Private equity is a long-term business, and depends on the trust it receives from investors, business owners and management teams. Our values are crucial in everything we do.

We apply our values equally wherever we operate. They inform our interactions with employees, suppliers and our local communities, as well as the Apax Funds’ investors and portfolio companies. Apax Funds do not invest in companies involved in firearms, pornography or that derive significant revenues from the production or sale of tobacco.

Our shared investment values

Overview

Values across the Apax Funds portfolio
Portfolio companies are encouraged to lead in corporate social responsibility, because we believe that sustainably run businesses ultimately help drive better returns for our investors.

We are proud of what we do: backing management to release the full potential of their businesses through insight and patient long-term investment. We remain aware of our responsibilities at all times, and are guided by our values.

Shaping our industry’s values
We are committed to working with the industry on corporate responsibility issues including environmental, social and governance best practice, as well as raising the standard of transparency and disclosure to all our stakeholders. As such, we were engaged from the earliest stages in the development of the Walker Guidelines on Transparency and Disclosure in the UK, and are involved with industry associations in other countries in their creation of similar codes.

We are proud signatories of the UN’s Principles for Responsible Investment (PRI) and to the Private Equity Growth Capital Council’s Guidelines for Responsible Investment.

See the UNPRI website for full details at www.unpri.org
See the Private Equity Growth Capital Council website for the full list at www.pegcc.org

Our values are built on five key pillars

**Integrity**
Apply the highest standards of integrity in dealings with all stakeholders.

**Stewardship**
Act in the long-term interests of the environment and the companies in which our funds invest.

**Community**
Act with respect and consideration for the communities in which we operate.

**Relationships**
Create long-term relationships founded on mutual advantage.

**People**
Treat people with dignity and respect. Do not discriminate on any grounds.

Our values

Apax Partners Sustainability Report

Apax Partners
Sustainability Report

Apax Partners
The annual ESG KPI collection from Apax Funds’ portfolio companies is now firmly embedded in the Apax Partners sustainable investment framework, with all majority owned portfolio companies participating and contributing data.

The next step in our journey is to work with those companies which are the largest users of natural resources to help reduce their footprint through cost and demand reduction initiatives. We look forward to keeping you informed of our progress.

Find out more at www.apax.com/responsibility