
Responsible Investment Policy

July 2017

Mission Statement

Apax's mission is to cultivate and help realize the potential of portfolio companies, their management teams, and their employees in an effort to generate superior returns for the investors in the Funds it advises – investors that are often pension funds and investment plans, the ultimate beneficiaries of which are millions of individuals.

In achieving its mission, Apax is guided by its fundamental values upon which the Firm carries out its daily activities and has built its business:

- Integrity** apply the highest standards of integrity in dealings with all stakeholders;
- Stewardship** act in the long-term interests of 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 trust and mutual advantage; and,
- People** treat people with dignity and respect. Do not discriminate on any grounds.

In commitment to this mission statement, Apax established the Operational Excellence Practice ("OEP") team, which consists of individuals with a differentiated collection of capabilities and expertise in adding value across multiple functional areas of a company's operations to support the accelerated growth within Apax Fund portfolio companies. The OEP helps the Funds identify value creation opportunities during due diligence and generate operational impact during ownership by the Funds. The involvement of Apax's OEP, therefore, is paramount to the success of the Firm's commitment to and execution of its responsible investment programme.

Responsible Investment Principles

Apax firmly believes that a focus on responsible investing can lower risk and enhance financial returns for the Funds and underlying portfolio companies, whilst also creating a net benefit for society.

Apax is a proud, voluntary signatory to the UN Principles for Responsible Investing (“PRI”) and has implemented processes to adhere to those principles, where and when appropriate. Responsible investing has become an integral part of Apax’s investment approach and is embedded in the investment process to help achieve Apax’s mission. Apax’s sustainability programme covers the lifecycle of a Fund investment from pre-investment due diligence to post-investment monitoring, value creation, and reporting.

Apax believes that responsible investing is not only the right thing to do but should also have a powerful and measurable business logic in its application. As such, Apax has developed a distinctive methodology to capture key performance data from relevant portfolio companies on environmental, social and corporate governance (“ESG”) matters. This detailed source of ESG data is used to inform stakeholders and, more importantly, to drive value creation projects executed by the OEP team members and Apax investment professionals assigned to a particular portfolio company.

Approach

Apax has integrated ESG considerations into its investment processes and ownership practices, in particular, for those portfolio companies where Apax has the ability to control and influence the integration of ESG initiatives. In cases where the Funds are a minority shareholder or where other circumstances affect Apax’s ability to assess or monitor ESG-related performance goals, it may not necessarily be feasible to implement ESG-related principles; however, in such instances, Apax will aim to incorporate ESG-related considerations as much as reasonably possible.

ESG Focus Areas

The goal of Apax's ESG stewardship initiatives for the Fund portfolio companies is to help protect the planet while improving efficiency, reducing costs, increasing workforce stability, and preserving the companies' ability to do business in the future. Apax works with portfolio company management teams to focus, in particular, on the following areas:

Environmental



- Efficient use of natural resources;
- Reduction of energy usage;
- Effective waste management and minimal land contamination;
- Reduction of pollution and appropriate handling of hazardous waste; and
- Compliance with local environmental regulations.

Social



- Eliminating child labour or other forms of forced or compulsory labour;
- Avoiding discrimination (e.g., based on age, race, gender, religion, sexual orientation or disability);
- Consideration of employee working conditions (e.g., minimum wages, working hours, health, and safety of the work force); and
- Compliance with human rights conventions (e.g., ILO).

Governance



- Upholding a culture of good governance;
- Abiding by all relevant anti-corruption laws and regulations;
- Prohibiting corruption in all its forms, including extortion and bribery; and
- Positive engagement with key stakeholders.

Pre-Investment Due Diligence

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 ESG areas that Apax believes are key to understanding the ESG profile of the particular company in which the Funds are considering an investment. During such time, the OEP's extensive knowledge and expertise regarding business operations is routinely tapped into by Apax investment professionals for insight into 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 the Funds' ownership tenure.

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 (discussed in the Management and Organisation section below) 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, either in the 100-day planning process or shortly thereafter.

Post-Investment Monitoring

To monitor and manage portfolio company ESG performance following an investment, Apax will annually collect ESG Key Performance Indicator ("KPI") data from all portfolio companies of the Apax Buyout Funds¹ where Apax has the ability to control and influence the integration of ESG considerations, as discussed above within the Approach section.

Through this post-investment monitoring process, Apax is able to capture the ESG footprint of the Funds' relevant 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 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 OEP is an integral partner to the investment professionals during this 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.

In the case of Funds that are not considered Apax Buyout Funds, which generally includes Funds with a focused regional or sectoral investment strategy (such as AMI Opportunities Fund or Apax Digital Fund), the monitoring of ESG integration and progress within a portfolio company will be performed by the investment professionals of the specific Fund independent of the OEP. This monitoring will be in-line with the findings of the pre-investment ESG due diligence. Additionally, these Funds will be excluded from the annual ESG KPI data collection system.

¹ The "Apax Buyout Funds" include: Funds raised since 2001 that have invested primarily in "buyouts", being AEV, AEVI, AEVII, USVII, AVIII, and AIX (excluding AMI and ADF). "Buyouts" refer to private equity deals completed by Funds, which, based on their size, risk-reward profile, growth potential, and cash flow generation ability and potential, have been categorised by Apax as "Buyout" investments.

Transparency and Reporting

Transparency is very important for Apax. Accordingly, Apax will provide periodic updates to its stakeholders on the implementation of its responsible investment programme and the ESG performance of the Funds' portfolio companies.

Apax maintains multiple channels of communication on ESG matters with its Funds' investors, both in its periodic Fund performance update reports to the Fund investors and through Apax's Annual Sustainability Report, which discloses ESG information on Apax and the Funds' portfolio companies. The Annual Sustainability Report is publicly available on the Apax website and is also sent to all Fund investors. In addition, on an annual basis, Apax takes part in the PRI assessment and the PRI's transparency reports are also publicly available on the PRI website.

Management and Organisation

Responsible investing is part of the day-to-day activities of each investment professional. It is expected that portfolio company management teams and Board members of portfolio companies also actively monitor the ESG performance of their companies. The ultimate responsibility for ensuring that ESG initiatives are implemented and followed resides with each portfolio company's Board of Directors.

In addition, a member of the OEP functions as the main internal resource responsible for the day-to-day implementation of Apax's responsible investment efforts, which in turn are coordinated through and overseen by Apax's Sustainability Committee. The Sustainability Committee consists of members from the OEP, Investor Relations, Communications, and Compliance. The Sustainability Committee typically meets on a monthly basis and reviews matters relating to Apax's internal and external sustainability-related activities to ensure that sustainability and ESG matters are appropriately addressed by investment professionals and the relevant operational groups of the Firm.