

SAGARD

# Responsible Investment Policy

2024



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## Introduction

Sagard<sup>1</sup> is a global multi-strategy alternative asset management firm with more than US\$27B+ under management<sup>2</sup>, 150+ portfolio companies<sup>3</sup>, and 400+ professionals<sup>4</sup>. We invest in venture capital, private equity, private credit, and real estate. We also engage in private wealth management through our subsidiary Sagard Wealth. We have offices in Canada, the United States, Europe, and the United Arab Emirates.

Incorporating responsible investment considerations into our investment process and active ownership activities can help us accelerate the development of our investees<sup>5</sup>, create sustainable value and build business resiliency. This is consistent with our fiduciary duties.

## Scope

This policy provides a broad framework for Sagard's responsible investment approach across its investment strategies ("strategies"), which in turn each adopt certain guidelines suited to their particular asset class and investment philosophy, as described in the Appendix.

## 1. Our Approach to Responsible Investment

We recognize the importance of having a responsible investing approach that prioritizes certain key areas across our investment strategies. The priorities that we identified are (1) inclusion and belonging<sup>6</sup>, (2) cybersecurity and artificial intelligence ("AI") and (3) climate change.

Our responsible investing approach also integrates, where appropriate, material environmental, social and governance ("ESG") factors into our investment processes, as further described below. In certain cases, we also consider the United Nations Sustainable Development Goals (the "SDGs")<sup>7</sup> when monitoring the sustainability outcomes of our investment and stewardship activities.

### 1.1 Priorities

#### Inclusion and belonging

We encourage inclusion and belonging with our investees through our investment and stewardship processes. Where appropriate, we engage with investees to communicate our expectations regarding creating positive change related to inclusion and belonging on executive teams, boards, and across organizational culture.

#### Cybersecurity and AI

We recognize the importance of cybersecurity in the sectors in which we invest.

- Where we act as the lead investor in the fintech sector, we strive to incorporate cybersecurity and AI risk assessments into our due diligence, which may include evaluating data privacy measures, governance and oversight of AI systems, vulnerability management, and incident response capabilities.
- For other investment opportunities, we encourage our strategies to include a cybersecurity and AI assessment as part of the investment process when the potential impact of digital security or AI use is considered to be material to the investment.

We have a cybersecurity Center of Excellence that specializes in evaluating cybersecurity risk, allowing us to share best practices and provide our investees with support to improve their cybersecurity.

## Climate Change

We acknowledge that the effects of climate change have the potential for far-reaching and unprecedented consequences on the global economy. As a steward of our clients' capital, we integrate the assessment of climate change-related risks and opportunities into the investment process when we consider it material and feasible to do so.

Based on our investment experience we have observed that companies with significant operations in high-emitting sectors such as coal, gas, oil, utilities, cement, steel, roads, shipping, aluminum, chemicals and water do not typically meet our investment requirements<sup>8</sup>, and some of these sectors are explicitly excluded from the scope of individual investment strategies. Prior to investing in a company that we determine has significant operations in a high-emitting sector, we encourage our investment teams to conduct an internal climate assessment as part of the investment process, where applicable, and include our conclusions in the investment memo.

We integrate climate-scenario analysis in the investment process of some of our investment strategies.<sup>9</sup> The climate scenarios that we use are (i) the Inevitable Policy Response 1.5°C Required Policy Scenario and (ii) the Network for Greening the Financial System Current Policies Scenario. In conducting this analysis, we aim to identify and categorize any climate-related risks and opportunities as specified in the Task Force on Climate-Related Financial Disclosure (TCFD) framework. Where applicable, we assess any such climate-related risks and opportunities to determine their impact both within and beyond the investment time horizon. Some strategies use the input of a third party to assist with the analysis where needed.

## 1.2 ESG Integration

Where applicable, we incorporate material ESG factors in key phases of our investment process such as sourcing, due diligence and monitoring. Our investment teams are responsible for considering such ESG factors and will collaborate with Sagard's dedicated Sustainability team (the "Sustainability team") when needed.

### Materiality Definition

When determining ESG factors, we aim to focus on the factors that we consider to be material. We define materiality as factors (i) with a substantial impact on the current and future financial, economic, reputational and legal prospects of an issuer, security, investment or asset class, and, where feasible, (ii) related to the issuer, security, investment or asset class's impact on people or the planet. The application of materiality is subject to our fiduciary obligations and the governing documents of each investment strategy.

### Environmental, Social and Governance Factors

We use a number of resources to determine the material ESG factors that will be relevant to a particular investment opportunity. We use the Value Reporting Standards Sustainability Accounting Standards Board framework (SASB) to inform our decision when determining the material ESG factors for an investment opportunity<sup>10</sup>. In certain cases, we supplement our analysis with various sources including the company, public sources and benchmarking to industry peers.

Once we determine the material ESG factors, we use public information and/or information gathered through the due diligence phase to conduct our ESG assessment.

## 1.3 Sustainability Outcomes

We believe that being active owners and considering sustainability frameworks can help us accelerate the development of our investees, create long-term value and build business resiliency. Where appropriate, we use the SDGs when monitoring the sustainability outcomes of our investments. In these cases, we determine if the company's revenues align with certain SDG subgoals. In particular, we focus on the following SDGs:



This framework helps us to look beyond the material ESG factors and consider broader systemic sustainability issues such as biodiversity and decent work during our investment and/or stewardship processes. We also recognize that the “just transition”<sup>11</sup> will create challenges and opportunities for workers, communities and society. We assess these broader systemic sustainability issues on a case-by-case basis, when relevant.

## 1.4 Respect of Human Rights

We acknowledge that institutional investors have a responsibility to respect human rights, as stated in the United Nations Guiding Principles on Business and Human Rights (“UNGPs”) and the Organisation for Economic Co-operation and Development (“OECD”) Guidelines for Multinational Enterprises.

We recognize that the UNGPs and the SDGs share certain common goals. We hope that our implementation of the UNGPs in our investment activities, where applicable, can contribute to the progress of certain SDGs, including:

- Equal rights of women in relation to employment (SDG 5)
- Right to work and to just and favorable conditions of work (SDG 8)
- Right to social security (SDG 10)
- Right to adequate food and right to safe drinking water (SDG 13)
- Right to life, liberty and security of the person (SDG 16)

Human rights risks are assessed and addressed where material, typically when flagged by investment teams to the sustainability team, on an ad hoc basis as part of the investment review process.

## 2. Stewardship

Our approach to stewardship is centered around engaging with our investees, external managers, partners, policymakers and standard setters, as needed. Our goal with this engagement is to seek improvement and to create long-term, sustainable value and better results for our investors, society and the environment.

We encourage alignment around broad engagement themes across its investment platform, while each strategy retains the flexibility to develop its own engagement priorities based on material and relevant portfolio issues.<sup>12</sup> In doing so, we aim to maximize our portfolio risk-adjusted return. We also seek to address any risks to our overall portfolio performance caused by an investee’s contribution to systematic sustainability issues.

The following describes the scope of and processes underlying our stewardship activities.

## 2.1 Scope

### Engagement with Investees

We consider ourselves to be long-term partners of our investees. Having transparent discussions with investees on (i) our three priorities, (ii) material ESG issues and (iii) sustainability outcome monitoring is consistent with our investment philosophy.

Our investment teams typically lead any discussions with investees, in collaboration with the Sustainability team when needed. We try to share any feedback from our engagement activities in a manner that informs the strategy's investment decision making.

The relevant investment team may provide a summary of the engagement activities to the Sustainability committee on an ad hoc basis.

### Political Engagement

We seek opportunities to engage policymakers and regulators on topics of relevance to our investment strategies and investees. Developments, or the lack thereof, in the policy and regulatory arena can have a material impact on how certain sectors evolve. This is especially true for sectors that are heavily regulated, such as financial services.

We typically engage in these discussions through our membership in various industry associations and try to take an active role in shaping the advocacy agendas of these organizations. Now and again, members of our leadership team are asked to comment to policymakers and regulators on topics such as business investment, financial services regulations and the digitization of the economy.

### Engagement with Other Stakeholders

From time to time, we engage with other stakeholders including:

- Financial system stakeholders such as standard setters, researchers, the media, external investment managers, external service providers; and
- Other relevant stakeholders within the broader economy such as NGOs, workers and trade unions, communities, end users of products and services and other rights holders.

The most relevant party within Sagard, such as a member of the leadership team, the Sustainability team or the Office of the CEO, will lead any such engagement.



## 2.2 Process

### Prioritization

The team in charge of the stewardship activity determines the topics to be addressed and the order in which they will be taken up. We encourage them to consider Sagard's three priorities (inclusion and belonging, cybersecurity, climate change) before considering others.

### Tools

We can use a range of tools and activities in our efforts to achieve our stewardship goals. Such tools and activities may include:

Investee stewardship:

- Engagement with investees (both current and potential)
- Voting at shareholder meetings
- Filing, co-filing or submitting shareholder resolutions or proposals
- Nomination of directors to the board
- Leveraging roles on the board or on board committees
- Direct oversight of investees or assets

Broader stewardship:

- Policy engagement
- Engagement with standard setters
- Engagement with industry groups
- Negotiation with and monitoring of the stewardship actions of intermediaries in the investment chain, e.g. an asset manager engaging its external managers
- Engagement with other stakeholders, e.g. NGOs, workers, communities and other rights holders
- Contributions to public goods (e.g. publicly available research) or to public discourse (e.g. through the media) that supports stewardship goals

We recognize the value of engaging in collaborative stewardship efforts with other stakeholders.

## 2.3 Escalation

Our stewardship activities may not achieve our desired results. In select cases, we may consult with the Sustainability team who can assist in determining our response from a range of options including:



- Avoiding new debt issues
- Voting against management
- Taking legal action against the company or its board
- Divesting

## 2.4 Shareholder Voting

Shareholder voting is not applicable to every investment strategy. However, where it is applicable, we recognize that exercising our voting rights is part of our responsibility as a shareholder. The following describes our approach in exercising our voting rights:

- Where we have investments that are externally managed, we typically delegate proxy voting to the external portfolio manager. Such managers can vote the proxies internally or through a third-party provider.
- Where we have investments that are managed within Sagard, our investment team assesses matters requiring our vote on a case-by-case basis with the support of the Sustainability team, as needed.

## 3. Exclusions

We recognize that certain companies' practices may not be consistent with the minimum standards of business practice encouraged by international organizations. We aim to align with international standards and avoid investments that are not aligned with:

- The International Bill of Human Rights
- UN Security Council sanctions
- The ten principles of the UN Global Compact<sup>13</sup>

Please refer to the section "Climate Change" above regarding our approach to investments in companies with significant operations in high-emitting sectors.

In addition, each strategy may have additional exclusions based on particular sectors, products or services as described in the Appendix.

## 4. Governance Structure

We have an oversight structure that helps to align our responsible investment approach with good industry practices and regulatory requirements, including:

- Board: Oversight of Sagard's overall responsible investment strategy and direction

- ESG Committee of the Board: Oversight of Sagard's responsible investment approach
- Executive Committee: Providing strategic input and approving Sagard's responsible investment approach
- Sustainability Committee: Approving Sagard's responsible investment initiatives, monitoring implementation, approving the budget, overseeing PRI Assessment, and carbon accounting
- Strategic, Finance and Risk: Establishing pipeline for new products, risk oversight



In addition, each subsidiary or ecosystem partner might have its own governance structure for responsible investment. Each strategy is also subject to its own structure governing investment decision making, including its investment committee.

## 5. Conflicts of Interest

Material conflicts of interest that are specifically related to responsible investment will be escalated to the Sustainability Committee and Chief Compliance Officer, who will consider our responsible investment policy and objectives alongside our fiduciary duties to clients in resolving the conflict.

## 6. Incident Management

Responsible investment-related incidents such as a material ESG target “miss”, a material breach of an ESG covenant, or negative media attention for investees on ESG matters should be reported to the Sustainability team who will notify the Sustainability Committee and other relevant

stakeholders as and when needed. The Sustainability team or Sustainability Committee will develop an action plan as required.

## **7. Reporting**

We report on our investment activities in our PRI Assessment and in our annual Responsible Investment Report. All documentation can be found on our website.

In addition, each strategy may undertake additional reporting as described in the Appendix.

## **Policy Review and Approval**

As Sagard evolves, we intend for our responsible investment approach to evolve with us. This policy reflects Sagard's responsible investment integration process as of June 2025, and is reviewed annually. It is approved by Sagard's CEO and the ESG Committee of the Board.

# Appendix: Strategy Guidelines<sup>14</sup>

## Venture Capital

### Portage Ventures

- **Ambition:** We aim to promote inclusion and belonging, and to support excellence in cybersecurity, across our investment processes and, where relevant, within our portfolio companies.
- **Strategy-specific exclusions:** In our view, companies with substantial operations in industries such as adult entertainment, weapons and armaments, bars and similar establishments, alcohol, gaming, cannabis, cigarettes and tobacco are not aligned with our investment strategies' focus on the fintech and insurtech sectors.
- **ESG integration:**
  - ◆ **Sourcing:** We seek investment opportunities that aspire to lead on inclusion and belonging and cybersecurity. We consider these two issues to be particularly material across our investment strategy.
  - ◆ **Due diligence:** We use material ESG factors when assessing the ESG risks and opportunities for a particular investment. Where appropriate, we incorporate this in our investment decision making.
  - ◆ **Monitoring and risk management:** We strive to monitor material ESG metrics for our portfolio companies based on Sagard's priorities, targets, materiality assessment framework and the key issues that we identified as part of the due diligence process.
- **Targets:** Available upon request.
- **Focus on SDG:** 5, 8, 9, 10.
- **Reporting:** Quarterly investor report.

### Portage Capital Solutions

- **Ambition:** Promoting inclusion and belonging and excellence in cybersecurity across our investment processes and within our portfolio companies.
- **Strategy-specific exclusions:** In our view, companies with substantial operations in industries such as adult entertainment, weapons and armaments, bars and similar establishments, alcohol, gaming, cannabis, cigarettes and tobacco are not aligned with our investment strategies' focus on the fintech and insurtech sectors.
- **ESG integration:**

- ◆ **Sourcing:** We seek investment opportunities that aspire to lead on inclusion and belonging and cybersecurity. We consider these two issues to be particularly material across our investment strategy.
  - ◆ **Due diligence:** We use material ESG factors when assessing the ESG risks and opportunities for a particular investment. Where appropriate, we incorporate this in our investment decision making.
  - ◆ **Monitoring and risk management:** We strive to monitor material ESG metrics for our portfolio companies based on Sagard's priorities, targets, materiality assessment framework and the key issues that we identified as part of the due diligence process.
- **Targets:** Available upon request.
  - **Focus on SDG:** 5, 8, 9, 10.
  - **Reporting:** Quarterly investor report.

## Diagram

- **Ambition:** Diagram aims to promote environmental sustainability, inclusion and belonging in early hiring practices, and strong cybersecurity throughout its company-building and scaling approach.
  - **Strategy-specific exclusions:** Diagram seeks to avoid creating carbon-heavy businesses. To support this, Diagram includes a climate impact review during its company-creation process and aims to prioritize lower-emission business models.
  - **ESG integration:**
    - ◆ **Pre-seed stage:** We assess the carbon footprint of ideas in our venture creation pipeline and make a conscious choice not to build any carbon-heavy businesses. We promote ESG best practices for our portfolio companies by ensuring each company has an ESG policy in place, as appropriate. We provide training and resources for ESG implementation among our portfolio companies, specifically focused on cybersecurity and inclusion and belonging.
    - ◆ **Seed stage:** We take various initiatives to increase employee belonging and inclusion across a portfolio company's first 10 hires, including job postings and sourcing. We also promote cybersecurity at the portfolio company level by encouraging cyber-risk assessments and training for founders, as appropriate. We periodically track a set of ESG metrics across the portfolio and report on these to the board of each company as needed.
- **Targets:** Available upon request.
  - **Focus on SDG:** 5, 8, 10, 13.
  - **Reporting:**
    - ◆ **Fintech funds:** Quarterly reports, including annual ESG metrics such as (1) GHG emissions, (2) inclusion and belonging metrics across portfolio companies, (3)

economic value created for shareholders and (4) portfolio companies with ESG policies in place.

- ◆ **Climate Tech fund:** Quarterly reports, including additional annual ESG metrics such as avoided emissions from its portfolio's activities.

## Private Equity

### Sagard Private Equity Canada

- **Ambition:** Integrating ESG assessments into the due diligence and monitoring phases of our investments.
- **Strategy-specific exclusions:** Our strategy does not typically target companies with substantial operations in industries such as adult entertainment, weapons and armaments, bars and similar establishments, alcohol, gaming, cannabis, cigarettes, and tobacco, as these sectors are generally misaligned with our investment objectives.
  - ◆ **Sourcing phase:** We conduct an initial assessment consisting of a numerical scorecard and red flag review that we use to inform and standardize the decision to advance a deal to the early due diligence phase.
  - ◆ **Early due diligence phase (pre-exclusivity):** We include an ESG section in the final investment committee memo covering material ESG factors. We strive to assess proactive management of good practices related to material E and S matters.
  - ◆ **Due diligence phase (exclusivity):** We typically prepare a detailed work plan of relevant due diligence topics. When needed, we use third-party consultants to help us assess and adjudicate specific issues. As our diligence progresses, we then factor in detailed ESG assessment outcomes into our investment decision-making process.
  - ◆ **Monitoring phase:** Our aim is to (i) work with the portfolio company's management team to put in place or augment the company's monthly reporting package within the first 100-days following the closing of an investment, (ii) identify and monitor material ESG metrics on a monthly or quarterly basis and work with management to address and improve their performance when necessary, and (iii) ensure that the audit committee of our portfolio companies undertakes a leadership role in working with their management teams to ensure identified risks are adequately monitored and reported back to the portfolio company board where appropriate.
  - ◆ **Metrics:** *SPEC's ESG Implementation Guidelines* are available upon request.
- **Targets:** Available upon request.
- **Focus on SDG:** 5, 8, 10.
- **Reporting:** Quarterly investor report.

## Sagard Europe

- **Ambition:** Help create value for our investments, as appropriate, by working with portfolio companies over the long term and encouraging them to act responsibly in economic and social terms, and in respect to corporate governance.
- **Strategy-specific exclusions:**
  - ◆ Companies with a majority of revenue from: Fully assembled military weapons / munitions, oil fuels, gaseous fuels, carbon intensive electricity generation, speculation in commodities
  - ◆ Companies with any proportion of revenue from: controversial weapons, coal, unconventional fossil fuel, gambling, tobacco, prostitution, pornography, illicit drugs.
  - ◆ Several other exclusions are specific to each fund.
- **ESG integration:**
  - ◆ **Pre-screening checklist:** We use a checklist to identify the company's main sustainability-related risks, where appropriate.
  - ◆ **Due diligence:** We collaborate with an external provider to do a comprehensive assessment of sustainability performance and key issues, where appropriate.
  - ◆ **Action plan:** When appropriate, we define and implement a Sustainability action plan with our portfolio companies and then monitor its progress annually with the company's board.
  - ◆ **Monitoring:** We conduct an annual ESG survey, We organize sustainability related trainings and events, and we support portfolio companies in their daily issues and projects.
  - ◆ **Exit:** We complete a systematic ESG Performance and progress review and whenever relevant and possible we conduct an ESG Vendor Due Diligence.

Please refer to the [Responsible Investment Policy](#) to learn more about how ESG is considered in each of the funds managed by Sagard Europe.

- **Targets:** Available in [Sagard SAS Responsible Investment Policy](#).
- **Focus on SDG:** 5, 8, 10, 13, and 16.
- **Reporting:** Yearly reporting if required by the Sustainable Finance Disclosure Regulation (SFDR) or/and the Loi Énergie Climat (LEC),

## Performance Equity Management

- **Ambition:** We aim to monitor and engage portfolio fund managers, when appropriate, on factoring in certain ESG considerations within their investment processes.
- **Strategy-specific exclusions:** None.



→ **ESG integration:**

- ◆ **Due diligence and underwriting phase:** When appropriate, PEM incorporates material ESG factors into the final investment committee memorandum.
- ◆ **Monitoring phase:** Monitoring phase: We attempt to engage our fund managers on the topic of responsible investment both during fundraising and between fundraises. We question their responsible approach and ESG activities. We speak regularly with our fund managers and engage them on the topic of responsible investment in our verbal conversations. We may share with them what others are doing and anecdotally how they compare to peers. Our influence may be determined over time as we encourage our fund managers to incorporate ESG considerations in their own investment disciplines.

→ **Targets:** None.

→ **Focus on SDG:** None.

→ **Reporting:** Available upon request.

## Private Credit

### Sagard Credit

→ **Ambition:** Engaging with portfolio companies, when relevant, on topics of governance and inclusion and belonging by offering training, incentives and provisions linked to improved ESG performance.

→ **Strategy-specific exclusions:** Oil and gas exploration or extraction, mining. We have also observed that companies with substantial operations in industries such as weapons and armaments or the retailing and production of cannabis, cigarettes and tobacco are typically not aligned with our investment strategy.<sup>15</sup>

→ **ESG integration:**

- ◆ **Sourcing phase:** We conduct an initial assessment that may involve the identification of ESG red flags.
- ◆ **Due diligence phase:** We include a specific ESG section and checklist in each final investment committee memo to assess the material ESG factors. We discuss any material ESG considerations at the investment committee. We also typically review any applicable environmental assessments and/or regulatory agency audits prior to making a final investment decision.
- ◆ **Underwriting:** In select transactions, we consider the inclusion of ESG-linked incentives and determine covenants of eligibility for rate reductions as an effort to encourage enhanced ESG performance of portfolio companies.
- ◆ **Monitoring phase:** As appropriate, we monitor inclusion and belonging metrics for the board and senior management of portfolio companies..

→ **Targets:** Available upon request.

- **Focus on SDG:** 5, 8, 10.
- **Reporting:** Quarterly investor report.

## Sagard Senior Lending

- **Ambition:** Engaging with portfolio companies, when relevant, on topics of governance and inclusion and belonging by offering training, incentives and provisions linked to improved ESG performance.
- **Strategy-specific exclusions:** Oil and gas exploration or extraction, mining.<sup>15</sup> We have also observed that companies with substantial operations in industries such as adult entertainment, weapons and armaments, cannabis, cigarettes and tobacco are typically not aligned with our investment strategy.
- **ESG integration:**
  - ◆ **Sourcing phase:** We conduct an initial assessment that may involve the identification of ESG red flags.
  - ◆ **Due diligence phase:** We include a specific ESG section and checklist in each final investment committee memo to assess the material ESG factors. We discuss any material ESG considerations at the investment committee. We also typically review any environmental assessments and/or regulatory agency audits prior to making a final investment decision.
  - ◆ **Underwriting:** In select transactions, we consider the inclusion of ESG-linked incentives and determine covenants of eligibility for rate reductions as an effort to encourage enhanced ESG performance of portfolio companies.
  - ◆ **Monitoring phase:** As appropriate, we monitor inclusion and belonging metrics for the board and the senior management of portfolio companies.
- **Targets:** Available upon request.
- **Focus on SDG:** 5, 8, 10.
- **Reporting:** Quarterly investor report.

## Sagard Healthcare

- **Ambition:** We typically incorporate ESG considerations into our investment decisions and strive to ensure that our portfolio companies align with high standards of drug- and clinical-trial safety; fair pricing and access to medicine; and ethical business conduct and marketing practices.
- **Strategy specific exclusions:** Companies involved in the production, manufacturing, distribution or sale of cannabis or opioids are excluded from this strategy. In our view, companies with substantial operations in industries such as adult entertainment, weapons

and armaments, bars and similar establishments, alcohol, gaming, cigarettes and tobacco are not aligned with our investment strategies' focus on the healthcare sector.

→ **ESG integration:**

- ◆ **Due diligence and underwriting process:** Incorporating material ESG factors into the final investment committee memo.
- ◆ **Monitoring:** As appropriate, we monitor material ESG metrics based on private and/or publicly available information on a quarterly basis.

→ **Targets:** None.

→ **Focus on SDG:** 3, 5, 10.

→ **Reporting:** Quarterly investor report.

## Real Estate

### Sagard Real Estate

→ **Ambition:** Helping to manage investment risks, reducing operating costs, driving innovation, enhancing value, and addressing market, investment partner, and tenant expectations.

→ **Strategy-specific exclusions:** None.

→ **ESG integration:**

- ◆ **Investments:** Seek to integrate ESG considerations into due diligence processes, and investment decisions where appropriate.
- ◆ **Developments & Major Renovations:**
  - Evaluate opportunities to qualify new developments to green building certifications.
  - Seek to include ESG requirements in development and major renovation contracts and agreements where appropriate.
- ◆ **Asset Management:** Invest in projects to improve portfolio energy and water efficiency, increase waste reduction and diversion from landfill, and reduce GHG emissions, where appropriate.
- ◆ **Property-Level Operations:**
  - Operate with the highest ethical business standards and aim to exceed environmental and health & safety regulations as well as market and industry standards.
  - Seek to implement procedures for operational efficiency, health & safety, and wellness that are aligned with industry best practices.
  - Consider ESG capabilities when selecting and appointing third-party property managers where appropriate.
  - Conduct energy, water and waste audits to identify efficiency opportunities, where appropriate.

Further details on the ESG implementation can be found in *Sagard Real Estate's ESG Implementation Guidelines*.

- **Targets:** Available upon request.
- **Focus on SDG:** 3, 6, 13
- **Reporting:** Quarterly investors report for USPF funds, and annual report to the GRESB.

## Private Wealth

### Sagard Wealth

- **Ambition:** We commit to monitoring and engaging portfolio fund managers, when appropriate, on incorporating, enhancing and disclosing ESG considerations within their investment processes.
- **Strategy-specific exclusions:** None.
- **ESG integration:** When appropriate, we assess the responsible investment process of external managers as one of many factors determining the investment suitability of their strategies during the due diligence process. When selecting external managers, we aim to incorporate an assessment of the governance and expertise on responsible investing, the ESG integration process, the assessment of materiality, engagement, proxy voting activities, and reporting on responsible investing of the external managers.
- **Targets:** Available upon request.
- **Focus on SDG:** None.
- **Reporting:** Upon request.

# Endnotes

1. Unless otherwise specified, references herein to “Sagard”, “we” and “our” mean Sagard Holdings Management Inc., together with its subsidiaries (Diagram, Sagard Real Estate, Sagard Wealth, Sagard Europe and Performance Equity Management), and when the context requires, includes the investment funds and vehicles managed or sponsored by subsidiaries of Sagard Holdings Management Inc. and does not include portfolio companies or investees.
2. Assets Under Management (“AUM”) as of December 31, 2024 is the sum of:
  1. net asset value of private equity, venture capital, private credit and healthcare funds, including uncalled capital commitments of those funds and unused leverage,
  2. gross asset value of the underlying real estate of Sagard Real Estate funds and separate accounts, fair value of assets held in co-investment vehicles managed by Sagard Holdings Manager LP and uncalled capital commitments of those co-investment vehicles,
  3. AUM of certain other managers owned or controlled, directly or indirectly, by Sagard Holdings Inc.,
  4. fair value of all other assets owned, directly or indirectly, by Sagard Holdings Inc. that are not otherwise included in the clauses above. Some such assets are not covered under this responsible investment policy.
3. Includes the portfolio companies of all private equity (including European private equity), private credit, healthcare royalties and venture capital funds managed by certain affiliates of Sagard Holdings Management Inc., excluding fund investments (Performance Equity Management), as of December 31, 2024.
4. Includes employees employed by Sagard Holdings Inc. and Sagard SAS (Sagard Europe), as well as affiliates of Sagard Holdings Management Inc., Grayhawk Investment Strategies Inc. (Sagard Wealth), Performance Equity Management, LLC (Performance Equity Management), and EverWest Real Estate Investors, LLC. (Sagard Real Estate), as of December 31, 2024.
5. “Investee” means a portfolio company, including any other investment made by a vehicle managed by Sagard, including but not limited to, publicly traded securities, real estate properties, certain healthcare royalty investments, certain private credit investments and externally managed funds. “investee” is used for illustrative purposes for convenience of presentation and it should not be assumed that Sagard’s policies and practices with respect to investees are applied consistently with respect to any or all investees. This policy seeks to describe Sagard’s policies and practices, however there will be differences across the firm between asset classes. Therefore, consideration must be given to the investment style, investment process, Sagard’s governance rights with respect to an investee or asset class of an investee, Sagard’s ability to monitor responsible investment performance, and other factors. As such, the actual practices or responsible investment results for a particular investment or investee may differ materially from those described in this policy.
6. The references in this document to inclusion and belonging and related initiatives do not apply to Sagard Europe, Sagard Wealth or Performance Equity Management.
7. The SDGs are aspirational in nature. Determining whether and how certain initiatives contribute to specific SDGs involves subjective judgment and depends on a range of factors. Reasonable parties may disagree on whether a particular investment or project aligns with a given SDG. Accordingly, investors should not place undue reliance on the Firm’s application of the SDGs, as this is subject to change, from time to time, at the Firm’s sole discretion. In addition, statistics and metrics related to ESG matters are often estimates and may rely on internal assumptions, third-party data, or emerging standards that are still under development.

8. This does not apply to Performance Equity Management.
9. Sagard is currently building its climate scenario expertise and capacity and deploying it within its investment processes on a case by case basis. In 2022, a climate scenario analysis was completed by the Sagard Private Equity Canada, Portage Ventures, Sagard Credit and Sagard Real Estate teams on their existing portfolios. The portfolio coverage with respect to each strategy ranged from 15 - 100% at the time of each analysis.
10. Sagard Wealth and Sagard Real Estate do not use SASB to determine material ESG topics. Implementation of the framework is underway at Performance Equity Management and may not be applicable to all of PEM's investments, especially with regards to fund investments.
11. As used herein, "just transition" is defined as the consideration of the social dimension of society's transition to a resilient and low-carbon economy, notably in terms of the implications in the workplace and wider community. In particular, making sure that this transition produces inclusive and sustainable development.
12. References in this policy to "strategies" or "investment strategies", as the context requires, refers to Sagard's investment strategies such as: Portage, Sagard Private Equity Canada, Sagard Credit, Sagard Senior Lending, Sagard Healthcare, Sagard Real Estate, Diagram, Sagard Europe, Performance Equity Management and Sagard Wealth.
13. We avoid investments that do not comply with the Human Rights, Labour and Anti-Corruption pillars and, if applicable, we encourage companies to align with the Environment Principles.
14. References in this Appendix to "we" and "our" refer to the respective strategy or ecosystem partner, as applicable, under each heading.
15. These exclusions are presented in summary form only for convenience and may not be formal legal exclusions specified in the governing documents of the applicable fund. To the extent that the fund excludes certain sectors, industries or companies in the fund's governing documents, such governing documents will prevail over the summary set forth in this RI policy.

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Descriptions of any ESG initiative or RI achievements or improved practices or outcomes are not necessarily intended to indicate that Sagard has substantially contributed to such achievements, practices, or outcomes. For instance, Sagard’s RI efforts may have been one of many factors – including such other factors as engagement by portfolio company management, advisors, and other third parties – contributing to the success described in each of the case studies described in this report.

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