



2023

# Responsible Investment Policy

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## Introduction

Sagard<sup>1</sup> is a multi-strategy alternative asset management firm with more than US\$14.5B under management,<sup>2</sup> 125 portfolio companies,<sup>3</sup> and 300 professionals.<sup>4</sup> We invest in venture capital, private equity, private credit, real estate and royalties. We also engage in private wealth management and new venture creation through our ecosystem partners Grayhawk and Diagram. We have offices in Canada, the United States and Europe.

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.

## 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) diversity, equity and inclusion ("DEI"),<sup>6</sup> (2) cybersecurity 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.

### Priorities

#### Diversity, Equity and Inclusion

We promote DEI with our investees through our investment and stewardship processes. Where appropriate, we engage with investees to find ways to encourage the advancement of gender diversity, racial/ethnic diversity, indigenous people, LGBTQ+ people and/or veterans ("underrepresented groups").

#### Cybersecurity

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

- We incorporate a cybersecurity assessment in the investment process of lead investments in the fintech sector.
- For other investment opportunities, we encourage our strategies to incorporate a cybersecurity assessment in the investment process when the topic is deemed material.

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.

In our 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, 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 conduct an internal climate assessment as part of the investment process and include our conclusions in the investment memo.

We integrate climate-scenario analysis in the investment process of some of our investment strategies.<sup>8</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.

## 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.

## 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>9</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.

### 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>10</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.

### 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)

We try to identify and mitigate any material human rights risks associated with a particular investment opportunity.

## Stewardship

Our approach to stewardship is centred 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 set Sagard-wide engagement objectives, as stated below. However, each investment strategy<sup>11</sup> retains the flexibility to set its own unique engagement agenda based on the issues it deems to be both material and relevant to its portfolio. 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.

### 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.

## 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 (DEI, 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.

### **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

### 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.

### 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>12</sup>

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

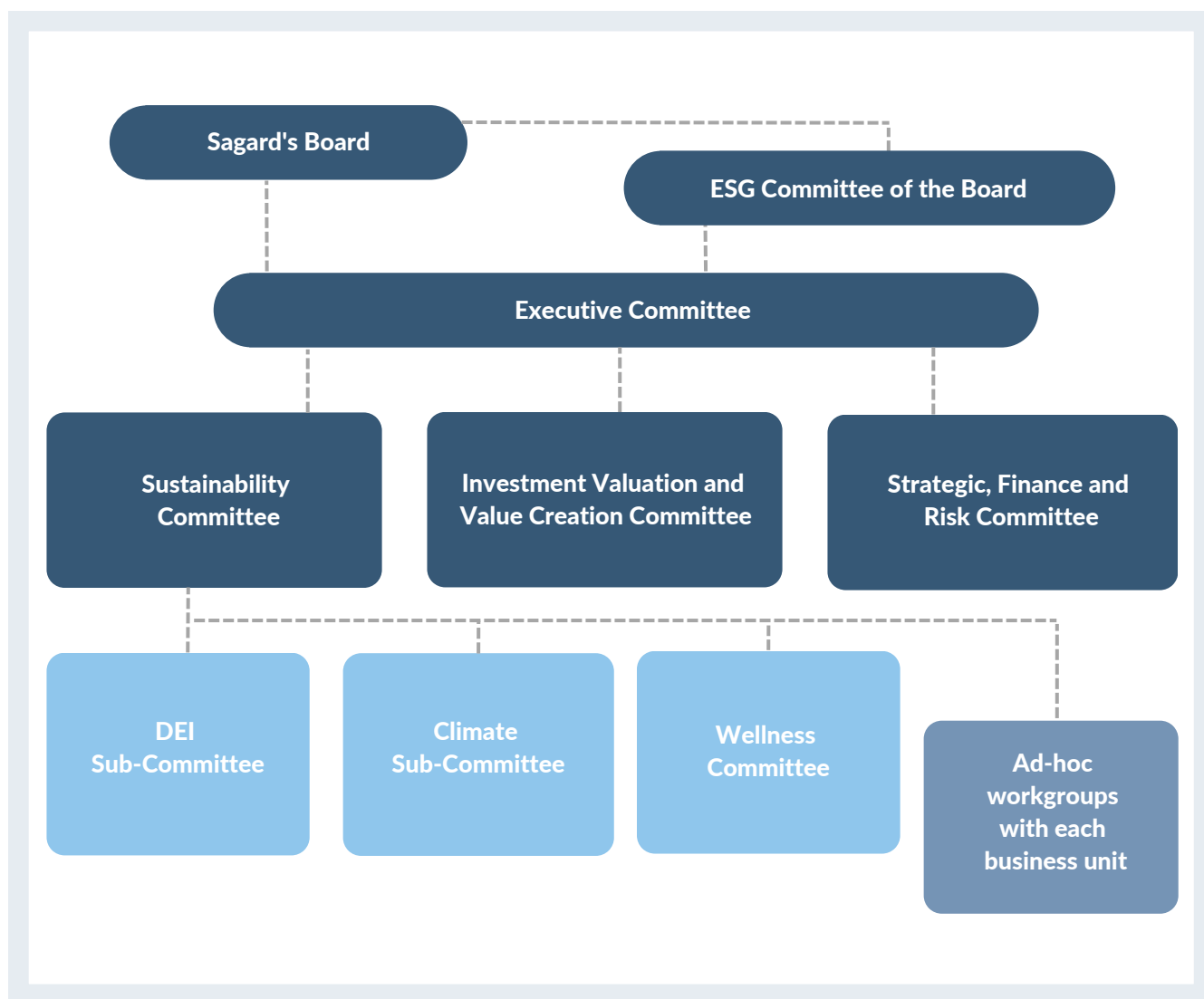
In addition, each strategy may have additional exclusions based on particular sectors, products or services as described in the Appendix.



## 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
- Investment Valuation and Value Creation: Oversight of portfolio dashboards
- Strategic, Finance and Risk: Establishing pipeline for new products, risk oversight and carbon accounting



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 for governing investment decision making, including its investment committee.

### **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.

### **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 if required.

### **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 2023 and is reviewed annually. It is approved by Sagard's CEO and the ESG Committee of the Board.

## Appendix: Strategy Guidelines <sup>13</sup>

### Portage Ventures, Portage Web3

- Ambition: Promoting DEI 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 lead on diversity and cybersecurity. We consider these two issues to be particularly relevant 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: Minimum of 25% of Portage Ventures III's portfolio company<sup>14</sup> founders coming from underrepresented groups by the end of the fund's investment period.
- Focus on SDG: 5, 8, 9, 10
- Reporting: Quarterly investor report.

### Portage Capital Solutions

- Ambition: Promoting DEI 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 lead on diversity 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: Minimum of 25% of Portage Capital Solution's portfolio company's C-Suite coming from underrepresented groups by the end of the fund's investment period.
- Focus on SDG: 5, 8, 9, 10
- Reporting: Quarterly investor report.

## Sagard Private Equity Canada

- Ambition: Integrating ESG assessments into the due diligence and monitoring phases of our investments.
- Strategy-specific exclusions: Adult entertainment, weapons and armaments, bars and similar establishments, alcohol, gaming, cannabis, cigarettes and tobacco.
- ESG integration:
  - **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.<sup>15</sup>
  - **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:** We monitor certain metrics in addition to the targets mentioned below. Please refer to *SPEC's ESG implementation guidelines* for further details.
- Targets:
  - Minimum of two board members coming from underrepresented groups at closing or at any time during our holding period for each portfolio company;
  - Minimum 15% of the senior management coming from underrepresented groups for each of our portfolio companies.
- Focus on SDG: 5, 8, 10
- Reporting: Quarterly investor report.

## Sagard Credit

- Ambition: Engaging with portfolio companies, when relevant, on topics of governance and DEI 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>

## Sagard Credit

- ESG integration:
  - **Sourcing phase:** We conduct an initial assessment consisting 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:** For some 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 DEI metrics for the board and senior management of portfolio companies.
- Target:
  - Minimum of two board members coming from underrepresented groups at closing or at any time during our holding period for each non-sponsor borrower in SCP II.
- 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 DEI 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 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:** For some 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 DEI metrics for the board and the senior management of portfolio companies.

- Target:
  - Minimum of 20% of the portfolio allocated to borrowers that have a diverse C-Suite, which is defined as minimum one member coming from an underrepresented group at closing or at any time during our holding period.
  - Minimum of two board members coming from underrepresented groups at closing or at any time during our holding period for each portfolio company.
    - Provided that Sagard is leading the transaction, where we deem appropriate for a particular investment, we offer a pricing discount of 12.5bps to the drawn spread to borrowers meeting the diversity criteria at the board level.
- 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. 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: -
- Focus on SDG : 3, 5, 10
- Reporting: Quarterly investor report.

### EverWest

- Ambition: We aim to manage investment risks, reduce operating costs, drive innovation, enhance value and address market, investment partner, and tenant expectations.
- Strategy-specific exclusions: -
- ESG integration:
  - **Investments:** We integrate ESG considerations into due diligence processes, as appropriate.
  - **Developments and major renovations:** We evaluate opportunities to qualify new developments to green-building certifications, and we 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 landfills, and reduce GHG emissions where appropriate.
- **Property-level operations:** We consider ESG capabilities when selecting and appointing third-party property managers. We conduct energy, water and waste audits to identify efficiency opportunities where appropriate. We pursue sustainability and well-being building certifications where appropriate.
- Targets: -
- Focus on SDG: 3, 6, 13
- Reporting: Quarterly investors report for USPF funds and a corporate annual ESG report.

### Sagard MidCap, Sagard NewGen

- 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 armaments, coal (including electricity via coal-powered plants), any type of gambling involving money, speculation in commodities, or tobacco (besides medical purposes). Companies with any proportion of revenue from prostitution, pornography or illicit drugs. Several other exclusions are specific to each fund.
- ESG integration:
  - **Pre-screening checklist:** We use a checklist to assess a company's responsible investment performance and to identify the main risks for the company, 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 create an action plan based on the results of the due diligence, approved by the investment team and the management of the portfolio company.
  - **Holding:** We monitor the action plan annually, and we conduct an annual sustainability and climate questionnaire, as applicable.

*For information on ESG integration in our European Fund, please refer to the Regulatory Information available in the Terms & Conditions of the Sagard website.*

- Target:
  - 70% of Sagard 4 and NewGen's assets shall meet one or more of the following social and/or environmental characteristics:
    - Exclusion of certain investment sectors with negative social or environmental consequences (see above).
    - Respect of human rights: Measured as the percentage of portfolio companies that have signed a commitment to respect regulations related to human rights such as the European Convention for the Protection of Human Rights and Fundamental Freedoms or the core ILO (International Labour Organization).
    - Healthy working environment: Measured as a composite of (i) the percentage of portfolio companies with no reported fatal workplace accident, (ii) the percentage of portfolio

- companies with no reported harassment complaints and (iii) the percentage of portfolio companies having elaborated and implemented a code of conduct promoting, among other principles, an ethical and fair work environment as well as the respect of labor rights.
- 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).

### Grayhawk

- 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: -
- 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: Up to one-third of our private equity exposure allocated in impact-oriented strategies.
- Focus on SDG: -
- Reporting: Upon request.

### Diagram

- Ambition: We are committed to promoting environmental sustainability, DEI in hiring and talent-management practices, and tight cybersecurity across all stages of our company building and scaling model.
- Strategy-specific exclusions: Diagram is committed to not creating carbon-heavy businesses. Therefore, Diagram has built an assessment into its company-creation process to meet this objective.
- ESG integration:
  - **Pre-seed stage:** We seek to actively 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 DEI.
  - **Seed stage:** We take various initiatives to increase employee diversity 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 mandating 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:
  - Minimum 20% (i.e. at least two) of the first 10 employees of each company in our portfolio to identify as coming from an underrepresented group.



- Ensuring each company has an ESG policy in place at the seed stage, specifically around cybersecurity and diversity and inclusion.
- Ensuring each company follows a cyber assessment and training before they raise a Series A round.
- Focus on SDG: 5, 8, 10, 13
- Reporting:
  - Fintech funds: Quarterly reports, including annual ESG metrics such as (1) GHG emissions, (2) gender and racial diversity across portfolios 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.

## Endnotes

- 1 Unless otherwise specified, references herein to “Sagard”, “we” and “our” mean Sagard Holdings Management Inc. together with its subsidiaries and “ecosystem partners” (Grayhawk and Diagram). Diagram is not an affiliate of Sagard. “Sagard Europe” means Sagard SAS and its subsidiaries.
- 2 Assets Under Management (“AUM”) as of December 31, 2022 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 EverWest 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 other managers 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 (not including Diagram) funds managed by certain affiliates of Sagard Holdings Management Inc. as of December 31, 2022.
- 4 Includes employees employed by certain subsidiaries of Sagard Holdings Inc., Sagard SAS, as well as Grayhawk Investment Strategies Inc. and EverWest Real Estate Investors, LLC. as of December 31, 2022.
- 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 DEI and related initiatives do not apply to Sagard Europe or Grayhawk.
- 7 The SDGs are aspirational in nature. The analysis involved in determining whether and how certain initiatives may contribute to the SDGs is inherently subjective and dependent on a number of factors. There can be no assurance that reasonable parties will agree on a decision as to whether certain projects or investments contribute to a particular SDG. Accordingly, investors should not place undue reliance on the Firm’s application of the SDGs, as such application is subject to change at any time and in the Firm’s sole discretion. Further, statistics and metrics relating to ESG matters are estimates and may be based on assumptions or developing standards (including Sagard’s internal assumptions).
- 8 Sagard is currently building its climate scenario expertise and capacity and deploying it within its investment processes on a case by case basis. As of December 31, 2022, a climate scenario analysis was completed by the Sagard Private Equity Canada, Portage Ventures, Sagard Credit Partners and EverWest teams on their existing portfolios. The portfolio coverage of this analysis with respect to each strategy ranged from 15 - 100%.

- <sup>9</sup> Sagard Europe, Grayhawk and EverWest do not use SASB to determine material ESG topics.
- <sup>10</sup> 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.
- <sup>11</sup> References in this policy to “strategies” or “investment strategies”, as the context requires, refers to Sagard’s investment strategies such as: Portage Ventures, Sagard Private Equity Canada, Sagard Credit, Sagard Healthcare, EverWest, Diagram Ventures, and Grayhawk, but does not include Portage SPAC.
- <sup>12</sup> 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.
- <sup>13</sup> References in this Appendix to “we” and “our” refer to the respective strategy or ecosystem partner, as applicable, under each heading.
- <sup>14</sup> “Portfolio companies” are companies held as investments by the investment funds and vehicles managed or sponsored by the firm.
- <sup>15</sup> 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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