

SAGARD EUROPE

Responsible Investment Policy

May 2025



5

1. Sagard Europe's vision and ambition on sustainability

- 1.1. Foundations of Sagard's commitment..... 6
- 1.2. Scope of policy application 7
- 1.3. Overview of the approach of Sagard Europe 8

10



2. Sagard Europe's organisation and governance on sustainability

- 2.1. Sustainability Team & resources..... 11
- 2.2. Sustainability governance structure & responsibilities 12
- 2.3. Transparency and reporting obligations 14
- 2.4. Employee training and capacity building..... 14
- 2.5. Incentives and remuneration..... 15

16

3. Sagard Europe's commitments on sustainability



SAGARD EUROPE

Responsible Investment Policy

20



4. ESG integration throughout the investment cycle

4.1.Acquisition phase.....	22
4.2.Holding phase.....	24
4.3.Exit phase.....	25
4.4 Specific guidelines for SFDR Article 8 Funds	26

5. Integrating climate and biodiversity risks across the investment cycle



30



6. Overview of sustainability risk integration across the investment process

27





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Sagard is focused on creating long-term value. We believe innovation should be inclusive, and growth should be responsible. In the long run, our goal is to be partners of choice for entrepreneurs and investors because we strive to have fully integrated sustainability in our investment practices.

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Paul Desmarais III, Sagard Chairman & CEO



Sagard Europe's vision and ambition on sustainability

1

Sagard Europe's¹ vision and ambition on sustainability

1.1. Foundations of Sagard's commitment

Sagard Holdings² is committed to addressing current societal and environmental challenges. As a responsible shareholder, Sagard Holdings supports its portfolio companies in their journey toward sustainability. We believe that our action must enable companies to become sustainable in a world where social, societal and environmental challenges are intensifying. The transformation of our companies is driven by value creation, serving as a lever for innovation, risk management, differentiation, and financial performance. Sagard Holdings believes that the commitment of its portfolio companies can only be expected once sustainability objectives have been defined and achieved within its own operations.

This investment philosophy is deeply rooted in Sagard Holdings' origins. Founded in 2002 with the support of Power Corporation of Canada, Sagard Holdings brings together, around the Desmarais family, a network of influential entrepreneurial families and renowned financial institutions. This DNA reflects a long-term vision of investment and underscores the investor's responsibility towards the company's stakeholders.

Sagard Europe, part of Sagard Holdings Management Inc., has applied the group's key sustainability commitments throughout its investment process.

These commitments are:

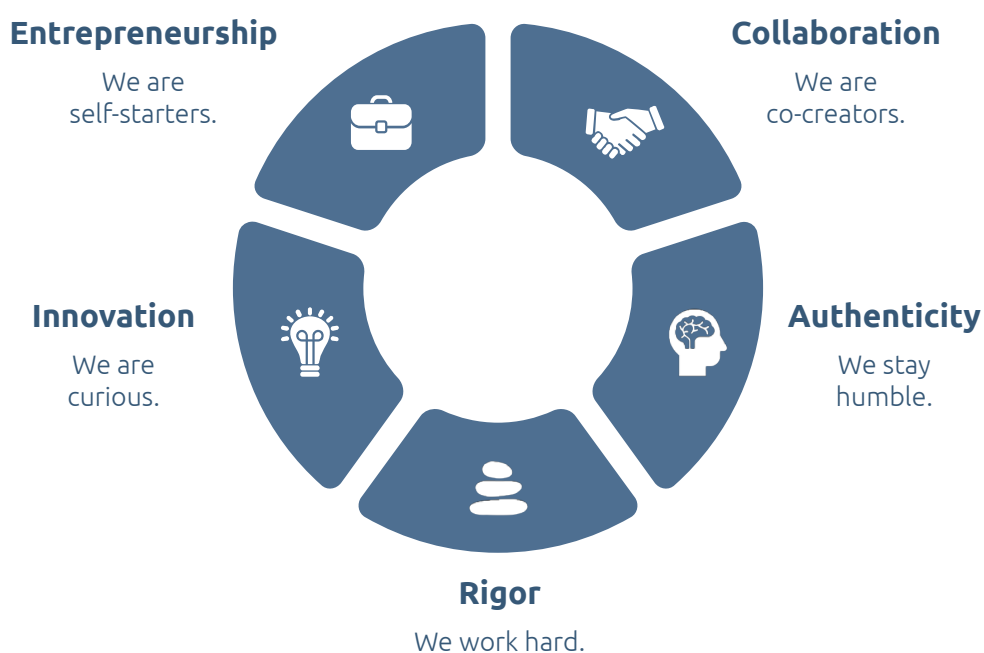
- Promoting **DEI** (Diversity, Equality and Inclusion)
- The integration and development of **cybersecurity** in our portfolio companies
- Integrating and assessing **climate change** risks and opportunities



1. Sagard SAS is in this report referred to as "Sagard Europe" or "Sagard". Sagard SAS (hereinafter referred to as "Sagard SAS" / the "Management Company") is a management company registered with the Autorité des Marchés Financiers under number GP 01046 since October 31, 2001.

2. Sagard Holdings Management Inc is referred to as "Sagard Holdings"

Sagard is founded on a set of shared values that represent our commitment. At the heart of these values is corporate social responsibility, which forms the basis of our ESG approach:



1.2. Scope of policy application

Sagard Europe has implemented a Responsible Investment Policy since 2017. This policy is subject to regular review, and its latest version was published in May 2025. It applies to all investment activities carried out by Sagard Europe and reflects the firm's commitment to voluntary ESG disclosure.

It ensures compliance with sustainability-related transparency regulations, in particular:

- The requirements of **Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019** on the publication of sustainability information in the financial services sector ("Disclosure Regulation")
- **The French Article 29 of the Energy-Climate Law**

Sagard Europe's vision and ambition on sustainability

Sagard Europe is a responsible management company, committed to reinforcing its ESG commitments by following leading sustainability initiatives. This commitment reflects its focus on integrating sustainability considerations into its investment decisions, in close collaboration with its portfolio companies.

Sagard integrates ESG objectives and commitments at regulatory and voluntary levels. To formalize these commitments, Sagard Europe is a signatory to the initiatives opposite.

1.3. Initiatives supported by Sagard Europe

→ Signatory of the United Nations Principles for Responsible Investment (PRI) since 2020



Supported by the United Nations, the PRI is globally recognized as the foremost initiative promoting responsible investment. It aims to raise awareness among financial actors about the impact of environmental, social, and governance (ESG) factors on investment performance and encourages the integration of these issues into investment practices. Sagard has reported annually on its responsible investment practices to the UNPRI since 2020. Since 2021, Sagard Holdings has joined the initiative and become the sole signatory covering all of the group's strategies, including Sagard Europe.



COMMITMENTS

1. Incorporating ESG issues into its investment analysis and decision-making processes
2. Acting as an active investor, taking ESG issues into account in its policies and practices
3. Encouraging portfolio companies to disclose appropriate ESG information
4. Promoting the acceptance and implementation of the Principles across the broader investment sector
5. Collaborating to enhance the effectiveness of the Principles' implementation
6. Reporting on its activities and progress towards implementing the Principles

→ Signatory of the Initiative Climat International (iCI) since 2017



Sagard Europe joined the iCI to contribute, as a member of the private equity community, to tackling climate change. The iCI supports private equity firms in their efforts to reduce greenhouse gas emissions within their portfolio companies.

Sagard participates in iCI meetings and has formalized various climate-related commitments for its portfolio companies, as specified in this policy (e.g., climate risk assessment, decarbonization plan). These commitments are also transposed in the promotion of the environmental characteristics of the article 8 Sagard NewGen 2 and Sagard MidCap 5 funds.



COMMITMENTS

- Publicly endorsing climate-related goals by signing the initiative
- Integrating climate considerations into the investment process
- Gradually measuring the carbon footprint of portfolio companies
- Collaborating with companies to develop and implement emission reduction and climate adaptation plans

→ Signatory of the France Invest Diversity Charter since 2019



Sagard Europe also signed the France Invest Diversity Charter, reinforcing its commitment to gender equality within its organization and across its portfolio companies.



COMMITMENTS

- Implementing inclusive practices to foster diversity within its organization
- Monitoring gender equality indicators and promoting gender balance in its portfolio companies, particularly by increasing the representation of women in decision-making roles
- Collaborating with companies to foster a culture of inclusion and promoting diversity across the private equity sector

Sagard pursues these objectives by integrating them into the sustainability action plans of its portfolio companies, notably by requesting initiatives in favor of the promotion of women in anticipation of the application of the Rixain Law.

→ Signatory of the France Invest Value Sharing Charter since 2022



Sagard Europe became a signatory of the France Invest Value Sharing Charter in 2022, reaffirming its commitment to fostering equitable value distribution within its organization and across its portfolio companies.



COMMITMENTS

- Facilitating the implementation of value-sharing mechanisms such as profit-sharing schemes, incentive plans, or other financial participation tools in portfolio companies
- Encouraging relevant employee share ownership and the distribution of capital gains, supporting the alignment of interests between employees and shareholders by promoting participation in equity and sharing the benefits realized during exit transactions
- Annually monitoring and evaluating value-sharing mechanisms within its portfolio companies to ensure their effective implementation and alignment with the commitments made under the charter



Through this commitment, Sagard Europe aims to contribute to a fairer distribution of the value created, strengthening employee engagement and fostering sustainable performance across its portfolio.

Sagard Europe pursues these objectives not only in the sustainability action plans of its portfolio companies, but also in the characteristics promoted by its Article 8, Sagard NewGen 2 and Sagard MidCap 5 funds.



Sagard Europe's organisation and governance on sustainability

2.1. Sustainability team & resources

Sagard has set up a dedicated Sustainability team and built an organization around it in order to ensure the involvement of the company's key teams and leverage their specific skills.

The **Sustainability team** consists of a Director and a Sustainability Analyst. This team is supported by the contribution of:

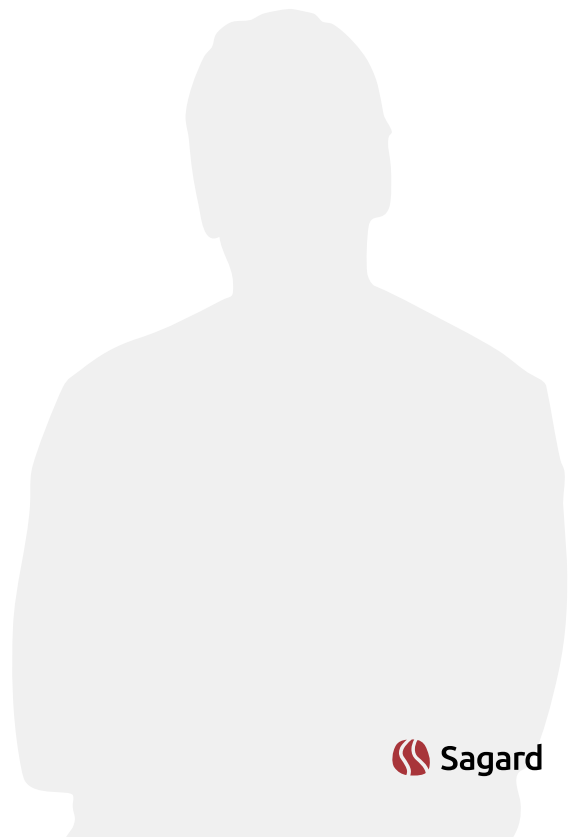
The **Investment teams**, assisting portfolio companies on Sustainability related topics (e.g. ESG action plans, Sustainability Linked Loans, etc.).

The **Chief Operating Officer** is responsible for overseeing the ESG strategy and its implementation. In this capacity, he coordinates internal processes and ensures compliance with Sagard Europe's ESG commitments as well as with the expectations of our Limited Partners.

The **legal team** is assisting the Sustainability Team in implementing the Responsible Investment Policy.

The **Global Sustainability team at Sagard Holdings**, Sagard Europe's parent company, provides technical support.

In addition, **Sustainability referents** have been appointed in each investment strategy (Sagard MidCap and Sagard NewGen) to contribute directly to ESG projects and ensure compliance with Sagard's commitments.

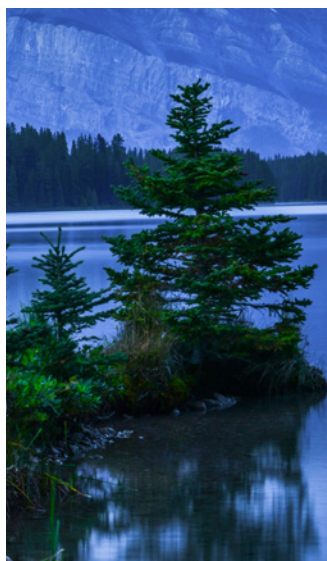


2.2. Sustainability governance structure & responsibilities

To ensure a robust and effective approach to sustainability, Sagard Europe has established a comprehensive governance framework that integrates oversight and strategic direction at the highest levels of the organization.

The **Sustainability Director** and his team are responsible for supporting portfolio companies in their sustainable transition, enforcing Sagard's commitments, improving practices and procedures, ensuring Sagard's compliance with French and European regulations, and responding to LPs requests.

The **Chief Operating Officer** coordinates and supports the work of Investment Teams and the Sustainability Director on sustainability matters. He ensures compliance with Sagard's ESG commitments and LPs requests.



The **Investment committee** will take investment decisions after taking into account the ESG information received from the Sustainability Team.

An **ESG Steering committee**, comprising 12 members: all the partners and sustainability referents from both investment teams, the Chief Operating Officer and the Sustainability Director. This committee meets twice a year to monitor commitments, review ESG policy, and discuss current and future projects.

The **Management committee** is regularly informed of Sustainability progress. The Management committee may also be consulted to validate major developments, such as changes to the responsible investment policy, or to arbitrate the resolution of ESG incidents.

In addition, a **Sustainability Committee**, at Group level monitors and validates sustainability related projects.

ESG Incidents

Sagard monitors and follows up on ESG-related incidents across its portfolio. Portfolio companies can report ESG incidents through the annual ESG data collection campaign. In addition, a dedicated tool is used to detect and assess ESG-related controversies. In case of material incidents, these are discussed with the Compliance Officer, the Chief Operating Officer, the Sustainability Director and the investment team to determine the appropriate course of action. If necessary, they can be escalated to the Investment Committee to decide on the measures to be taken and subsequently communicated to investors.

Shall **material ESG incidents** take place in a Portfolio Company, the Management Company will include in the Fund reports any event which may, in the Management Company's reasonable opinion, have a significantly negative impact on the reputation of any Portfolio Company.

Below is an organizational view of Sustainability action within Sagard:



2.3. Transparency and reporting obligations

Sagard believes that transparency is essential to its stakeholders, as it establishes consistency and ensures the credibility and sincerity of its actions.

First, Sagard is a signatory of the UN PRI since 2020 and reports annually on its responsible investment activities. Sagard Europe is committed to a continuous improvement process.

Second, Sagard Europe communicates every year its action through various reports:

- **A Sustainability Report** (Article 29 Loi Energie Climat) is compiled at management company level and published on Sagard's website and for each fund above 500 million euros Asset Under Management and for all article 8 funds below this threshold on a voluntary basis and sent to LPs via the investor portal
- **A periodic SFDR report** is appended to the management reports for each fund Article 8
- **A report on Shareholder Engagement – Policy and Voting Rights Exercise** is published on Sagard's website

Also, Sagard includes a presentation on sustainability matters during its annual general meetings and is committed to answering its investors' questions on Sustainability matters.

In accordance with the SFDR (Regulation (EU) 2019/2088), Sagard Europe makes the following disclosures available on its website:

- Article 3 – Sustainability risk policy
- Article 4 – Principal adverse impacts statement
- Article 5 – Remuneration policy and sustainability

These disclosures are reviewed regularly and updated to reflect changes in regulatory requirements and internal practices. They are accessible [here](#).

2.4. Employee training and capacity building

Sagard Europe considers the training of its teams as a crucial matter to ensure alignment and proper implementation of the Responsible Investment policy.

Several actions are implemented by the sustainability team to regularly and progressively raise awareness among investment teams:

- **Presentation of the investment policy** for each new joiner, and for all employees whenever the policy is updated
- **Provision of resources**, from training materials to briefing notes on specific topics
- **Thematic training workshops** on various sustainability-related topics (climate, diversity, etc.)

To ensure ongoing ESG awareness and continuous upskilling of all employees, Sagard organizes internal webinars on sustainability-related topics. It is worth noting that the ESG team commits to regular training (webinars, readings, regulatory monitoring, France-Invest training, etc.) inherent to a role whose subject matter is constantly progressing and evolving.

2.5. Incentives and remuneration

Sagard Europe's remuneration policy is designed around principles of fairness, alignment of employee interests with those of shareholders, and the prevention of excessive risk-taking.

In accordance with the Disclosure Regulation requirements, employee evaluations have also incorporated criteria related to the management of sustainability risks.

Sagard Europe has integrated ESG-related items into the annual evaluation of investment teams members. It includes monitoring and steering Sagard's ESG commitments in portfolio companies.

Sagard Europe has also implemented a collective profit-sharing agreement for all employees, under which the amount may be adjusted via un supplement de participation based on the achievement of CSR (Corporate Social Responsibility) objectives by the company. These objectives include:

- **Conducting a comprehensive carbon footprint assessment** that includes scopes 1, 2, and 3 for the Management Company, along with measures to offset emissions ;
- **Ensuring that 100% of the companies** acquired since more than 12 months **have established an ESG action plan**. This requirement applies to investments acquired since 2021 ;
- **Monitoring the implementation of ESG action plans annually** for all portfolio companies to ensure continued progress and accountability





Sagard Europe' commitments on sustainability

Sagard Europe's 4 key priority objectives

Sagard Europe has defined 4 key priority objectives to guide its sustainability strategy. These objectives are guiding actions in the active support of the portfolio companies and in the implementation of its sustainability approach as a management company.

Sagard translates these objectives into commitments to itself and to its portfolio companies. Commitments at portfolio company level focus on the portfolio companies of Sagard's Article 8 funds. Other companies are subject to the same commitments, but on a best effort basis.

1 Compliance with evolving regulations & international sustainability commitments

At Sagard Europe's level

- Ethics guide for employees, conflict of interest management via Investment, Management, and Investors' Committees
- Transparency on remuneration policy aligned with regulations, integrating sustainability risks
- PRI signatory (2021)

Committed to abide by the objectives of France Invest Diversity Charter at GP levels:

- Increase percentage of women in investment committee decisions to 25% in 2030, 30% in 2035
- Target for women to represent 40% of investment teams by 2030

At portfolio companies' level

- Post-acquisition program for compliance
- Help portfolio companies anticipate future compliance requirements as they grow, including Sapin II, GDPR, cybersecurity standards, EU CSRD, Taxonomy, and similar local regulations
- Training on sustainability regulations
- Commitment to human rights and ILO (International Labour Organization) core principles

- Promotion of high level of gender diversity through compliance (Copé Zimmermann Law, Penicaud Law, Rixain Law)
- France Invest Diversity Charter at portfolio companies levels:
 - At least 30% women on executive committees by 2030 (for portfolio companies above 500 employees)



Sagard Europe' commitments on sustainability

2 Adopt Best practices approach on climate change

At Sagard Europe's level

- iCI signatory (2017)
- Annual carbon footprint measurement on scope 1, 2 and 3

13 CLIMATE ACTION



At portfolio companies' level

- Commitment to ensure carbon footprint assessment for scopes 1, 2 and 3 within 12 months of acquisition, followed by an annual update
- Climate risks exposure assessment
- Specific actions on environmental management, pollution prevention, and biodiversity preservation
- Portfolio companies define and implement decarbonization plan and associated climate trajectories³

3 Share the value created with employees

At Sagard Europe's level

- Appropriate remuneration policy
- Implement a profit-sharing scheme to ensure that 100% of employees benefit from the value they help create

8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



At portfolio companies' level

- Encouragement for portfolio companies to implement profit-sharing mechanisms (savings plans, stock options, performance bonuses)
- Support portfolio companies to enhance profit-sharing schemes beyond legal requirements

3. These commitments apply only to portfolio companies invested by article 8 funds marketed from 2024 onwards



SUSTAINABLE DEVELOPMENT GOALS

4 Create long-term value through sustainability

At Sagard Europe's level

- Integration of sustainability criteria throughout the entire investment cycle (acquisition, management, exit)
- Set up a profit-sharing scheme conditional on the achievement of ESG criteria
- Contribution to France-Invest working group for ESG and Value Creation

At portfolio companies' level

- Make sustainability issues a key part of the investment thesis and the monitoring of performance of portfolio companies
- Define and implement an ESG action plan and monitor it annually with the board of directors/supervisory board of portfolio companies
- Quantify the value created by portfolio companies as a result of Sagard's ESG commitment during the holding period⁴

4. These commitments apply only to portfolio companies invested by article 8 SFDR funds marketed from 2024 onwards

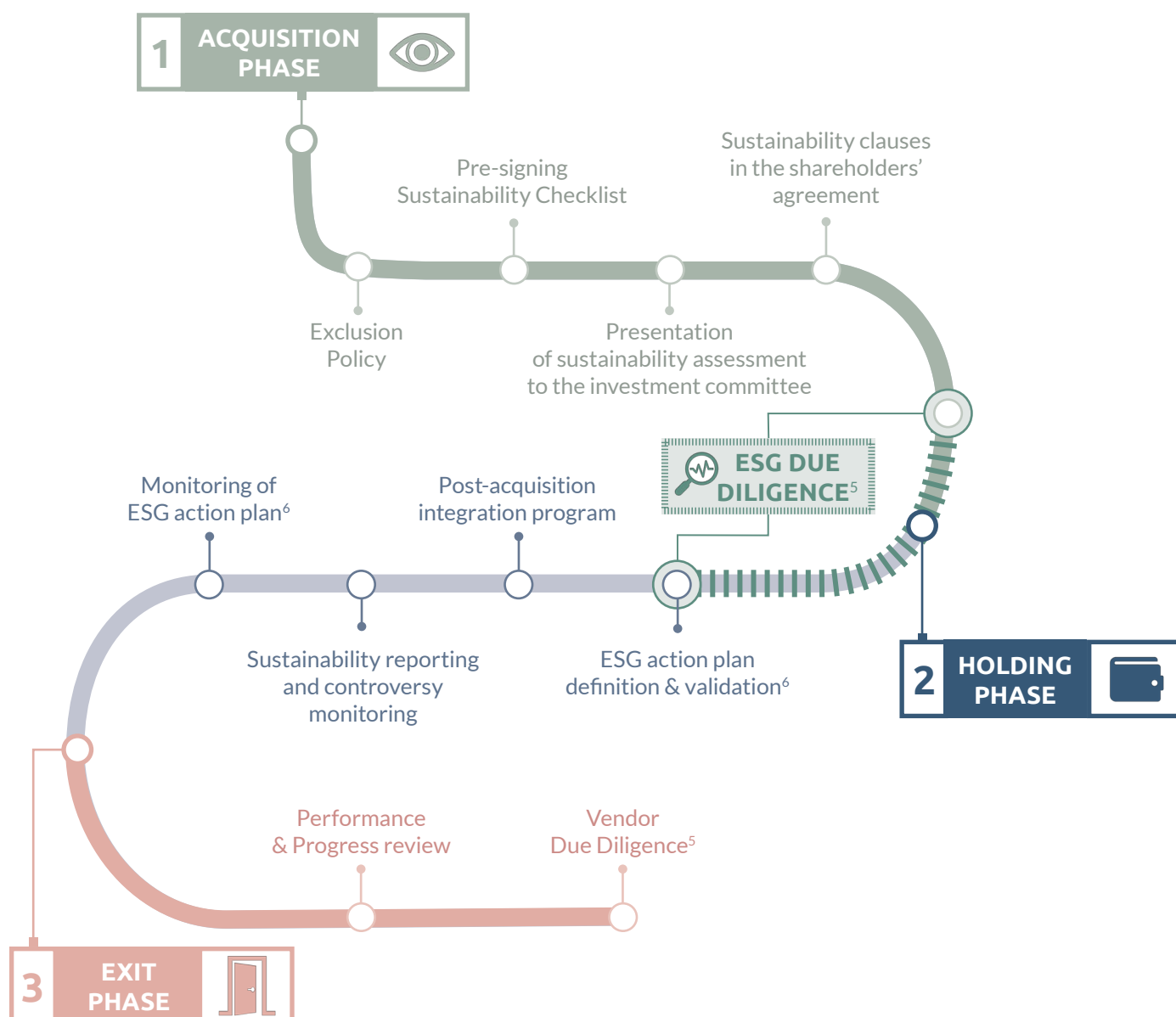
A scenic landscape featuring a river flowing through a forested valley with mountains in the background. A large, semi-transparent number '4' is overlaid on the left side of the image. The right side of the image has a white overlay containing the title and a horizontal line.

ESG integration throughout the investment cycle

ESG integration throughout the investment cycle

Sagard Europe follows a responsible investment policy across the entire investment cycle, from the acquisition phase, through portfolio management, to divestment.

Outlined below are the phases that Sagard Europe adheres to throughout the investment cycle (see the sections below the graph for further details):



5. We aim to conduct systematically ESG Due Diligences except in certain limited cases such as minority deals. Conditions are detailed in the corresponding sections below. ESG Due Diligence can either be conducted before or within 12 months after acquisition. Vendor Due Diligence is conducted whenever possible and relevant.

6. We aim to establish and conduct systematically an ESG action plan and to monitor it for all our portfolio companies since 2021. In certain limited cases, such as minority investments, we ensure the implementation and annual follow-up of an ESG action plan, while allowing the lead investor to take the primary responsibility for engagement with the portfolio company. Conditions are detailed in the corresponding sections below. Please note actions plans must be established within 12 months after acquisition.

4.1. Acquisition phase



Exclusion policy

In alignment with the exclusion policy agreed upon with its investors, Sagard Europe applies sustainability criteria, primarily **normative and sectoral exclusions**, to exclude certain companies from investment, as detailed in Appendix 1 ("Exclusion Policy"). The exclusion policy is also available directly on [Sagard's website](#).

Pre-signing sustainability checklist

Before making any investment, including minority deals, Sagard Europe has formalized a pre-investment **Sustainability Checklist** that is systematically used by the investment teams.

It includes:

- A preliminary analysis of sustainability risks and opportunities;
- An assessment of an investment's contribution to the United Nations Sustainable Development Goals (SDGs);
- A preliminary evaluation of the investment opportunity's potential eligibility for the European Green Taxonomy;
- An analysis of the company's compliance and general sustainable practices
- An analysis of sector and industry-specific material Sustainability-related issues (based on the SASB Materiality Map and internal analysis);
- An analysis of dependencies and impacts on biodiversity.

By leveraging this tool, the teams can efficiently determine whether a deeper analysis of specific material topics is necessary, with the support of specialized third-party expertise (see section ESG Due Diligence and potential deeper thematic analysis to have more information). Above all, this checklist is presented to the Investment Committee to guide the investment decision.

Sustainability clauses in the shareholders' agreement

Sagard has gradually added **Sustainability clauses** into shareholders' agreements. We aim to incorporate the following clauses whenever possible:

- Respect of Sagard's exclusion policy;
- Adherence to human rights;
- ESG reporting obligation;
- Implementation of a code of conduct;
- ESG action plan implementation and annual steering;
- Notification of ESG incident.

ESG Due Diligence and potential deeper thematic analysis



Scope and rules

Standard ESG due diligence

Sagard Europe's investment teams systematically engage **external sustainability specialists** to conduct ESG due diligence. In terms of timeline, the ESG due diligence is completed before closing the deals or within 12 months after. **For minority investments**, Sagard Europe relies on the **lead investor** to provide due diligence information whenever possible. In such cases, Sagard Europe does not perform its own ESG due diligence. Additionally, for existing portfolio companies for which Sagard Europe already has comprehensive view on sustainability related risks and opportunities, no further ESG due diligence is carried out.

Specific thematic analysis

In cases where specific material sustainability risks are identified by the ESG checklist (refer to the section above for more details), Sagard's investment teams may appoint external third-party specialists to perform a deeper thematic analysis.

This is particularly relevant for addressing specific areas of concern or opportunity that could have a material impact on the investment. It is applicable to both majority and minority investments.

Goals and topics analysed

Standard ESG due diligence

The primary goals of the ESG due diligence are to:

- Identify key sustainability trends impacting the company;
- Evaluate critical sustainability criteria;
- Assess the company's maturity related to Sustainability risks and opportunities;
- Evaluate the company's exposure to climate risks;
- Develop an ESG action plan.

Specific thematic analysis

Thematic analysis is conducted to address specific sustainability risks that may not be fully covered by standard sustainability assessment process. This deeper, focused assessment can cover topics such as psychosocial risks, product biodiversity impacts, or exposure to controversial markets for instance, and help with the investment decision and further definition of the action plan for the portfolio company.

Conclusion of the ESG Due Diligence

The conclusions of the ESG due diligence, along with any deeper thematic analysis, are systematically presented to the portfolio company's management. More importantly, the ESG due diligence report includes a preliminary ESG action plan, which is then discussed, improved, validated and implemented with the portfolio company.

For minority investments, Sagard ensures that an action plan is implemented. Sagard can suggest an action plan if relevant, otherwise let the leadership to the majority shareholder.

In terms of timeline, the action plans are implemented **within the first year of acquisition of the portfolio company**.



4.2. Holding phase

ESG action plan definition & validation

The action plan outlines objectives and key actions Sagard recommends in order to enhance sustainability performance and to achieve the targets defined in Sagard's sustainability objectives.

It includes clear targets and associated timeline. If relevant, **objectives related to the impact or development of sustainable products or services are defined.**

Finally, Sagard is developing its own methodology for quantifying the financial or strategic impact of each action in order to value the results.

Post-acquisition integration program

Sagard Europe has developed a comprehensive post-acquisition integration program designed to help portfolio companies achieve strong compliance with sustainability regulations, standards and support climate transition.

Sustainability integration program

The program includes a detailed handbook that outlines relevant sustainability regulations and standards for portfolio companies. This resource is complemented by optional training sessions tailored to each company's specific needs. Topics may include compliance with Corporate Sustainability Reporting Directive (CSRD), Taxonomy, and other critical sustainability priorities. It includes a wide range of actions such as supporting companies in structuring a Sustainability Linked Loan, providing templates and reviewing ESG documents (carbon footprint, responsible procurement charter, HR policy, etc.), prescribe service providers, carrying regulatory analysis, etc.

Climate program

The program has been designed to support portfolio companies in their climate transition. It includes networking with service providers identified by Sagard for their quality and expertise in specific business sectors, negotiated rates, and training courses for management teams and employees. The program encompasses the various phases of a climate transition strategy, from calculating a complete carbon footprint to defining a climate trajectory and deploying an associated decarbonization plan.

Engagement with portfolio companies

Sagard Europe actively engages with portfolio companies to implement three key elements of the program:

- **Cybersecurity audit:** A cybersecurity audit should be conducted within 12 months post-acquisition to ensure robust digital security measures are in place for relevant portfolio companies (sectorially or business impacted);

- **Carbon footprint assessment:** A carbon footprint assessment should be conducted 12 months after acquisition and is then performed annually, fostering accountability and progress in environmental impact reduction;
- **Climate trajectory and associated decarbonization plan:** a trajectory should be defined 12 months after carbon footprint assessment or within 12 months after Due Diligence if a carbon footprint assessment less than 12 months old at the time of the Due Diligence has been performed. This commitment focuses on new portfolio companies from 2025 onwards that exceed the CSRD thresholds. Portfolio companies below the thresholds or previously invested are also covered by this commitment, but on a best effort basis from Sagard.

For minority investments, Sagard Europe proposes cybersecurity audits, carbon footprint assessments and climate trajectory as part of its support offering. However, these measures remain optional and cannot be mandated.

Sustainability and ESG reporting

Each year, Sagard Europe sends a **questionnaire on sustainability related KPIs** to all portfolio companies. This questionnaire is designed to be aligned with the European Sustainable Finance Disclosure Regulation (SFDR) and other regulations, while also meeting investors' reporting expectations.

Sagard Europe places significant emphasis on monitoring climate and biodiversity related risks and supporting companies in mitigating them. By aligning with industry best practices and leveraging benchmarks whenever possible, Sagard ensures continuous improvement in its sustainability efforts.

Sagard's ESG questionnaire is based on the market questionnaires proposed by France Invest and Invest Europe, to which Sagard has added a number of indicators reflecting the regulations and commitments of its Responsible Investment policy.

Sagard generally achieves high completion rates in its ESG data collection campaigns, reflecting both the strong engagement of portfolio companies and the effectiveness of our internal coordination processes. This high completion rate is primarily the result of our systematic engagement with portfolio companies to collect and validate ESG data. In cases where certain key data points remain unavailable despite these efforts, we may rely on external service providers to produce robust estimates.

Monitoring of ESG action plan

The ESG action plans of portfolio companies are updated annually, and progress is systematically discussed by Sagard Europe's investment teams at the board meetings of portfolio companies.



4.3. Exit phase



Upon divestment, a review of sustainability performance and progress is carried out. These reviews can be shared with existing investors and potential buyers. Whenever relevant and possible, an external specialist carries out a **sustainability vendor due diligence** (VDD), to evaluate initiatives and improvements in sustainability.

The VDD and the review both aim to:

- Highlight key initiatives implemented to manage significant sustainability matters;
- Illustrate improvements made on sustainability matters since acquisition (compared to initial ESG due diligence if conducted);
- Assess the management's level of commitment to continuous improvement on ESG topics.

Sagard Europe is trying to develop its own methodology to quantify value creation (financially or strategically) in the ESG action plan and the review produced at exit.

4.4. Specific guidelines for SFDR Article 8 Funds

Several Sagard funds promote environmental and/or social characteristics and are classified Article 8 under the EU Sustainable Finance Disclosure Regulation (SFDR) 2019/2088. Thus, throughout the investment cycle, Sagard's Article 8 funds monitor specific indicators to ensure portfolio company compliance with the characteristics promoted and the sustainability related process implemented to ensure sustainability risks monitoring and good governance practices.

Currently, the following are classified as Article 8 SFDR funds:

Sagard 4A and Sagard 4B / Sagard NewGen / Sagard NewGen 2 / Sagard Midcap 5

All other funds of Sagard Europe are classified as article 6.

Environmental and social characteristics defined at fund level are integrated throughout the investment cycle, from the due diligence phase to ownership, supported by annual ESG reporting.

Sagard uses an **external ESG reporting software**, ensuring that the promoted social and environmental characteristics monitored through the annual reporting campaign performed. Portfolio companies annually provide qualitative and quantitative data on sustainability indicators, which the sustainability team at Sagard reviews and verifies, requesting supporting documentation and clarifications as needed. Sagard also ensures data quality and completeness through a reliability campaign with portfolio companies.

More specifically, the annual ESG questionnaire, which is updated every year, addresses:

- Sagard's ESG strategy and Responsible Commitments
- Reporting obligations under Article 29 of the French Energy-Climate Law
- Compliance with the EU Taxonomy and other regulations such as Sapin 2
- Specific ESG requests from fund investors



Integrating climate and biodiversity risks across the investment cycle

Integrating climate and biodiversity risks across the investment cycle

We are committed to continuous improvement in addressing sustainability risks related to climate change and biodiversity loss throughout our investment cycle. This commitment reflects both our advanced climate strategy and our expanding efforts to build a robust biodiversity framework. Our approach includes identifying and addressing specific environmental risks, promoting sustainable practices, and aligning with evolving regulations and global standards.



Exclusion Policy

Our exclusion policy establishes a foundation for sustainability by:

- Excluding fossil fuels companies
- Excluding companies in repeated and serious violations of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

Our exclusion policy acknowledges our exit from coal and unconventional fossil fuels. Considering that our portfolio was not exposed to these energies to date, we consider our official exit from coal and unconventional gases to be as early as 2025. Please note, our exclusion policy also specifies how Sagard limits its exposure to other fossil fuels.

Please refer to our exclusion policy in the appendix for more details.



Sustainability checklist

The sustainability and investment teams systematically carry out a sustainability checklist in the pre-investment phase in which we conduct:

- Materiality assessments to identify climate and biodiversity risks and opportunities;
- Biodiversity impacts and dependencies using ENCORE methodology;
- Business model analysis to identify harmful practices such as excessive pesticide use, reliance on unsustainable chemicals, or artificial land use. The sustainability team can qualify these practices as Red Flag as part of its analysis. Consequently, in-depth research may be commissioned from external service providers to investigate this risk in greater depth, and its conclusions may lead to the investment opportunity being abandoned.



ESG due diligence and potential deeper thematic analysis

During the due diligence process, the analysis is refined to provide a more in-depth assessment of environmental risks:

- **Sector-specific Analysis:** evaluate risks from business models, products, or investments with a high environmental footprint;
- **Regulatory alignment:** ensure compliance with frameworks such as CSRD or France's regulations on land de-sealing;
- **Climate risks assessment:** evaluate physical and transition risks related to climate change;
- **Practice review:** identify climate and biodiversity maturity level and dedicated practices.

Holding Period Engagement

Our engagement during the holding period emphasizes implementation and continuous improvement through ESG action plans:



For Biodiversity we promote initiatives such as:

- Integration of biodiversity resources (e.g., planting native species, creating pollinator habitats like beehives)
- Transition to sustainable agricultural practices, including reduced pesticide use and adoption of sustainable farming
- Reduce and replace harmful chemicals / products through business model transformation or targeted CAPEX investments
- Decrease material inputs and waste generation
- Support portfolio companies in aligning with evolving biodiversity and climate regulations at national, EU and local levels
- Partnerships and Collaboration: Encourage partnerships with NGOs or other stakeholders to drive biodiversity protection, pollution reduction, and sustainable business model shifts



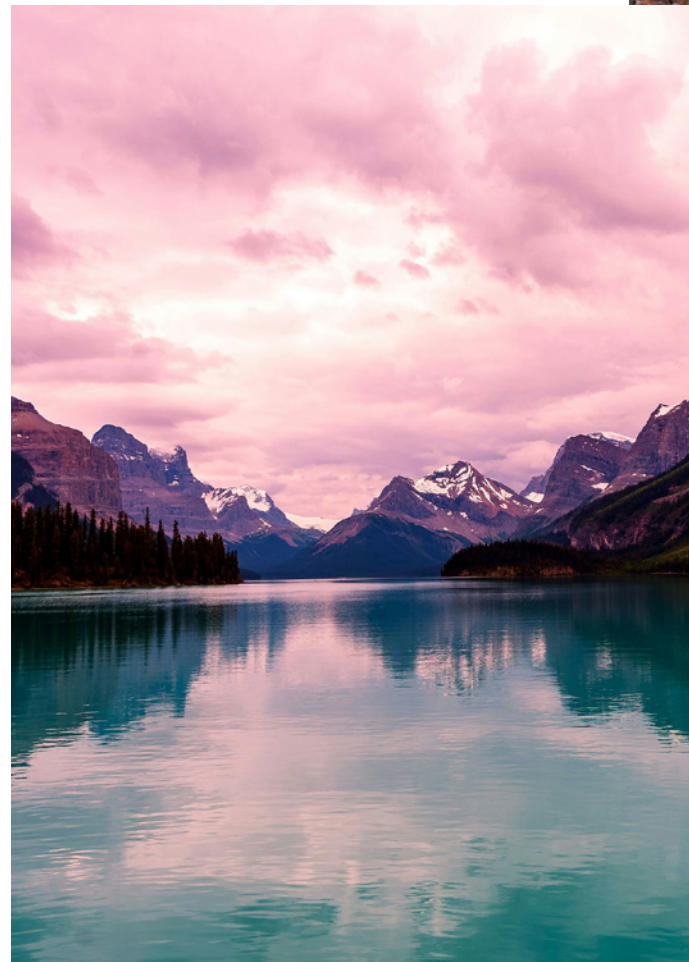
For Climate we engage portfolio companies with a clear approach:

- Evaluate portfolio companies' exposure to climate risks
- Assess complete Carbon footprint (Scope 1, 2 and 3)
- Update annually the company's carbon footprint
- Set up a decarbonization plan
- Define a climate trajectory
- Integrate and monitor annually climate efforts / initiatives in portfolio companies' sustainability action plan



Exit and Performance Valuation

At exit, we highlight climate and biodiversity achievements, emphasizing their contribution to long-term value creation and alignment with global sustainability objectives.





Overview of sustainability risk integration across the investment process

Sagard Europe has established a structured and consistent approach to identify and monitor sustainability risks – including governance, social, environmental, climate and biodiversity-related risks – throughout the investment cycle, in line with Article L.533-22-1 of the French Monetary and Financial Code.

During the pre-investment phase, several tools and processes are systematically mobilised to identify potential sustainability risks:

- A **Sustainability Checklist**, jointly completed by the investment and sustainability teams, to assess taxonomy alignment, material ESG topics, and biodiversity-related risks.
- A **dedicated climate risk assessment**, integrated into ESG due diligence since 2025, covering physical and transition risks;
- **Third-party ESG due diligence**, conducted with external experts before or within 12 months after closing to assess sustainability maturity and exposure;
- **Targeted thematic assessments** (e.g. biodiversity, product-related risks, controversial markets) when specific red flags are identified;
- **Presentation of key findings to the Investment Committee** to ensure that identified risks are factored into the decision-making process.

During the holding period, the identification and monitoring of sustainability risks rely on a combination of processes:

- **Annual ESG data collection campaigns**, aligned with SFDR and Article 29 LEC, covering both regulatory indicators and bespoke KPIs;
- **Ongoing engagement** by the investment and sustainability teams through regular exchanges with portfolio companies;
- **Annual review and update of ESG action plans**;
- **A dedicated external provider for controversy and incident identification and monitoring**, allowing real-time identification and evaluation of ESG-related incidents;
- **Climate and biodiversity-specific programs**, including carbon footprint assessments and support in defining climate trajectories for eligible companies.

This integrated approach ensures early identification of sustainability risks and supports the definition of appropriate mitigation and engagement strategies across the portfolio.

Overview of sustainability risk integration across the investment process

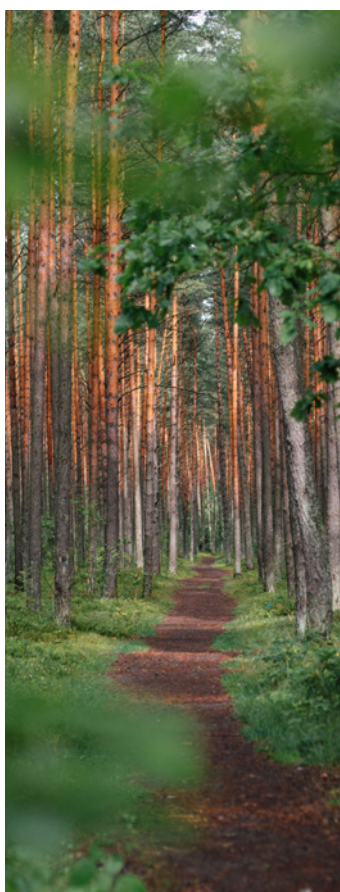
Areas for further development

While current goals are company-specific, we aim to consolidate biodiversity and climate targets at the fund and management levels, including measurable objectives and frameworks for accountability.

Despite our progress, we recognize the need for improvement regarding biodiversity strategy and tools. This includes the development of dedicated skills, the use of new methodologies (e.g. SBTn and TNFD) and alignment with international frameworks such as the Convention on Biological Diversity (CBD) and the 2022 Montreal Agreement (COP15).

Through this continuous improvement and evolving approach, Sagard not only mitigates sustainability risks but also actively promotes innovation and resilience in its portfolio. We continue to advance toward preserving biodiversity, restoring ecosystems, fighting and adapting to climate change in order to contribute to a sustainable future.

The Responsible Investment Policy is reviewed regularly to ensure it remains relevant and effective. Updates, where necessary, are approved by the relevant governance bodies and disclosed accordingly.



Appendix

7

Sagard Europe¹ Exclusion Policy

In addition to an ESG framework that promotes sustainable practices throughout the investment cycle, Sagard has implemented an exclusion policy. Our teams apply this policy rigorously before each investment, ensuring that companies meet compliance requirements before joining the portfolio.

The exclusion policy is based on two criteria: **normative exclusion** and **sectoral exclusion**. It guarantees that investments adhere to international standards, environmental and social commitments, and address investor concerns.

These exclusions, defined by the ESG Steering Committee, are applied **either fully or partially** – that is, depending on the share of the company's revenue derived from the excluded activities.

Companies are excluded from investment consideration if they:

- **Severely and repeatedly violate international conventions and frameworks**
(see I. Normative Exclusions)
- **Are involved in sectors specifically excluded by Sagard** due to their illegal nature or adverse environmental and/or social impacts² (see II. Sectoral Exclusions)

These exclusions enable Sagard to mitigate various sustainability-related risks.

The exclusion list below comes from fund regulations with open investment periods at the time of this publication and thus applies only to current and future investments within these funds.

Normative exclusions

Sagard excludes from its investments any company involved in activities that result in severe and repeated violations of the following international norms:

- **International conventions and protocols**, such as the Ottawa Convention, CIAC, Oslo Convention, CITES, ILO conventions, etc.
- **Recognized international frameworks**, including the United Nations Guiding Principles on Business and Human Rights (UNGPs) and OECD Guidelines for Multinational Enterprises

Process in case of violation post-investment: If a company is involved in a severe and repeated violation of these norms during the holding period, Sagard initiates a dialogue and engagement process with relevant stakeholders. This process, coordinated by our ESG and investment teams, aims to restore the company's compliance with the standards and principles of our exclusion policy.

Sectoral exclusions

Sagard excludes, partially or totally, certain sectors from its investments due to either their illegality or their negative environmental and/or social impacts.

1. "Sagard SAS" is referred to as "Sagard Europe" throughout this document. Sagard SAS is a management company registered with the AMF ("Autorité des Marchés Financiers") under number GP 01046 since October 31, 2001.
2. Sagard Europe ensures compliance with the highest standards by applying the exclusion list of the Paris-Aligned Benchmark.

Strict exclusion, any portion of the company's revenues

>10% of revenues

>50% of revenues

Sector	Activity	Scope of exclusion
Armament	Production / trade of controversial weapons	The Funds will not invest in a Portfolio Company which at the time of the relevant Investments derives any portion of its revenues from the production or trade of "controversial weapons" having an disproportionate and indiscriminate impact on civilians, including anti-personnel mines, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium and white phosphorus munitions.
	Military weapons	The Funds will not invest in a Portfolio Company which derives a majority of its revenues from the production or trade of fully assembled military weapons or military munitions.
Fossil energy	Oil fuels	The Funds will not invest in a Portfolio Company which derives more than 10% of its revenues from exploration, extraction, distribution or refining of oil fuels.
	Gaseous fuels	The Funds will not invest in a Portfolio Company which derives a majority of its revenues from exploration, extraction, manufacturing or distribution of gaseous fuels.
	Carbon intensive electricity generation	The Funds will not invest in a Portfolio Company which derives a majority of its revenues from electricity generation with a GHG intensity of more than 100 g CO₂ e/kWh.
	Coal	The Funds will not invest in a Portfolio Company which at the time of the relevant Investments derives any portion of its revenues from Exploration, mining, extraction, distribution or refining of hard coal and lignite.
	Unconventional fossil fuel	The Funds will not invest in a Portfolio Company which at the time of the relevant Investments derives any portion of its revenues from extraction, production, sale, storage, transport of unconventional fossil fuel.

Sagard Europe Exclusion Policy (cont.)

Strict exclusion, any portion of the company's revenues
>10% of revenues
>50% of revenues

Sector	Activity	Scope of exclusion
Restricted or prohibited activities	Gambling	The Funds will not invest in a Portfolio Company which at the time of the relevant Investments derives any portion of its revenues from any type of gambling activity involving money .
	Speculation in commodities	The Funds will not invest in a Portfolio Company which derives a majority of its revenues from the speculation in commodities .
	Tobacco cultivation and production	The Funds will not invest in a Portfolio Company which at the time of the relevant Investments derives any portion of its revenues from the cultivation and/or production of tobacco .
	Prostitution	The Funds will not invest in a Portfolio Company which at the time of the relevant Investments derives any portion of its revenues from prostitution .
	Pornography	The Funds will not invest in a Portfolio Company which at the time of the relevant Investments derives any portion of its revenues from pornography .
	Drugs	The Funds will not invest in a Portfolio Company which at the time of the relevant Investments derives any portion of its revenues from the production or trade of illicit drugs (where the production or trade of such drugs is illegal in the jurisdiction in which such drugs are produced and/or traded by the relevant Portfolio Company).

Companies **providing services, products, or equipment to these sectors** are not subject to these exclusions. Similarly, companies that are client to these sectors (e.g., a hotel group selling tobacco) with marginal involvement in these sectors (e.g., a hotel group selling tobacco) or used with a positive use (e.g., using tobacco plants to produce Ebola treatments) may be considered by Sagard during the pre-investment phase.

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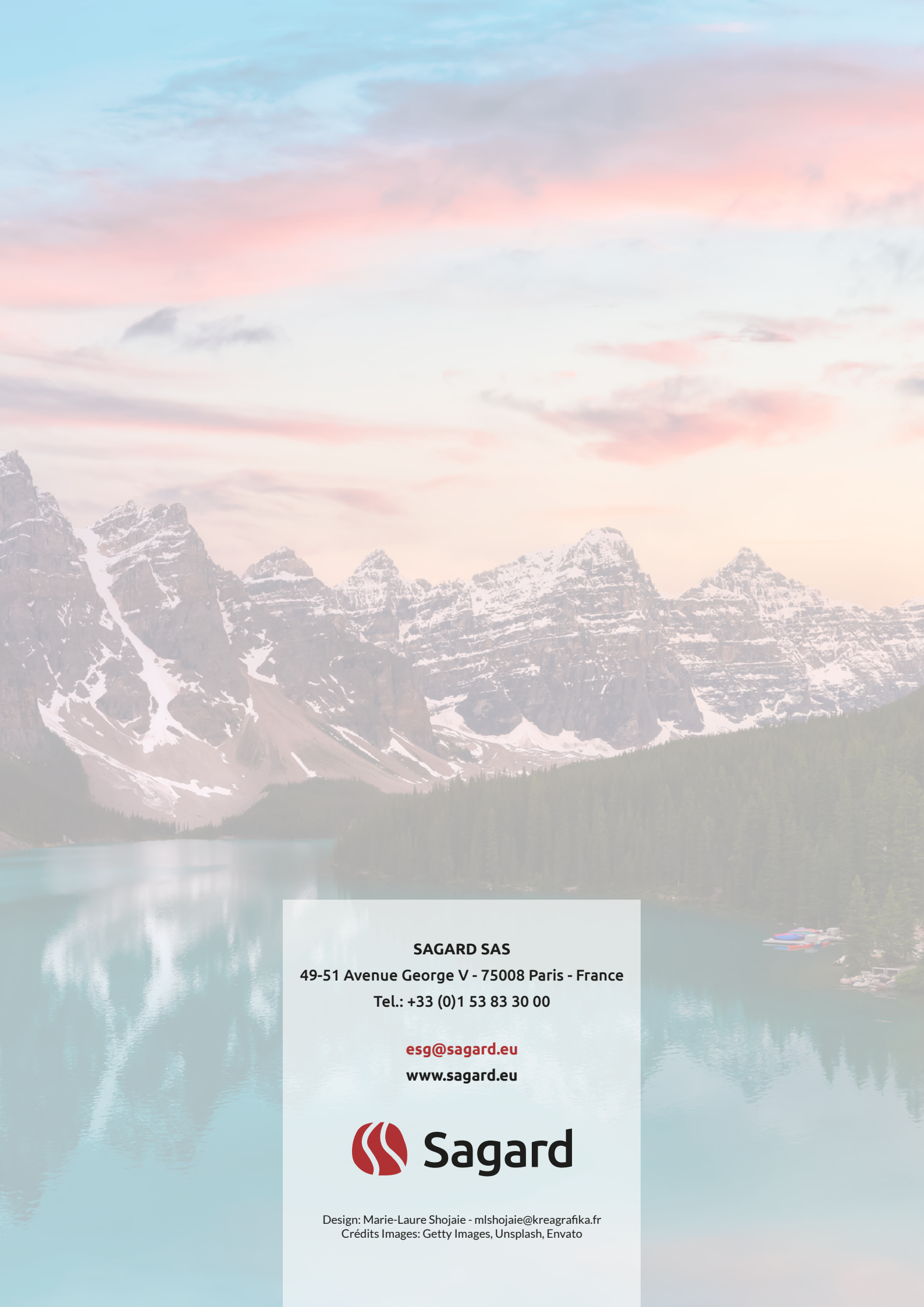
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The commitments and processes outlined in this document may be applied differently depending on the characteristics of each fund. They are primarily implemented in recently launched funds and those classified as Article 8 under the SFDR. Older funds or those classified as Article 6 are also concerned, but within a best-efforts approach, taking into account their specific constraints. Sagard Europe takes no liability for the application of these commitments to any given fund where structural, regulatory, or operational limitations may apply.

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