

SAGARD  
**Responsible Investment Report**  
2023



# Capital. Culture. Network.

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## About this report

Responsible corporate behaviors and investment practices are integrated into Sagard’s<sup>1</sup> operations. This annual report provides an overview of these activities across all jurisdictions.

### → Scope of this report

This *Responsible Investment Report* covers Sagard’s activities during the 2023 calendar year, unless otherwise noted. The report includes information regarding Sagard’s corporate behaviors and activities, our investment management practices, and information about selected investees<sup>2</sup>.

Diversity, equity, and inclusion (“DEI”): When possible, the statistics and information presented apply to Sagard globally. Due to local regulation and other factors, we cannot collect all DEI data for Sagard Europe besides gender diversity<sup>3</sup>.



### → Reporting standards

Sagard’s objective is to align with leading market practices. We take the following standards and frameworks into consideration when developing our responsible investment strategy and related disclosures:

- ↳ PRI (Principles for Responsible Investment)
- ↳ TCFD (Task Force on Climate-Related Financial Disclosures)
- ↳ SASB Standards (Sustainability Accounting Standards Board, now under the oversight of the ISSB)
- ↳ UN SDGs (Sustainable Development Goals)<sup>4</sup>
- ↳ GRESB (Global Real Estate Sustainability Benchmark)

Please refer to “Endnotes” and “Acknowledgement and Disclaimer” for important information regarding this report.

Published May, 2024

### → Supplemental documents

<a href="#">Sagard</a>	<a href="#">Sagard Europe</a>
<a href="#">Sagard’s Responsible Investment Policy</a>	<a href="#">Sagard Europe Sustainable Development Policy Summary</a>
<a href="#">Sagard’s Green House Gas Emissions Assessment</a>	<a href="#">Sagard Europe Sustainability Report (29LEC)</a>
	<a href="#">Sagard Europe - Information required by the EU Finance Sustainable Disclosure (SFDR)</a>





*“ At Sagard, our vision is to build one of the most respected and impactful alternative investment management firms globally. We believe we can create attractive investment returns and contribute to a more prosperous world.*



As per our 2023 objectives, we have executed what we believe are transformational strategic moves while remaining true to our core values of entrepreneurship, innovation, collaboration, rigor, and authenticity. We have formed new strategic partnerships, completed our largest acquisition to date, and we have delivered on our investment performance objectives.

One of our advantages is our ability to continue growing a differentiated network. In 2023, we activated that network in several ways. We continued our **Sagard Perspectives series**, with close to 700 attendees joining us over the year, covering themes ranging from geopolitics, cybersecurity, to climate policy and Indigenous art. We continued our engagement with the **Afrodescendant Leadership Alliance** (formerly Black Wealth Club) and the **Indigenous Leadership Circle**. Both of these groups are highly valued by the participants and give Sagard an authentic, two-way bridge toward and from these communities.

Our approach to ESG<sup>5</sup> is highly engaged and practical. We strive to play a tangible part in shaping a better world. When it comes to “E”, we believe that the energy transition space represents a tremendous opportunity, as billions will need to be invested. We have launched **Diagram Climate Tech**, our venture-building strategy in the climate tech space, to be a part of the innovation movement underlying the energy transition. We also anticipate an attractive valuation arbitrage, given the sector is capital-rich and opportunity-poor: by building companies from scratch, we are aiming to take advantage of the capital entering the sector.

In 2023, we offset our carbon emissions<sup>6</sup> through a forest protection project located off the coast of southeastern Alaska in Prince of Wales Island: the Shaan Seet Improved Forest Management project. The Shaan Seet project currently protects 8,900 acres of old growth forest in a highly contentious logging area owned by the Alaskan Natives Corporation, an indigenous organization. Historically, this forest area was used for subsistence purposes by Alaska Natives and then for commercial timber in the 20th century. The total size of the land in this area owned by the ANCs is 23,040 acres, and much of the unprotected land has been designated for logging. Without the carbon offset finance, the land protected by the project would have been subject to harvestation as well. The project also ensures long-term sustainable, natural forest growth and protects five different species of fish including sockeye salmon, coho salmon, chum salmon, pink salmon and steelhead trout.

On the “S”, we believe that diversity can be a competitive advantage in the investment process. As a result, 32% of our team is comprised of individuals from different ethnicities<sup>7</sup>. Five of our strategies are led or co-led by women and overall we have 45% females within our team. We view diversity as a key investment and operational performance advantage. Having a diverse team allows us the chance to be better at sourcing and to avoid groupthink in investment debates. We believe that our focus on diversity in the management of our portfolio companies also helps them build products that appeal to broader markets and drive more informed debates.

Concerning the “G”, good governance, responsible decision-making, transparency, and accountability have always been a hallmark of the Sagard approach. Over the years, we have built a strong responsible investment governance to ensure our values and strategy are well embedded. We created different governance bodies such as the ESG Committee of the Board<sup>8</sup> which oversees ESG, our Sustainability Committee<sup>9</sup> which is accountable for the implementation of our strategy as well as a DEI Committee<sup>10</sup>. To ensure responsible investment matters are considered at key steps of our investment journey, we appointed a point-person for each investment strategy<sup>11</sup>.

I am especially proud of our talented and dedicated team, which is working tirelessly toward our vision. We have achieved great things together, and our successes are more meaningful when we support organizations that embody our sustainability priorities and values, champion causes of diversity and equity, and foster entrepreneurial innovation.

**Paul Desmarais III**  
Chairman and CEO

# 2023 Highlights

## → Metrics

**US\$25B+**  
of AUM<sup>12</sup>  
as of 31 Dec. 2023

**300+**  
Professionals<sup>13</sup>  
as of 31 Dec. 2023

**150+**  
Portfolio companies<sup>14</sup>  
as of 31 Dec. 2023

## → Sagard's focus areas



### Diversity, Equity and Inclusion

45%

of employees identify as female

32%

of our team identifies as a member of an ethnically diverse group<sup>16</sup>



Sagard North America<sup>17</sup> continues to be closely involved with the **Indigenous Leadership Circle** and the **Afrodescendant Leadership Alliance**



### Cybersecurity

136

cyber-related engagements completed with portfolio companies and our ecosystem partner<sup>15</sup>

218

members in our Cybersecurity Centre of Excellence Slack channel

100%

completion rate for our cybersecurity awareness training across Sagard North America<sup>18</sup>



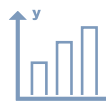
### Climate change



Measurement of carbon footprint completed for all Sagard offices



Integration of climate considerations in investment process, where appropriate



Climate scenario analysis<sup>19</sup> or fund carbon footprint assessment<sup>20</sup> completed for a portion of our assets under management

# Accomplishments

As appropriate, we have implemented robust governance controls around responsible investment, built capacity, and adopted responsible investment practices and processes throughout the firm.

## → Governance

We have created a robust Responsible Investment Governance structure:

- ↳ We created a *Board of Directors ESG Committee* with oversight and accountability of ESG.
- ↳ We created a *Sustainability Committee*, including six members of the Executive Committee, with oversight, accountability, and implementation responsibilities.
- ↳ We created four *DEI sub-committees* composed of members from across the firm, implementing initiatives across the teams to foster a more equitable and inclusive workplace.
- ↳ We maintain a *point-person* for each investment strategy to focus on responsible investment matters and the integration of each team's initiatives into our firmwide objectives.

## → Implementation

We implemented responsible investment-focused policies, programs, and processes within Sagard including:

- ↳ Adopted a global Responsible Investment Policy and formalized processes around our 3 priorities (DEI, cybersecurity, and climate) throughout the firm.
- ↳ We calculated our carbon footprint for all Sagard offices since 2021 (North America and Paris since 2019), and purchased carbon offsets that align with our values and our chosen SDGs since 2019 in North America (excluding Sagard Real Estate, Diagram only as of 2023) and 2021 in Europe.
- ↳ We established and tracked relevant ESG KPIs over the investment time horizon for select investments.
- ↳ We established and tracked Sagard team diversity targets<sup>21</sup>.
- ↳ We adopted climate targets.
- ↳ We launched our first sustainable investment product: Diagram ClimateTech Fund.
- ↳ We completed our first fund carbon assessment and biodiversity assessment.<sup>22</sup>

## → Capacity Building

We have been building, strengthening, and expanding knowledge and capacity across all levels of the organization:

- ↳ We added two independent members with responsible investment and impact investing expertise to our Board.
- ↳ We continue to hire consultants and advisors with specialized expertise in DEI, carbon accounting, carbon offset and reduction programs, and biodiversity.
- ↳ We further expanded the knowledge of some of our investment teams to incorporate ESG factors into investment processes on an ongoing basis.



# Our Responsible Investment people and Network

Sagard's network is integral to our value proposition. To help us successfully deliver on our responsible investment agenda, we leverage a strong network of internal and external advisors who have deep knowledge of responsible investing. These advisors help guide our strategy and processes. Three new members have joined the sustainability team after year-end. Based in the Montreal and the Paris offices, the team now operates as one global team serving Sagard, our investment teams and our portfolio companies.

## → Board members



**Elizabeth Lowery**

Nationally recognized Global Chief Sustainability Officer, consultant, attorney, and expert on responsible investment issues



**Heather Davis**

Subject matter expert in the alternative investments field, including responsible investment and impact investing

## → Internal resources



**Mari Brossard**

*Sustainability Principal (Montreal)*

Responsible for the global sustainability strategy across Sagard



**Annie Martineau**

*Vice President, People & Culture (Montreal)*

Responsible for Sagard's DEI strategy



**Joseph Lau**

*Chief Information Security Officer (Ottawa)*

Expert for cybersecurity and information security across Sagard

## → Advisor



**Alicia Dubois**

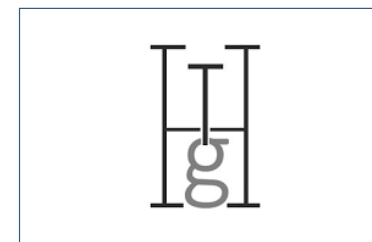
Advisor on engagement and inclusion of Indigenous communities, and Co-founder of the Indigenous Leadership Circle

## → Consultants



**Anova Energy**

Carbon accounting and advisory on renewable/green energy credits acquisition



**The Hewlin Group**

Training, development, and change management consultancy with a specialty in diversity and inclusion



**Verisk Maplecroft**

Global intelligence company providing insight into responsible investment issues and resilience



**Stratem**

Strategy consultancy advising companies with climate and environmental issues



**Ethifinance**

Independent European group of financial and non-financial advisory, research and rating services



**RE Tech Advisors**

Responsible investment and sustainability advisors with expertise in GRESB reporting

# Who is Sagard?

Capital.  
Culture.  
Network.

Sagard delivers flexible capital, an entrepreneurial culture and a global network of investors, commercial partners, advisors, and value-creation experts. Sagard is a global alternative asset management firm with more than US\$25B under management, 150 portfolio companies and 300+ professionals. We invest in venture capital, private equity, private credit and real estate, and have offices in Canada, the United States, Europe, and the United Arab Emirates. Our dynamic and supportive ecosystem gives our partners the advantage they need to learn, grow, and win at every stage.

Our core values of **entrepreneurship**, **innovation**, **rigour**, **collaboration**, and **authenticity** are central to how we deliver on our Responsible Investment strategy. These values are also central in maintaining our most important assets: our reputation and our clients' trust.

## → Entrepreneurship *We are entrepreneurial.*

We want to partner with the best entrepreneurs and operators. We are self-starters and deeply attached to building businesses, including our own. We are lean and quick, yet always seek to operate with integrity and world-class standards. We balance proper process and speed to get results with the right level of confidence. People matter more than anything. We prize talent over experience, but we love both. We value contribution over hierarchy. We value the desire for personal development. Our capital is trust. While we are in a risk business, we want to protect the capital of our shareholders and partners.

## → Innovation *We are innovative.*

We prize curiosity and are inspired by the possibilities of what could be. We constantly remind ourselves that knowing "what was" can impede seeing "what is". We believe that creative solutions can overcome almost any problem. We are constantly trying to maintain our creativity and reduce complexity, even though sometimes complexity is our friend. We understand that innovation involves failure and success and do not fear it.

## → Rigor *We are rigorous.*

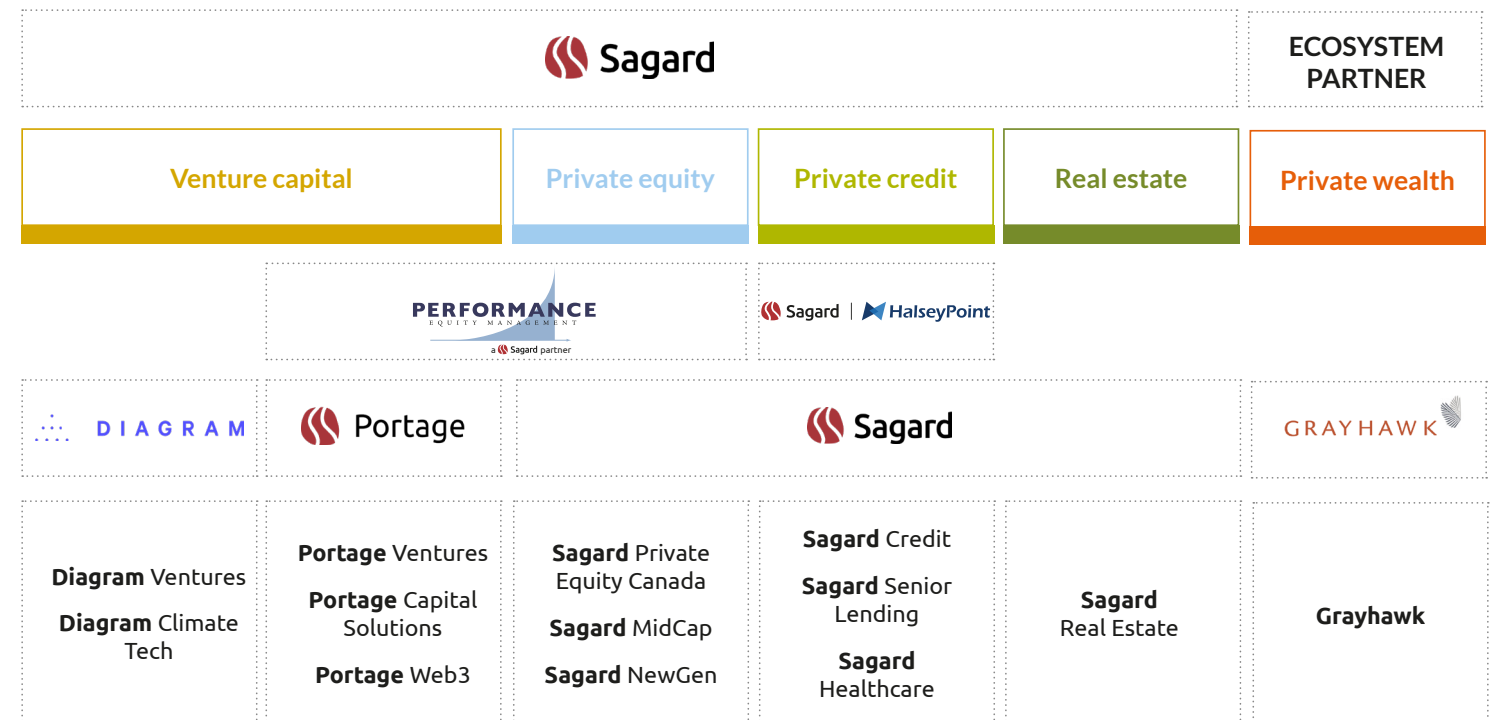
We think analytically and critically. We base decisions on data and know that the anecdote dies hard. We believe that process aligns our team – in investments, management, and operations – but too much process and analysis can paralyze an organization. We work really hard.

## → Collaboration *We are collaborative.*

We believe collaboration is more powerful than competition. Our focus is growing the pie rather than splitting it. We align our financial success with our partners and shareholders, and work toward a common goal leaving no room for politics.

## → Authenticity *We are authentic.*

Through failures and achievements, we value humility. We celebrate successes but admit our mistakes and cherish lessons learned. We care a lot about one another as people, and work hard to build loyal, trusted relationships across our ecosystem. We welcome and value the perspectives and insights of people with different backgrounds and identities, as they make us better. We believe in doing the right thing for all stakeholders and keeping our commitments, as in the long term, integrity pays dividends.

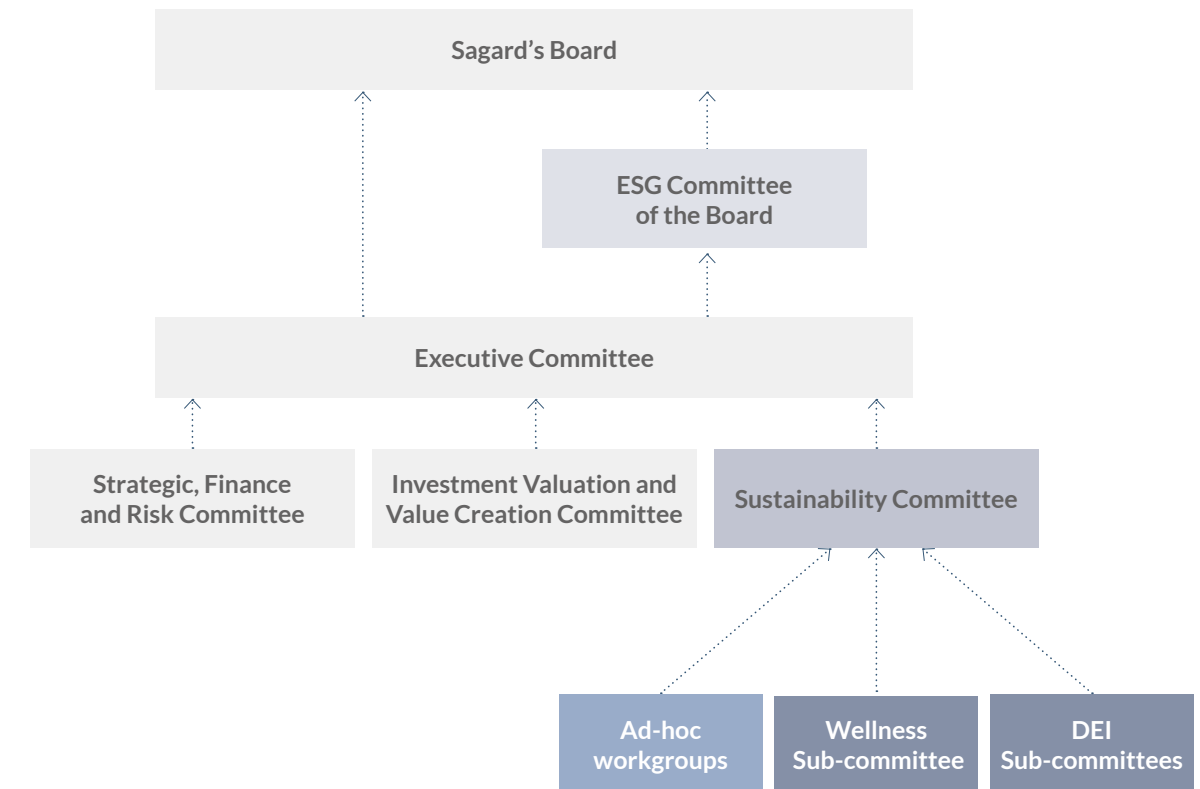


# Governance

*“Over the years, we have built a strong responsible investment governance to ensure our values and strategy are well embedded.”*

We have a well-defined oversight structure that helps to align our responsible investment approach with good industry practices and regulatory requirements. The following is a description of our governance structure as of the date of this report:

- **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:** Provide strategic input and approve Sagard’s responsible investment approach
- **Sustainability Committee:** Approve Sagard’s responsible investment initiatives, monitor implementation, approve budget, oversight of PRI Assessment<sup>23</sup>, carbon accounting
- **Investment Valuation & Value Creation Committee:** Oversight of portfolio dashboards
- **Strategic, Finance & Risk Committee:** Establish pipeline for new products, oversight



Each subsidiary or ecosystem partner might have its own governance structure for responsible investment. Additionally, each strategy has a structure that governs investment decision-making, including its investment committee.





# **1.**

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## **Approach to responsible investment**



# 1.

## Approach to responsible investment

### 1.1. Our approach to responsible investment

We recognize the importance of having a responsible investing approach that prioritises certain key areas across our investment strategies. The topics that we identified are: (i) DEI, (ii) cybersecurity, and (iii) climate change.

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

#### → 1.1.1 Priorities

##### Diversity, Equity and Inclusion



We try to promote DEI with our portfolio companies through our investment and stewardship processes. Where appropriate, we engage with portfolio companies to find ways to encourage the advancement of gender diversity, racial/ethnic diversity, indigenous people, LGBT2Q+, veterans and/or people living with disabilities (“underrepresented groups”).

##### Cybersecurity

As the world faces a growing number of cyber threats, cybersecurity has become an increasingly important part of the investment process. We strive to:

- Incorporate a cybersecurity assessment when we are the lead investor for fintech startups.
- Encourage our strategies to incorporate a cybersecurity assessment when it is deemed material.



We have created the *Sagard Cybersecurity Centre of Excellence* which specializes in evaluating cybersecurity risk. This allows us to share best practices and strategic support with our portfolio companies to improve their cybersecurity posture.

##### Climate change



We acknowledge that the effects of climate change have the potential for far-reaching and unprecedented consequences for 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 in some cases, certain of these sectors are explicitly excluded from the scope of a particular investment strategy. 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 and include our conclusion(s) in the investment memo.

We integrate climate scenario analysis in the investment process for some of our investment strategies. The climate scenarios that we use are (i) the Inevitable Policy Response 1.5°C Required Policy Scenario, and (ii) the Network on 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 when needed.

#### → 1.1.2 ESG integration

Where appropriate, 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 several 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>24</sup> We also supplement our analysis, as appropriate, with various sources including the company, public sources, and benchmarking to industry peers.

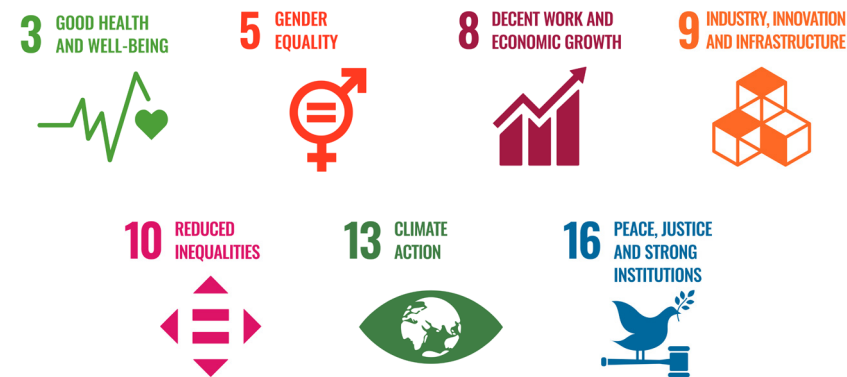
Once we determine the material ESG factors, we use public information and/or information gathered through the due diligence phase to conduct our ESG assessment.

# 1.

## Approach to responsible investment → 1.1.3 Sustainability outcomes

We believe in smart, responsible growth. We aspire to create jobs and fuel innovation. We aspire to do this with teams, investors and entrepreneurs with diverse perspectives, backgrounds, and identities. We strive to achieve this while caring for the health of our people, our community, and our environment. We also work to protect the value that our companies and partners create.

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 :



## 1.2. Stewardship

Our approach to stewardship is centered around engaging with, where appropriate, our investees, external managers, partners, policymakers, and standard setters. 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. However, each investment strategy retains the flexibility to set its unique engagement agenda based on the material issues it deems relevant to its portfolio and its level of influence based on the asset class. We aim to maximize our portfolio risk-adjusted return. In doing so, where appropriate, we seek to address any risks to our overall portfolio performance caused by an investee's contribution to systematic sustainability issues.

“

*We have achieved great things together, and our successes are more meaningful when we support organizations that embody our sustainability priorities and values, champion causes of diversity and equity, and foster entrepreneurial innovation.*

”





## 2.

### Sagard's three focus areas



## 2.

### Sagard's three focus areas

We have identified three responsible investment topics as core priorities for our organization, our investment strategies, and our portfolio companies. Sagard expects each strategy to integrate these core priorities in line with their evolving responsible investment approaches over time.



DEI



Cybersecurity



Climate change

### 2.1. Diversity, Equity and Inclusion



As an organization, we value diversity and are committed to maintaining a diverse workplace and an equitable and inclusive culture. By making intentional efforts to promote DEI throughout Sagard and, where appropriate, our portfolio companies, we believe we can contribute to addressing societal injustices and disparities.

#### → 2.1.1. Sagard

##### Strategy

Sagard's focus on DEI is rooted in our values as a firm. Insights and outcomes do not have a color, gender, or sexual orientation, and we are trying hard to ensure that we don't bring these prejudices into our business. We know we have a lot of work ahead.

##### Governance

Governance of DEI is under the remit of Sagard's People & Culture team, with ultimate responsibility lying with Sagard's CEO.

To date, we believe that our governance structure has matured with policies, processes, and procedures that support and foster a diverse, equitable and inclusive work environment formed through strong commitments from our executive team and engagement from all levels of the business.

Throughout 2023, we committed to key DEI initiatives and refining our processes and procedures. An essential aspect of this endeavor involved empowering our people leaders with the necessary knowledge and skills to effectively align with our policies. We provide 1:1 tailored overviews, especially as it pertains to our Recruitment & Selection Policy<sup>25</sup>, with the aim of fostering a consistent standardized approach, enabling us to attract and hire the best talent.

##### Recruitment

Sagard<sup>26</sup> makes efforts to ensure that in any non-student/intern recruitment process, at least 33% of the candidates to be interviewed for each open role come from an underrepresented group. Sagard strives to ensure that no offers are made until this target has been reached. Sagard



also makes efforts to ensure that third-party recruitment partners hired by Sagard also follow this target. For summer students and interns, Sagard makes efforts to ensure that at least 50% of the candidates interviewed come from underrepresented groups.

In Europe, Sagard NewGen tends to keep gender parity in its teams and therefore strives to direct its recruitment process in this direction. The Sagard MidCap team voluntarily started recruiting women to improve the parity within the team. The recruitment process for the support team aims to give equal opportunities to all genders. In 2023, 40% of Sagard Europe hirings were women.

##### Compensation and benefits<sup>27</sup>

Sagard participates in third-party compensation surveys, allowing Sagard to aim for compensation levels in line with or better than market levels. Sagard reviews benefits on an annual basis to maintain competitiveness in the market and to remain inclusive with our offerings.

This year, we focused our efforts on equitable health and well-being by offering reproductive health benefits to our team members through [Maven](#), a leading provider of reproductive health services<sup>28</sup>. To date, we have had tremendous participation in the offering with great reviews from our people.

##### Leadership in DEI initiatives

Sagard seeks to contribute to the advancement of DEI in our society by founding or being actively involved in initiatives such as:

- France Invest Gender Equality Charter
- Afrodescendant Leadership Alliance
- Black North Initiative
- Indigenous Leadership Circle
- Centraide du Grand Montréal

##### Training and development<sup>29</sup>

Sagard hired a DEI consultant who assisted in curating a DEI curriculum for the employees of Sagard with specific emphasis on the members of Sagard's Executive Committee. The curriculum included a speaker series and training sessions over two years, 2022-2023.

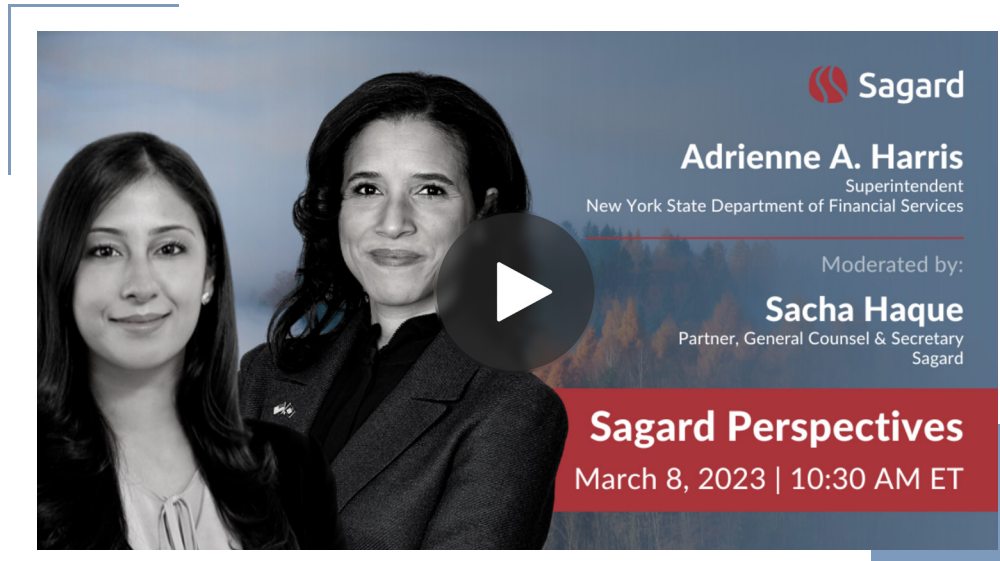
During 2023, our DEI consultant led two enriching Training & Development sessions. The first, "Belonging & Team Performance", delved into the crucial aspect of how identity can have an impact on individual and team dynamics. The second session, "Thriving in Organizational Change", equipped our people with the tools required to navigate and adapt to the challenges of organizational transformation. Both sessions were designed to empower our people and foster a culture of inclusivity and growth.

In addition, two training sessions on DEI-related bias in recruitment were organized in the Paris office.



## 2.


### Sagard's three focus areas



#### Sagard's Perspectives Series

Superintendent Adrienne A. Harris joined us on International Women's Day to look back on her career. Superintendent Adrienne Harris has led the New York State Department of Financial Services since January 2022. We had the opportunity to talk with her about her work for financial equity for underserved populations, the work she has done on climate change, and the role she can play as a woman of color for other women.

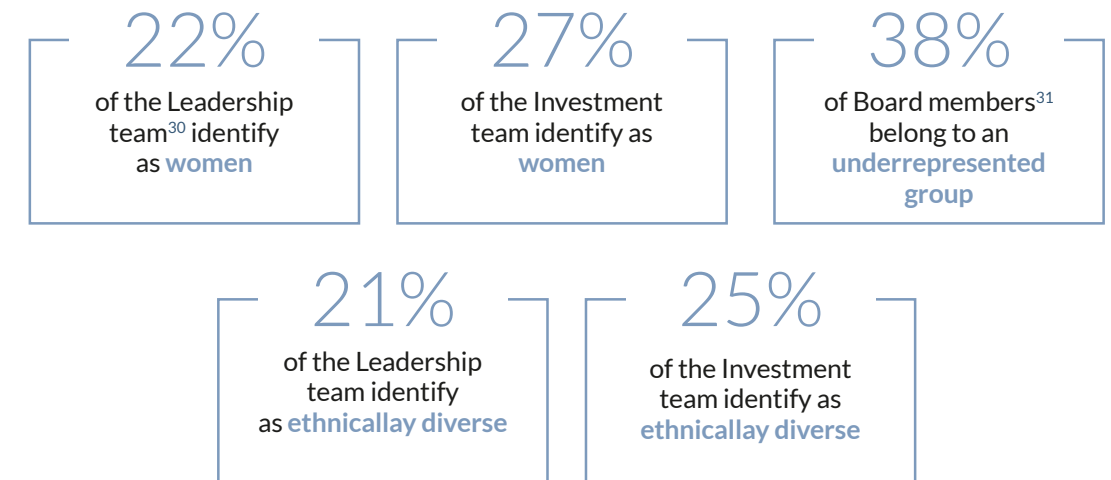
#### Perspectives Series

 [Adrienne A. Harris](#),  
Superintendent New York Department of Financial

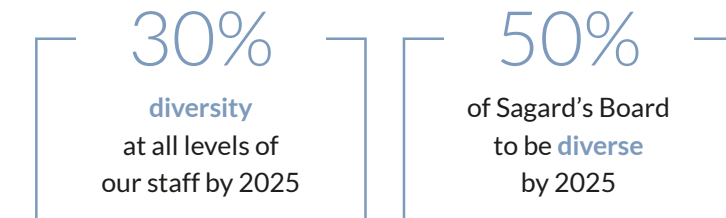


#### → Metrics

Overall, among the firm's workforce, individuals who self-identify as a member of an underrepresented group comprise 45% female, 32% ethnic diversity, 3% LGBT2Q+ individuals, 1% veterans, and 2% individuals with disabilities.



#### → 2024 Goals



#### Sagard's DEI Committee

During 2023, our DEI strategy underwent significant change. By leveraging a people-driven framework, we proudly established four volunteer-led subcommittees: Recruitment, Retention, Inclusive Culture, and Learning & Development. These subcommittees were infused with renewed enthusiasm and enhanced the DEI committee organizational structure. As a result, we were able to implement a wide range of initiatives across various teams and offices globally, making substantial progress in fostering a more equitable and inclusive workplace.

We believe in taking a comprehensive approach to DEI. While quantitative data is crucial for measuring progress, we also recognize the significance of understanding how our employees feel about our efforts in the workplace. We have started tracking qualitative data and are pleased to report an overall rating of 7.9 out of 10<sup>32</sup>.



## 2.

### Sagard's three focus areas

#### Sagard Real Estate

**At** Sagard Real Estate, career opportunities are consistently advertised to all employees and follow posting procedures in place to encourage diverse applicants, inclusive requirements, and non-biased selection processes. Hiring managers are educated with tools and resources designed to remove bias, using selection practices focusing on the skills, abilities, and knowledge necessary for the vacancy.

We train our team regularly to increase DEI awareness throughout the workforce. We continuously educate our employees on various topics, such as different cultural holidays, through regular communication. We also organize voluntary and mandatory training year-round.

We recognize our employees as one of our most valuable assets and aim to promote and retain diverse individuals. We promote differences as a strength and a necessary attribute for success. To support our ambitions, we held multiple events by Sagard Real Estate's first employee resource group, Women of STEEL, and focused our efforts on women in the workforce. We also hosted 19 diverse collegiate students and alumni in partnership with NAIOP, a commercial real estate development association, to increase awareness of our organization and advance our talent pipeline.

In addition, as part of our commitment to foster a positive, inclusive and supportive work environment, and as we are mindful of our impact on our society, we encourage employees to volunteer for up to eight hours a year at a community organization of their choice. As a result, Sagard Real Estate employees utilized over 50 hours of Volunteer Time Off. We also held our second Annual "Sagard Real Estate Cares Day" to promote community service in all regions in which Sagard Real Estate employees reside.

Our actions are upheld by Sagard Real Estate's DEI Steering Committee, which has evolved to better support our initiatives and events.



#### → 2.1.2. Strategies & portfolio companies

Our strategies assess where they have influence and can create positive change related to DEI. Where appropriate, they engage with portfolio companies to communicate our expectations for improved diversity performance, including the advancement of underrepresented groups on executive teams, boards, and throughout the entire organization.

Where possible, Sagard's strategies are aligned toward the advancement of SDGs 3, 5 and 10 – good health and well-being, gender equality and reduced inequalities.

Examples of DEI integration within strategies and portfolio companies can be found in the Strategies section.





## 2.

### Sagard's three focus areas

## Spotlight on networks

### Indigenous Leadership Circle

#### Indigenous Leadership Circle

Sagard supported the launch of the **Indigenous Leadership Circle (ILC)** along with nine other Indigenous co-founders. Paul Desmarais III, Sagard's CEO, Mariama Dupuis, Senior Principal and Chief of Staff, and Alicia Dubois, Advisor, initiated the idea in 2021. The now 60+ members of the Indigenous Leadership Circle seek to be agents of prosperity for their communities.

In 2023, the ILC welcomed its third cohort of members, and evolved its programming to include Leadership Spotlight sessions highlighting accomplished business leaders such as Matt Jamieson, President and CEO of the Six Nations of the Grand River Development Corporation, Brenda LaRose, Founder of BL Talent Solutions and Chair of the Human Resources and Compensation Committee of First Nations Bank of Canada, and Shane Seibel, Executive Director of the Southern Ute Growth Fund.

The ILC also had an annual in-person gathering in Vancouver, during which various activities were offered over a day of sharing experiences and learning, from cultural and eco-tourism, to the arts, and cuisine, in addition to covering multiple business-focused topics.

By bringing together emerging Indigenous leaders with inspiring speakers and industry professionals, the aim of the ILC is to create a culturally safe place for young

Indigenous professionals to build a network of trusted colleagues and mentors/sponsors that support their professional development, enhance their networks, and bolster their ability to navigate their career paths and influence their professional ecosystems in a way that removes barriers for themselves and future Indigenous professionals.

In co-founding the ILC, we are working to help young Indigenous professionals build their networks and spheres of influence in a way that opens doors and showcases the power of allyships between Indigenous professionals and beyond. Indigenous people often feel isolated or "on the periphery" in the workforce. The ILC will allow for the development of long-term, trusted professional connections and the development of "social capital" that Indigenous professionals have typically lacked.

For more information, visit: <https://indigenouslc.com/>



## Spotlight on networks

### Afrodescendant Leadership Alliance

#### AFRODESCENDANT LEADERSHIP ALLIANCE



The **Afrodescendant Leadership Alliance (ALA)**, formerly known as the **Black Wealth Club**, was established to partner with the Black community in Canada to build and reinvest wealth in Black communities. By bringing together emerging Black leaders with inspiring speakers and industry professionals, the ALA aims to help Black leaders enhance their leadership skills, network, and business acumen.

Sagard's CEO, Paul Desmarais III, co-founded the ALA in 2020 along with young entrepreneur and management consultant Alexander Sinora. Of the **180+ members**, around **46%** identify as **female** and **54%** identify as **male**. There are representatives from **11+ industries** and **six provinces** across Canada. Members are selected on an application basis into a multi-year cohort program. The selection process assesses candidates' experience and achievements, while considering their unique personal circumstances and hardships they may have overcome. They are offered the opportunity to connect with other like-minded, passionate members and both hear from and interact with entrepreneurs, business leaders and community builders. Cohort members also commit to giving back to the community in real-time via various community-focused subcommittees.

The ALA portfolio consists of multiple programs including the Black Wealth Club (young professionals' program), Black Youth Excellence (university students) and Angel Investor Program. The ALA events consist of monthly fireside chats with guest speakers, masterclasses from subject matter experts, workshops with interactive exercises and collaboration, and in-person events. Topics discussed include but are not limited to wealth creation, entrepreneurship, leadership, real estate, financial services, and business skills.

For more information, visit: <https://www.theala.ca/>

## 2.

### Sagard's three focus areas

#### 2.2. Cybersecurity<sup>33</sup>



Sagard's business is built on the trust of our stakeholders. Our cybersecurity program is our commitment to protecting all the information that is shared with us. We have designed robust, resilient systems to handle this information that are simple, implemented well, and audited regularly. We have also built the Sagard Cybersecurity Centre of Excellence which provides thought leadership, strategic and operational support, and tailored advice and guidance to our portfolio companies. This includes a private Slack cyber channel open to our extended ecosystem, where we lead ongoing discussions around cyber threats and mitigations.

While it is impossible to completely eliminate cyber risk, we strive to mitigate this risk to acceptable levels through continuous improvement. We emphasize the importance of the quality of our processes and procedures. We have clearly defined security policies that are integrated into daily work throughout our organization. For example, we use a Third-Party Risk Management framework to manage our business relationships with external vendors/partners. Internally, we have implemented time-sensitive onboarding and offboarding processes to manage system accesses. Sagard North America has adopted a Cloud-first approach for our architecture and solutions, which minimizes the infrastructure that we need to manage.

##### → 2.2.1. Sagard

###### Strategy

We are building a world-class digital organization, with resilient, timely and high-quality IT and cybersecurity services that are provided efficiently across Sagard.



###### Governance

The Cybersecurity program is managed centrally, with oversight from the Executive Committee.

Our cybersecurity objectives include:

- ↘ Workplace enablement, engagement, and productivity
- ↘ End-user experience
- ↘ Business continuity
- ↘ Governance, compliance, and privacy

We also strive to mitigate operational risk by helping certain portfolio companies scale their cybersecurity and data management capabilities.

Sagard's centralized approach to cybersecurity management focuses on achieving the following priorities:

##### → 1. Information security:

- ↘ People & Process: Ensuring our employees are properly vetted and educated against people-based threats.
- ↘ User Devices & Endpoints: Providing consistent secure devices for accessing corporate information.
- ↘ Networking: Providing a secure infrastructure for employees.
- ↘ Cloud Platforms: Cloud-first strategy coupled with our Third-Party Risk Management framework.

→ 2. **Privacy:** Securing and restricting access to the limited personally identifiable information collected for business purposes.

→ 3. **Compliance:** Enabling the compliance of the organization through technology.

###### Actions

Compliance and cybersecurity training begins for employees during the onboarding process, and there is continuous training throughout the year, coupled with regular phishing simulations.

Operating systems and web browsers are managed centrally and updated automatically.

We implemented a secure Zero Trust Network Access infrastructure, endpoint protection with a leading Endpoint Detection and Response services provider, and advanced email threat protection.

When we work with portfolio companies, our objective is to ensure they have action plans and the right level of investment in cybersecurity.



## 2.

### Sagard's three focus areas

#### → Metrics



*Sagard has been purposely very selective in terms of who to invite to the private channel in order to keep the quality of discussion high. From an impact perspective, Sagard is happy to have reached the right people despite missing the target for channel growth.*

#### → 2024 Goals



#### → 2.2.2. Strategies & portfolio companies

Relevant investment strategies are encouraged to incorporate an assessment of cybersecurity in their due diligence process. This process is tailored to the size of the portfolio company and the sector they are operating in. It can assess technologies, processes, and governance to understand deficiencies and risks and help create roadmaps to achieve the required levels of cybersecurity maturity. The investment team collaborates with leading external consultants for due diligence as needed.

We have a dedicated *Cybersecurity Centre of Excellence* within our Value Creation Team that specializes in evaluating cybersecurity risk, providing our portfolio companies with support to improve their cybersecurity, and sharing best practices. Our *Centre of Excellence* has developed two cybersecurity maturity programs to help evaluate and set the roadmaps for select early and growth-stage companies within our portfolios. Our *Cybersecurity Centre of Excellence* is open to all portfolio companies to join. Through this network, we endeavor to update our employees, ventures, and companies with timely information, alerts, and advice related to cybersecurity.

## 2.

### Sagard's three focus areas

#### 2.3. Climate change



Sagard acknowledges that climate change has far-reaching and unprecedented consequences for the global economy. As stewards of our clients' assets, we are committed to integrating the assessment of climate-related risks and opportunities into our investment processes, when feasible and when we consider the topic material.

##### → 2.3.1. Sagard

###### Strategy

To align ourselves with TCFD recommendations, Sagard has taken a first step toward understanding how climate change may impact our business. As part of this, we carried out a climate-related scenario analysis.

###### Governance

Roles and responsibilities related to climate change across Sagard are divided at two levels:

- ↳ Strategy setting and oversight, exercised by the Board, the Executive Committee, and the Sustainability Committee.
- ↳ Implementation, applied by the various investment teams, investment committees, and the Sustainability Committee, where appropriate.

The responsibilities include:

- ↳ Resource allocation and capacity building to ensure teams can understand, assess, and make decisions around climate-related risks and opportunities.
- ↳ Identification, assessment, and management of climate-related risks and opportunities within key portfolio holdings – monitoring and management of risks and opportunities.
- ↳ Internal reporting to the Sustainability Committee.
- ↳ Disclosure to investors and external stakeholders where applicable.

###### Actions

As part of our ongoing work to understand how Sagard's operations have an impact on the environment, we have committed to measuring our carbon footprint on an annual basis and identifying opportunities to mitigate risks.

In addition, fund-level carbon accounting has been carried out for Sagard Europe funds. Further information is available in the [Sagard SAS's Sustainability Report](#). Fund-level carbon accounting is also currently being deployed for Diagram funds.

We support the Paris Agreement and the voluntary recommendations of the TCFD.



#### Training and development

This year, Sagard chose to focus a part of its training on climate change. A number of our Perspective Series events tackled climate-related topics such as energy transition or climate change. In addition, two climate fresks were held in our Paris office in June 2023. The goal of these training is to bring people on board with the climate transition. These sessions took the form of interactive group workshops, where Sagard employees were able to understand the causes and effects of greenhouse gas emissions and the climate change consequences more generally.

#### Perspective Series



In 2023, Sagard organized two discussions on topics related to global warming. For our first exchange, Sagard welcomed **Katharine Hayhoe**, a Canadian atmospheric scientist and Head of the Nature Conservancy. A wide range of topics was discussed, including the levers for action as a portfolio manager, the dangers of inaction, and the importance of conveying the urgency of the situation while highlighting the progress made regarding climate change.

Our second climate conversation took on an innovative form when we welcomed the three co-creators of the play *The Assembly*, who performed extracts on the energy transition. The co-creators, **Annabel Soutar**, **Alex Ivanovici** and **Brett Watson**, gathered around a table along with four people with different personal histories and divergent opinions on a polarizing political subject. The verbatims of these exchanges were used to create a script which was then used to produce a play.

#### Perspectives Series

- ▶ [Annabel Soutar, Alex Ivanovici and Brett Watson](#),  
Co-creators of *The Assembly*
- ▶ [Katharine Hayhoe](#),  
Atmospheric scientist and Head of the Nature Conservancy

#### → 2024 Goals

- ↳ Increase coverage of our climate scenario analysis and fund carbon accounting.
- ↳ Reflect on our biodiversity protection strategy.
- ↳ Launch new investment products geared toward climate solutions and biodiversity protection.

## 2.

### Sagard's three focus areas

#### → 2.3.2. Strategies & portfolio companies

As a first step in Sagard's climate scenario analysis exercise, four strategies evaluated climate-related risks and opportunities for a minimum of 15% of their respective portfolios under different climate scenarios<sup>34</sup>:

- ↳ UN PRI Inevitable Policy Response (IPR) 1.5°C scenario
- ↳ Network on Greening the Financial System (NGFS) Current Policies scenario (3° or higher) or IPCC RCP 8.5 (for the Sagard Real Estate portfolio)

The identified climate-related risks and opportunities were categorized in alignment with the TCFD framework for both transition (policy, market, technology, legal, reputational) and physical (acute, chronic) risks.

An overview of this assessment, as well as proposals for response measures, were then presented to the four strategies' investment committees. When considered material, climate-related risks and opportunities are reassessed on an annual basis as part of ESG assessments.

As another step in our climate journey, Sagard Europe collaborated with a firm specialized in environmental engineering to estimate the carbon footprint of Sagard's European funds. With more comprehensive data in hand, Sagard Europe now has a better understanding of the emissions of a part of its portfolio and can better engage in a discussion with its portfolio companies.

A first initiative was put in place on biodiversity. An analysis was conducted for our European funds with the ENCORE<sup>35</sup> database in order to determine for each fund:

- ↳ The potential impacts of each company on biodiversity (qualitative assessment), such as the exploitation of freshwater, marine or terrestrial ecosystems, non-GHG air pollution, soil pollution, solid waste generation, and water pollution.
- ↳ The dependencies on ecosystem services of each company (qualitative assessment), such as the buffering and attenuation of mass flows, climate regulation, disease control, storm and flood protection, mass stabilization and erosion control, pollination, soil and water quality (non-exhaustive list).

These results were then aggregated to determine the degree of potential exposure to biodiversity issues for each fund. This assessment aims to provide a first macroscopic analysis which will be used to prioritize further biodiversity analysis.







# 3.

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## Sagard's partner organizations



### 3.

#### Sagard's partner organizations

“Our approach to ESG is highly engaged and practical. We strive to play a tangible part in shaping a better world.”

#### Sagard's ambition

*Sagard wants to participate meaningfully in driving innovation and prosperity in our communities while reducing inequalities based on gender, race, and sexual orientation and caring for the health of our teams and planet. These goals relate to our sense of responsibility within our industry and our wider communities.*

We work with several organizations and community groups that share our values and comprise our broader ecosystem and network. We support initiatives that align with our sustainability objectives, with a specific focus on three key areas: DEI, cybersecurity, and climate.







# 4.

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## Sagard's strategies



# 4.

## Sagard's strategies<sup>36</sup>

Unless otherwise specified, "Progress" is % of portfolio companies meeting the KPI

### Portage

#### Portage's responsible investment approach

ESG considerations are integrated in the sourcing, due diligence, and monitoring phases as described in the "ESG integration" section of this report. Where appropriate, we evaluate environmental considerations, cybersecurity, DEI, and the reputations of founders.

As active shareholders of our portfolio companies, we seek opportunities for engagement that can be used for addressing material ESG issues within our portfolio companies in a manner consistent with the best interests of our investors.

We are committed to supporting innovation and economic growth and providing ESG implementation guidance for portfolio companies as appropriate, starting with cybersecurity and DEI. For instance, Portage Ventures shared a DEI playbook with all its portfolio companies in 2023 and worked actively with them to improve their DEI policies.

#### Case study

Portage Ventures

Dialogue is Canada's leading virtual healthcare provider and is a great example of how partnership and collaboration with Sagard/Portage can help a company grow its cybersecurity program from an early-stage startup, all the way to IPO and then finally to a take-private acquisition by Sun Life.

When Portage first started working with the Dialogue team in 2019, they had already achieved SOC 2 Type 2 (an international cybersecurity certification). However, due to the sensitivity of the client's Protected Health Information (PHI) being stored on Dialogue platforms, Dialogue was eager to improve beyond just meeting the SOC 2 standard.

Sagard/Portage and Dialogue worked together over the past several years to scale Dialogue's cybersecurity in a number of ways:

- Dialogue was listed on the Toronto Stock Exchange in March 2021 and prior to the IPO we worked closely to bolster their cyber defenses. When there is an increase in publicity and attention, there is often an associated increase in cyber activity.
- We launched a bug bounty program with Hacker One so that security researchers or "white hat hackers" can probe the Dialogue platform for security vulnerabilities. This has been an extremely useful tool to proactively identify issues before real hackers attempt to inflict harm.
- We launched an endpoint protection program with Sentinel One which provides 24/7 monitoring to all Dialogue employees and medical contractors. This

was a significant gap because the medical contractors are using their personal devices.

- We advocated for and participated in technology selection for the CloudFlare WAF, and provided strategic technical advice during data and architecture reviews.
- We helped Dialogue win a cybersecurity grant from the Prompt Innovation Cybersecurity Program in Quebec (PICQ).
- We participated in one of Dialogue's quarterly hackathons, where we delivered a prototype (in only two days) that uses biometric authentication to create accounts and a seamless login.
- We performed a mock internal audit prior to a full NIST CSF - National Institute for Standards and Technology Cyber Security Framework - audit by PWC at the self-assessment phase. This involved identifying quick wins to improve their score, helping to strengthen their responses and wording, and identifying what would be required as evidence by the auditor.
- We identified a strong candidate to fill the position of CISO. This person is a member of the leadership team and is now driving the cybersecurity program forward.
- We assisted in the preparations to meet the operational due diligence required for the acquisition by Sun Life.

Over the past several years, Dialogue has become a leader in cybersecurity. In 2023, PWC benchmarked Dialogue in the top 85th percentile compared to other Cloud SaaS providers (all sectors combined)



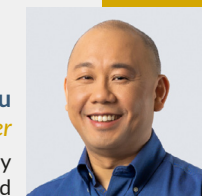
#### Case study

Portage Ventures

As part of our ESG commitment, we support select portfolio companies in the area of cybersecurity. Joseph Lau, our Chief Information Security Officer (CISO), worked closely with **nesto** to reduce their cybersecurity risks. We conducted both executive and engineering tabletop cyber breach simulations to help identify gaps in their cybersecurity program. Joseph also provided advice and guidance to quickly mitigate data privacy issues which required resolution for a large partnership opportunity. As a new step in its cyber journey, **nesto** is currently building its cybersecurity team and program. An ongoing mentorship is in place to support them achieve this new phase.



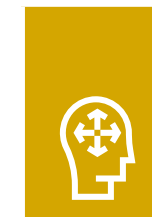
Joseph Lau  
Chief Information Security Officer  
Responsible for cybersecurity and information security across Sagard



### Portage Ventures

Portage Ventures ("PV") is a global fintech venture capital investment strategy. Portage aims to invest in and partner with the world's most innovative financial technology companies from early stage to growth and beyond.

#### Objective



Minimum 25% of the portfolio founders coming from underrepresented groups for Portage Ventures III (PV III) by the end of the investment period of the fund.

#### Progress

16%<sup>37</sup>

We strive to include DEI riders in our term sheets and to work with senior management of the portfolio company to implement more equitable hiring practices.

### Portage Capital Solutions

Portage Capital Solutions ("PCS") is an equity investment strategy that delivers flexible capital solutions and resources to help later-stage fintech and financial services businesses reach their fullest potential.

#### Objective



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.

#### Progress

0%<sup>38</sup>



# 4.

## Sagard's strategies

### Diagram

Diagram<sup>39</sup> is a venture builder and investor specialized in launching and scaling ventures in fintech, web3, and climate tech. We pair de-risked ideas with exceptional founders and early-stage capital to launch and scale companies from the ground up. We also provide advisory support for our portfolio companies across fundraising, M&A support, and functional expertise (e.g., finance, marketing, HR), as well as a deep ecosystem of partners to catalyze their growth.

#### Responsible investment

We recognize the importance of having a responsible investment approach that prioritizes certain key areas across our investment strategies. In 2023, we implemented Diagram's Responsible Investment policy as part of our latest funds, Diagram Ventures III LP ("DVLV III") and Diagram ClimateTech LP ("DCT"), identifying three priorities: (i) diversity, equity, and inclusion, (ii) cybersecurity and (iii) climate change. In 2024, Diagram will begin rolling out the tracking and reporting of these priorities across all earlier Diagram funds and their respective portfolio companies.

Diagram's responsible investment integration spans across Sagard's ESG focus areas and beyond. Diagram's approach reaches across the following five pillars:

- ↳ **Company creation:** Integrate DEI and climate change considerations in the creation stage of companies, as appropriate.
- ↳ **Portfolio company governance:** We promote ESG best practices for our portfolio companies by striving to:
  - Ensure each company has an ESG policy in place at the seed stage and assist them in developing this policy by providing a template that companies can adapt to their needs.

- Provide training and resources for ESG implementation among our portfolio companies, specifically focused on cybersecurity and diversity and inclusion practices.
- Annually track a set of ESG metrics and report on these at the board of each company.
- ↳ **Fundraising:** As appropriate, integrate DEI considerations in the fundraising of Diagram funds and encourage our portfolio companies to do the same.
- ↳ **Cybersecurity:** Integrate cybersecurity considerations at the portfolio company level, as appropriate.
- ↳ **Impact measurement and tracking:** We seek to measure the sustainability outcomes of our investments as they relate to our SDG priorities, including i) job creation, ii) wealth creation for our founders, shareholders, and employees, and iii) racial and gender diversity.

### Case study

2023 represents a key milestone for Diagram as we launched our first cleantech-focused venture capital fund, **Diagram ClimateTech fund**. Our ClimateTech fund seeks to build and back innovative companies developing capital-efficient, digitally-enabled solutions that address climate challenges and accelerate the global transition to a more sustainable future. As part of our commitment, we defined an approach to measure impact:

- ↳ **Investment criteria:** We ensure each of our ClimateTech investments has a positive environmental impact.
- ↳ **Impact estimation:** We estimate the total potential

impact at scale of each company as part of the Pre-Seed process and track the company's progress on these metrics.

- ↳ **Impact basis:** We favor the GHG protocol as a basis for our estimates of potential GHG reductions.
- ↳ **Case-by-case methodology:** We investigate and determine the most pertinent methodology for climate impact levers on a case by case basis, recognizing the diverse impact our companies can enable.

Along with our environmental approach, Diagram will keep monitoring Sagard's two other priority areas, DEI and cybersecurity.

#### Objectives



Strive for >20% of founders and of the first 10 employees of each portfolio company to identify as underrepresented groups.

Aim for 100% of portfolio companies to have a DEI Policy in place at the seed stage.



Aim for 100% of portfolio companies to have a Cybersecurity Policy in place at the seed stage.

Aim for 100% of portfolio companies to have followed a cyber training before they raise a Series A round.

#### Reporting



Estimate total GHG emissions from fund portfolio companies between Scope 1 & 2, per year.

Estimate total Scope 3 GHG emissions from fund portfolio companies, per year<sup>40</sup>.

Estimate total GHG emissions avoided due to fund portfolio companies' operations per year<sup>41</sup>.

#### Progress

*No companies in the DVLV III and DCT portfolios has reached 10 employees.*

*Two companies in the DVLV III and DCT portfolios have reached seed Stage. Both have a DEI Policy in place.*

*Two companies in the DVLV III and DCT portfolios have reached seed Stage. Both have a Cybersecurity Policy in place.*

*No companies in the DVLV III and DCT portfolio have reached Series A. Diagram held its first annual cybersecurity training in 2023 which included representatives from four of the six pre-Series A portfolio companies across all Diagram Funds. We will be organizing a new session in 2024 for the remaining two companies and all new ventures launched since the last training session.*

#### Coverage

*Diagram will estimate carbon footprint for all companies post-seed stage in DVLV III and DCT*

*100% of portfolio companies that have reached Seed stage in DVLV III and DCT (currently 2).<sup>42</sup>*

# 4.

## Sagard's strategies

### Sagard Private Equity Canada

Sagard Private Equity Canada (SPEC) invests in Canadian-headquartered mid-market companies operating in business services, financial services, and manufacturing.

#### Responsible investment

SPEC is an active investor with a hands-on approach to its portfolio companies, especially in terms of governance, value creation, and capital structure. ESG considerations are integrated in the sourcing, due diligence, and monitoring phases as described in the "ESG integration" section of this report. Moreover, SPEC strives to integrate ESG undertakings in its shareholder agreements to ensure alignment with all key stakeholders from the outset.

SPEC monitors material ESG metrics based on Sagard's priorities and targets, the SASB Standards materiality assessment framework, and any key issues that were flagged as part of the due diligence process. A formal ESG diligence review is performed on all new investments, as stipulated by the Responsible Investment Policy's scope.

To support our ESG ambitions, we commit to tracking and seeking improvement in the following KPIs for our portfolio companies: (i) diversity and inclusion; (ii) job and wealth creation; (iii) climate and environment; (iv) health and safety; and (v) strong institutions. We aim to monitor these KPIs on a monthly basis.

Alignment of all stakeholders is a building block for all of SPEC's investments. As such, SPEC seeks opportunities for collaborative engagement that can be used for addressing material ESG issues within our portfolio companies. We discuss material ESG risks and opportunities and appropriate measures with senior leadership of our portfolio companies to help them improve their ESG performance both during due diligence and on an ongoing basis.

#### Case study



The SPEC portfolio company **Courchesne Larose Group** ("Courchesne Larose"), a leading specialty fresh produce distributor and supply chain partner for major food retailers and wholesalers in Canada, has consistently focused on sustainability and innovation to act in favor of low-carbon transition and healthy nutrition. As such, the business has focused on reducing the environmental footprint of their products and services as much as possible, while taking part in a regenerative agri-food industry.

To achieve this vision, Courchesne Larose has built an ESG Roadmap consisting of four main pillars:

- Establish a culture of sustainability within the organization,
- Reduce the environmental footprint of their products and services,
- Contribute to creating sustainable food systems while diversifying our business model, and
- Ensure an open, participatory and inclusive work environment for career progression.

As part of the ESG roadmap, Courchesne Larose has implemented multiple initiatives in 2023 that highlight its ongoing commitment to ESG initiatives:

- Establishment of an ESG Committee in October 2023, with Committee meetings occurring prior to each quarterly Board meeting to discuss and present its ESG-related initiatives and track implementation, fostering a culture of accountability and transparency.
- Achieved the renewal of the Ecocert Eco-Responsible Level 2 certification for Courchesne Larose and committed to obtaining the certification for its other business units which demonstrates the implementation of the actions and monitoring mechanisms that have been instated.
- Implemented a firm-wide code of ethics and a whistleblower policy to ensure integrity and accountability throughout the organization, fostering a culture of transparency and ethical behavior.
- Reducing spoilage and waste by launching a new product that uses broccoli stem waste into broccoli slaw ("broccoslaw"), showcasing constant innovation in waste reduction and sustainable food practices.
- Monitoring and tracking driver behavior and historical data as a means to reduce diesel and fuel consumption within its transportation and trucking business, promoting efficiency and reducing carbon footprint in logistics operations.

#### Objectives

#### Progress

	Minimum of two board members per portfolio company coming from underrepresented groups at closing or at any time during our holding period.	46%
	Minimum of 15% of our portfolio companies' senior management coming from underrepresented groups at closing or at any time during our holding period.	21%



# 4.

## Sagard's strategies

Sagard Europe is a Private Equity Investor with two stand-alone strategies : Midcap and NewGen.

### Sagard MidCap

Sagard MidCap invests in six sectors: business services, food and consumer, healthcare, financial services, industrial, and technology/software. Sagard MidCap partners with ambitious management teams to support the development of their businesses in France and abroad, with the assistance of the Sagard ecosystem and network. It supports all types of equity investment projects, with solutions ranging from minority or majority stakes and from LBOs to business development financing.

### Responsible investment

See section on consideration of environmental, social and governance factors at Sagard Europe below.

### Case study

Sterimed, a Sagard MidCap portfolio company, has outlined environmental commitments in its annual Corporate Social Responsibility ("CSR") Report, focusing on measuring, controlling and reducing the carbon footprint of its activity. For example, Sterimed has implemented several of the "best available techniques" (BATs) related to industrial emissions at its Palalda site. Sterimed installed a biomass-energy production plant to replace almost all the fossil fuels used in its previous process. This represents 16,000 tons of CO2 emissions avoided in production each year since 2014.



### Sagard NewGen

Sagard NewGen supports entrepreneurs in the technology and healthcare industries to accelerate their growth projects in Europe and beyond. NewGen believes that this unique focus enables the team to address the growth challenges of those sectors and to create a bespoke ecosystem for entrepreneurs who want to accelerate their development. Sagard NewGen makes majority and minority investments to finance expansion strategies in Europe-based companies.

### Responsible investment

See section on consideration of environmental, social and governance factors at Sagard Europe below.

### Case study



Since its investment in 2020, Sagard has supported Delbert Pharma in its drive to become a mission-driven company. The company began its journey with an extensive stakeholder consultation campaign on the ESG issues perceived by the company as the most critical. Once the stakeholders' views had been gathered, a summary was drawn up, followed by iterative proposal workshops. 18 months later, Delbert Pharma became the second mission-driven company in the French pharmaceutical sector.

Delbert Pharma's *raison d'être* is to act to maintain and develop medicines whose absence is detrimental to patients and to the equilibrium of healthcare systems, and it has three objectives: (i) to develop an ecosystem favorable to essential medicines and to refuse any loss of opportunity for patients, (ii) to guarantee well-being, balance and quality of life in the workplace, entrepreneurial freedom, and an environment of trust and respect, and (iii) to integrate the collective challenge of environmental protection and to contribute, alongside its partners, to reducing the ecological footprint of medicines.

## → Consideration of environmental, social and governance factors at Sagard Europe

Responsible investment is integrated throughout the investment cycle, from the acquisition phase through to portfolio management and divestment as described in the "ESG integration" section of this report.

	Objectives <sup>43</sup>	Progress
	Conduct a carbon footprint assessment within 12 months of the acquisition for each new portfolio company.	53%
	Encourage the creation or improvement of at least one employee profit-sharing scheme going beyond legal requirements.	77%
	Ensure 100% of the employees of the company are covered by social security before exit.	64%
	Prompt portfolio companies with more than 500 employees to reach at least 30% of female members within their executive bodies by 2030.	25%
	Conduct a cybersecurity assessment within 12 months of acquisition for each new portfolio company.	87%

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

# 4.

## Sagard's strategies

### Sagard Credit

Sagard Credit works with public and private middle-market companies to provide proprietary and bespoke debt financing solutions and enable access to Sagard's global network of expertise. Sagard Credit focuses on providing flexible, direct, and proprietary debt financing to Canadian and US middle-market companies.

#### Responsible investment

Sagard Credit follows the ESG integration approach described in the "ESG integration" section of this report. Sagard Credit strives to work on the following, where appropriate, in addition to the objectives noted further below:

- Monitor a company's health and safety performance through incident reporting and regular compliance certificates.
- Encourage borrowers to have a broadly distributed management incentive plan.
- Track the percentage of the Sagard Credit II portfolio that is classified as low ESG risk based on the material ESG factors identified by Sagard Credit.

#### Objective



Minimum of two board members coming from underrepresented groups at closing or at any time during the holding period for each non-sponsor borrower in Sagard Credit II.

#### Case study

In connection with a recent transaction, Sagard Credit worked with a borrower to put in place formal anti-bribery and anti-corruption policies, which its employees are required to sign. The document codifies rules around certain employee activities, including giving/receiving gifts and entertainment and interactions with public officials, consultants and lobbyists.

#### Progress

67%

## Sagard Credit

Private credit

#### Case study

SSL's portfolio companies continue to demonstrate ways in which implementing responsible investment best practices can drive growth. For example, in August 2023, Sequoia closed the acquisition of Affinia Financial Group, a wealth advisor in Boston with a nationally recognized special needs financial planning practice<sup>44</sup>. Sequoia is now in the process of building a special needs practice team from that group, which it will be rolling out to the rest of the firm over the coming months.

#### Case study

As a lender, SSL is not involved in the day-to-day business decisions, however Berlin Rosen continues to ramp public relations work for fair elections, supporting the NAACP in the US with initiatives such as its Voter Protection Hub, which protects Black voters and ensures Black voters can fairly exercise their right to vote - specifically in recent state-wide elections, and leading up to the 2024 US Presidential election.

#### Objectives



Minimum 20% of the portfolio allocated to borrowers that have a diverse C-suite, defined as a minimum of one member coming from underrepresented groups at closing or at any time during the holding period.

Minimum of two board members coming from underrepresented groups at closing or at any time during the holding period for each portfolio company.

#### Note on KPI progress:

Two of SSL's portfolio companies saw C-suite turnover during the last twelve months: Circustrix replaced its female CEO with a male candidate from within the organization, and Interblock replaced its female CFO with a new female candidate from outside the organization. The different outcomes here highlight the challenge of attaining - and maintaining - ongoing portfolio-level DE&I thresholds. However, the SSL investment team also evaluates such leadership changes in the context of the new leader's technical qualifications, relevant experience, and level of transparency in communicating with lenders. In the case of the Circustrix CEO change, for example, the new CEO had already been serving as that company's interim CFO for the prior year and had led the Q&A call with the SSL team during the original underwriting process, showing his detailed knowledge of the day-to-day workings of the business, which the SSL team viewed as positive.

#### Other objectives

- As applicable, monitor a portfolio company's health and safety performance through incident reporting and regular compliance certificates.
- Have a broadly distributed management incentive plan.

## Sagard Senior Lending

Private credit

### Sagard Senior Lending

Sagard Senior Lending ("SSL") provides tailored, first-line debt-financing solutions, as well as access to Sagard's global network of expertise, to public and private middle-market companies across Canada, the US, and Australia.

#### Responsible investment

SSL follows the ESG integration approach described in the "ESG integration" section of this report.

Provided that SSL is leading the transaction, where we deem appropriate for a particular investment, we strive to offer a pricing discount of 12.5 basis points to the drawn spread to borrowers with a minimum of two board members coming from underrepresented groups at closing or at any time during our holding period.

#### Progress

43%<sup>45</sup>

29%<sup>46</sup>



# 4.

## Sagard's strategies

### Sagard Healthcare

Sagard Healthcare<sup>47</sup> is a biopharmaceutical royalties investment strategy. Sagard Healthcare invests in royalties and credit backed by approved and commercialized biopharmaceutical products, diagnostics, and medical devices. We aim to accelerate the returns on innovation for owners of intellectual property, while offering investors an attractive healthcare exposure largely uncorrelated to other asset classes.

### Responsible investment

Sagard Healthcare follows the ESG integration approach described in the "ESG integration" section of this report. Through our responsible investment strategy, we commit to incorporating ESG considerations into 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.

Sagard Healthcare typically monitors material ESG metrics based on private and publicly available information on a quarterly basis. Sagard Healthcare discusses material ESG risks and opportunities during calls with portfolio company management teams as part of its risk management and engagement efforts.

We aim to do this through ESG integration during our investment process and by engaging with portfolio companies in which we have governance roles or influence.

### Case study

In September 2022, Sagard invested \$115 million in the form of a revenue-interest financing agreement in **Albireo Pharma** (Acquired by Ipsen in March 2023), a leading biopharmaceutical company developing novel bile acid modulators to treat rare/orphan pediatric liver diseases.

Albireo's lead medicine, Bylvay (odevixibat), is a potent once-daily ileal bile acid transport inhibitor (IBATi) approved in the US and EU/UK for the treatment of various severe and life-threatening pediatric and adult liver diseases such as progressive familial intrahepatic cholestasis (PFIC) and Alagille syndrome (ALGS). PFIC is a rare genetic disorder (global incidence of PFIC is 1 in 100,000 live births) that may lead to end-stage liver disease, and ALGS is an inherited rare, genetic disorder (global incidence of ALGS is 3 in 100,000 live births) that can affect multiple organ systems in the body including the liver, heart, skeleton, eyes and kidneys. In addition to the currently approved clinical indications, Bylvay is currently being studied in an ongoing phase 3 clinical trial in biliary atresia (BA). BA is a rare pediatric liver disease (global incidence of 5-6 per 100,000 live births) for which there are currently no approved pharmacological treatments. Due to the rare and severe nature of these life-threatening pediatric liver diseases, Bylvay was granted orphan drug designation in the US and EU/UK for PFIC, ALGS, and BA indications.

Following Sagard's investment, proceeds from the financing were used to help Albireo fund the build-out of the Company's commercial infrastructure and accelerate the launch of Bylvay in PFIC and ALGS. Proceeds were also reinvested into the Company's clinical pipeline progressing the ongoing development of the product in additional rare and life-threatening clinical indications, such as BA.

This investment demonstrates Sagard Healthcare's commitment to supporting the clinical development and broad access of novel biopharmaceutical products for the treatment of life-threatening diseases.



“ More than 4,000,000 prescriptions have been written for the therapies in our current portfolio since Sagard Healthcare investment. ”



45%

of **therapies** acquired focused on **rare/orphan diseases**

55%

of **therapies** acquired address diseases, cancers, conditions, and pathogens in scope of the **2023 Access to Medicine Index**

100%

of **transactions** executed were with either **non-profits, foundations, universities, research institutes** or micro- and small-cap **biotechnology firms**<sup>48</sup>

>4M

**prescriptions** have been written for the therapies in our current portfolio since Sagard Healthcare investment<sup>49</sup>

# 4.

## Sagard's strategies

### Sagard Real Estate

Sagard Real Estate<sup>50</sup> is a real estate investment advisor and operator providing investment management services including acquisitions, asset management, development, and property management for its investors.

#### Responsible investment

Sagard Real Estate believes that the consideration and management of relevant sustainability factors contribute to the fulfillment of fiduciary duties as an investor-focused, best-in-class US real estate investment, development, and management company. Our emphasis on sustainability helps to manage investment risks, reduce operating costs, drive innovation, enhance value and address market, investment partner, tenant, and employee expectations.

Our approach to sustainability encompasses strong data management and sustainability programming and initiatives to drive positive outcomes, enhanced transparency through corporate disclosure and reporting, and industry and stakeholder engagement.

#### Environmental

*Monitor and manage our environmental footprint to reduce energy and water consumption, greenhouse gas (GHG) emissions, and waste production at our properties.*

- Pursued green building certifications such as Institute of Real Estate Management's Certified Sustainable Property (IREM CSP) and energy ratings such as ENERGY STAR® certifications for properties demonstrating excellence in property operations and/or performance.
- Continued benchmarking energy, water, and waste data in ENERGY STAR® Portfolio Manager®.
- Conducted a property management and development ESG-focused training to help carry out sustainability initiatives at the property level.

#### Social

*Promote the health, safety and wellness of tenants, residents and local communities. Engage with communities to ensure that their interests are appropriately considered in our decision making.*

- Targeted select properties to pursue IREM CSP, which encourages excellence in tenant health and wellness.

#### Governance

*Operate to the highest ethical standards by conducting business activities in accordance with our code of business conduct and ethics.*

- Communicated our ESG & DEI objectives in our ESG annual report and reported quarterly on our on-going progress to our largest fund's investors.
- Further integrated our Property Manager and Development ESG Guidelines into portfolio building operations, planning, design, and construction best practices.



Sagard Real Estate made significant strides in aligning a portion of its assets, as well as the management of its company, to GRESB. In 2023, Sagard Real Estate achieved a 17-point increase from GRESB as compared to our 2022 score and we increased our GRESB rating from 1 to 3 stars giving Sagard Real Estate an improved place in their peer group. Improvements primarily came from the performance section, increasing data coverage (retail and industrial were large contributors), improving property performance, earning green building certifications, and utilizing offsite renewable energy.

Sagard Real Estate improved in both the management and performance components of the GRESB assessment. As part of this commitment, we are collecting data on the waste generation and water and energy consumption of our largest fund and, where appropriate, are investing in energy, water- and waste-efficiency measures. Sagard Real Estate collects energy data for the majority of office and multi-family buildings across the portfolio.



#### Objectives

#### Progress (% of properties or square footage depending on the KPI)

Minimum 75% of properties of SRE's largest fund's portfolio benchmarked in ENERGY STAR® Portfolio Manager® by 2024.	79%
Minimum 30% of SRE'S largest fund's square footage earning green building certifications and/or energy ratings by the end of 2023. > Updated Objective: 35% certified floor area by the end of 2026.	30%
Benchmark at least 50% of SRE's largest fund's energy data by square footage by the end of 2026.	45%
Complete decarbonization action plans for 100% of SRE properties that are required to do so in response to building performance standards across the US.	11%





# 4.

## Sagard's strategies

### Grayhawk

Grayhawk is a private wealth platform offering independent, bespoke, client-centric investment solutions in an outsourced CIO model. Grayhawk is registered as an investment fund manager, portfolio manager and exempt market dealer with its primary jurisdiction in Alberta. Grayhawk focuses on customized wealth management strategies for ultra-high-net-worth families and foundations by investing in externally managed investments. Grayhawk largely invests in actively managed investments focused on security selection in both public and private markets.

#### Responsible investment

As investors, the Grayhawk investment team assesses the responsible investment process of external managers as part of the key risks and opportunities considered during the due diligence process, and balances these against the totality of metrics the team uses to assess investment opportunities.

When reviewing external managers, Grayhawk strives to incorporate an assessment of the governance and expertise on responsible investing, which covers, among other points, the ESG integration process, assessment of materiality, engagement, and proxy voting activities of the managers.

As applicable, Grayhawk also commits to monitoring financially material ESG issues on a portfolio level, as reported by the external managers, on an annual basis. As part of its engagement strategy, Grayhawk engages with external managers on their ESG practices and policies as appropriate and requests information on their engagement activities and outcomes as needed.

#### Case study

Within the diversified private asset portfolio constructed and managed by Grayhawk, the investment team made the decision to, over time, invest its allocation to infrastructure and real assets in strategies focused on impact and ESG.

Allocations in this portion of the strategy currently include investments focused on climate, urban redevelopment, and reforestation in South America, among others.

#### Case study

In 2022, Grayhawk began managing the assets of a foundation that intends to transition to a 100% impact-focused portfolio over five years.

Grayhawk believes that it will be instrumental in supporting the client to meet that goal, all while meeting financial, risk, exposure, and diversification goals, among others.

### Objectives<sup>51</sup>



Contribute to gender equality.

Explicitly encourage all family members, and in particular women of all generations, to be directly involved in a family's wealth strategy throughout all stages of the client relationship.

### Progress

Half of Grayhawk's senior executive team roles are filled by women with several women in key managerial roles.

Grayhawk has a female-led culture committee that focuses on DEI education and recognition. Grayhawk dedicates resources to ensure gender and intergenerational inclusion in client wealth strategies.



Maintain a secure and private cyber environment for its business, covering every aspect from employees to clients. This is aligned with Sagard's cybersecurity approach and priorities: information security, privacy, and compliance.

Leverages Sagard's resources, including the CISO, to:  
 ↳ Provide mandatory cybersecurity training to employees,  
 ↳ Train families on cybersecurity and data privacy risks, and  
 ↳ Help families design their own plans and provide advice in case of incidents.

Partners with a cybersecurity solution to offer cybersecurity training and solutions to clients to ensure that systems are designed with suitable defenses against cyberthreat.

Partners with a secure document vault system to integrate our firm record-keeping with our clients' personal record-keeping.





“

*This report presents the key pillars of our approach to responsible investing around DEI, cybersecurity, and climate. It also underlines how we prioritize those matters within our firm and investment process, and with our portfolio companies.*

*We recognize that responsible investing is a journey and acknowledge that work still needs to be done on many of those fronts. We are looking forward to reporting our progress on an annual basis.*

”



# Endnotes

1. Unless otherwise specified, references herein to “Sagard”, “the firm”, “we” and “our” means Sagard Holdings Management Inc. together with its subsidiaries (Diagram, Sagard Real Estate and Sagard Europe) and when the context requires, includes the investment funds and vehicles managed or sponsored by subsidiaries of Sagard Holdings Management Inc., and “ecosystem partner” (Grayhawk) and does not include portfolio companies or investees. For greater certainty, it does not include Performance Equity Management, LLC nor HalseyPoint Asset Management, LLC.
2. “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.
3. “Sagard Europe” means Sagard SAS and its subsidiaries.
4. 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).
5. “ESG” means environmental, social and governance.
6. Carbon credits were in the process of being purchased at the time the report was published.
7. Ethnicity refers to a group or community that includes individuals with shared cultural characteristics such as language, ancestry, traditions, and beliefs.
8. “Board” means board of directors of Sagard Holdings Management Inc.
9. “Sustainability Committee” means the sustainability committee of Sagard, not including Grayhawk.
10. “DEI Committee” means the DEI committee of Sagard, not including Grayhawk.
11. References in this report to “strategies” or “investment strategies”, as the context requires, refers to Sagard’s investment strategies including but not limited to: Portage Ventures, Sagard Private Equity Canada, Sagard Credit, Sagard Healthcare, Sagard Real Estate, Diagram Ventures, and Grayhawk.
12. Assets Under Management (“AUM”) as of March 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.
13. Includes employees employed by certain subsidiaries of: Sagard Holdings Management Inc., Sagard SAS (Sagard Europe), Grayhawk Holdings Inc. (Grayhawk) and EverWest Real Estate Investors, LLC. (Sagard Real Estate), as of December 31, 2023.
14. 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, 2023.
15. “Engagements” in this sentence means a cybersecurity interaction with a party other than Sagard North America. This can include, but is not limited to, guided processes such as cyber tabletop exercise (TTX), support through incident response, support through cybersecurity leader hiring or vendor sourcing, providing advice and guidance on specific topics, providing tailored cybersecurity briefings to family offices, running ecosystem discussions on topical elements such as password managers or AI, acting as a sounding board for cyber-focused discussions.
16. Supra note 7.
17. “Sagard North America” means Sagard, excluding Sagard Europe.
18. Excluding Diagram and Sagard Real Estate.
19. Sagard is currently building its climate scenario expertise and capacity and deploying them 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 and Sagard Real Estate teams on their existing portfolios. The portfolio coverage of this analysis with respect to each strategy ranged from 15 – 100% at the time of the analysis.

20. Sagard Europe only.
21. This does not apply to Sagard Europe, Sagard Real Estate or Grayhawk.
22. For Sagard Europe’s funds only.
23. “PRI” means Principles for Responsible Investment.
24. Sagard Europe, Grayhawk and Sagard Real Estate do not use SASB to determine material ESG topics.
25. Applies to Sagard North America only.
26. “Sagard” means Sagard North America but does not include Sagard Real Estate. Further information on Sagard Real Estate is disclosed in a section below.
27. This does not apply to Sagard Europe, Diagram, or Grayhawk.
28. This applies to Sagard North America team members only.
29. Further information on Sagard Real Estate is disclosed in a section below.
30. Leadership team is defined as Partners and C-Suites.
31. Supra note 7.
32. Data point is derived from an anonymous Diversity survey administered through our engagement platform Officevibe.
33. This section applies to Sagard North America only, excluding Sagard Real Estate and Diagram.
34. Supra note 26.
35. Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) is a tool developed by Natural Capital Finance Alliance (NCFA) in association with UNEP-WCMC.
36. References in this section to “we” and “our” refer to the respective strategy or ecosystem partner, as applicable, under each heading. Unless otherwise specified, the information under each heading relates solely to the applicable strategy or ecosystem partner referenced in the heading.
37. Percentage calculated by taking average of % of women and % of non-white individuals among the founders of participating PV III core portfolio companies. Percentage of non-heterosexuals excluded due to lack of responses. This figure is expected to fluctuate as PV III deploys its capital over time. Approximately 39.6% of the fund’s assets under management are currently deployed.
38. This figure is expected to fluctuate as PCS deploys its capital over time.
39. In 2023, Diagram implemented a Responsible Investment policy as part of its latest funds, Diagram Ventures III LP and Diagram ClimateTech LP. In 2024, Diagram will roll out the tracking and reporting of these priorities across all earlier Diagram funds and their portfolio companies.
40. For our DCT funds only.
41. Id.
42. Metrics are available in the Q2 quarterly LP report as of 2024.
43. These objectives apply to Sagard Europe investments made from 2021 onwards.
44. It includes providing financial planning/wealth advisory services to families with members with a disabling condition or medical disability as they often require specific financial planning.
45. Given that SSL continues to deploy, % shown is the % of total capital deployed by SSL, affiliates and managed funds across the four portfolio companies as of this date.
46. Id.
47. Metrics of this section are as of November 2023.
48. Research institutes and micro- and small-cap biotechnology firms are defined according to their market cap. The threshold is set at US\$2B.
49. Our methodology evolved in 2023 for including institutional and retail prescriptions. The metric includes Rubraca, Jemperli, Bylvay, Tibsovo, Ztalmy, Sotalol IV, and Klisyri.
50. The receipt of any awards by Sagard Real Estate, Sagard or the assets described herein is no assurance that Sagard Real Estate or Sagard’s investment objectives have been achieved or successful. Further, such awards are not, and should not be deemed to be, a recommendation or evaluation of Sagard Real Estate or Sagard’s investment management business.
51. The objectives and results in this section relate to the Grayhawk business and not to any portfolio companies managed by Grayhawk.



# Acknowledgement and Disclaimer

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The responsible investment (“RI”) information contained herein is solely for informational purposes and is intended solely to provide an indication of certain RI initiatives and standards that Sagard applies when seeking to evaluate and/or improve the RI characteristics of an investment as part of the larger goal of maximizing financial returns on investments. It should not be assumed that any RI initiatives, policies, procedures, practices, standards, data, objectives, targets, or metrics described herein will apply to Sagard as a firm, to each of Sagard’s investment strategies or to each investee in which Sagard invests or that they have applied to each of Sagard’s prior investments. There can be no assurance that the operations and/or processes of Sagard as described herein will continue, and such processes and operations may change, even materially or may not be applied at all to a particular investment or consistently across Sagard’s business operations. The actual investment process used for any or all of Sagard’s investments may differ materially from the process described herein. RI is only one of many considerations that Sagard takes into account when making investment decisions, and other considerations should be expected in certain circumstances to outweigh RI considerations. RI considerations will be subject in each case to Sagard’s fiduciary duties and the terms of the governing documents of the funds and other investment vehicles managed by Sagard. Accordingly, certain investments may exhibit characteristics that are inconsistent with the initiatives, policies, procedures, practices, standards, data, objective, or metrics described herein. In particular, due to factors such as the asset class of an investment strategy or other characteristics of a particular investment opportunity, Sagard will not always have the ability to monitor, oversee, evaluate, analyze, vote, notify, engage with, support, cause, impact, direct, encourage or otherwise influence an investee regarding RI matters. This report 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 report. For greater certainty, while we will aim to integrate RI principles during our investment process when applicable, we may not consider or attempt to engage in stewardship activities or shareholder voting in all cases or at all stages of our investment process. Sagard is permitted to determine in its discretion that it is not appropriate, applicable, feasible or practical to implement or complete certain of its RI initiatives, policies, and procedures based on cost, timing, characteristics of the asset, or other considerations and references in this report to terms such as “appropriate”, “applicable”, “feasible” etc shall be deemed to reflect this. Statements about RI initiatives or practices related to portfolio companies or investees do not apply in every instance and depend on factors including, but not limited to, the lifecycle of a particular Sagard investment strategy, the relevance or implementation status of an RI initiative to or within the portfolio company, the nature and/or extent of investment in, ownership of or, control or influence exercised by Sagard with respect to the portfolio company or investee, and other factors as determined by Sagard, its investment teams, corporate groups, asset management teams, portfolio operations teams, companies, investments, and/or businesses on a case-by-case basis.

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.

The attached material is provided to you on the understanding that you will understand and accept its inherent limitations, you will not rely on it in making or recommending any investment decision with respect to any securities that may be issued, and you will use it only for the purpose of discussing with Sagard your preliminary interest in investing in a transaction of the type described herein. Any investment in private markets is subject to various risks; such risks should be carefully considered by prospective investors before they make any investment decision. Each prospective investor should consult its own professional advisors as to legal, tax, accounting, regulatory and related matters before investing.

Investments in any fund sponsored by Sagard have not and will not be recommended or approved by any federal, provincial or state securities commission or regulatory authority. The foregoing authorities have not passed upon the accuracy or determined the adequacy of this summary.

Like all investments, an investment in a Fund involves the risk of loss. Investment products such as a Fund are designed only for sophisticated investors who can sustain the loss of their investment. Accordingly, such investment products are not suitable for all investors. A Fund is not subject to the same or similar regulatory requirements as mutual funds or other more regulated collective investment vehicles.

An investment in a fund managed or advised by Sagard (for the purposes of this acknowledgement and disclaimer, “Fund”). There can be no assurance that a Fund will be able to generate returns for its investors or that the returns will be at the levels currently anticipated by Sagard. The success of a Fund will depend on many factors, including the ability of Sagard to identify, select, enter into and exit appropriate investments. The marketability and value of any such investment, and therefore a Fund’s return on any such investment, will depend upon many factors beyond the control of a Fund or Sagard. There can be no assurance that a Fund or Sagard will correctly evaluate the nature and magnitude of

the various factors that could affect the value of its investments. An investment in a Fund is subject to a number of material risks and material limitations which are discussed in the Private Placement Memorandum. Please consult the Private Placement Memorandum of the relevant Fund for further information.

Sagard Holdings Manager LP and Sagard Holdings Manager (US) LLC are each registered as an investment adviser under the U.S. Investment Advisers Act, 1940, as amended. Sagard Holdings Manager (Canada) Inc. is registered as an exempt market dealer in the provinces of British Columbia, Alberta, Manitoba, Ontario, Quebec, and Nova Scotia and will act as the dealer in respect of purchases of interests in funds advised by Sagard Holdings Manager LP in the Canadian provinces in which it is registered. The Ontario Securities Commission is the Principal Regulator of Sagard Holdings Manager (Canada) Inc. Sagard acts as investment manager of Portage Ventures, Sagard Credit, Sagard Senior Lending, Sagard Healthcare, and Sagard Private Equity Canada.

Certain statements and certain of the information contained in these materials represents or is based upon “forward-looking” statements or information based on experience and expectations about these types of investments. The forward-looking statements in these materials include statements with respect to, among other things, projections, forecasts or estimates of cash flows, yields or returns, scenario analyses or proposed or expected portfolio composition and anticipated future events, performance or expectations. For example, such statements are sometimes indicated by words such as “expects”, “estimates”, “believes”, “forecasts”, “seeks”, “may”, “intends”, “attempts”, “will”, “likely”, “should” or negatives thereof and similar expressions. Forward-looking statements are inherently uncertain and are not guarantees of future performance and are subject to many risks, uncertainties and assumptions that are difficult to predict. Therefore, actual events or results or the actual performance of Portage Ventures, Sagard Credit, Sagard Senior Lending, Sagard Healthcare, and Sagard Private Equity Canada may differ materially from those reflected or contemplated in such forward-looking statements as a result of various factors. No representation or warranty, express or implied, is made as to any forward-looking statements and information and no undue reliance should be placed on such forward-looking statements and information. Sagard has no obligation and does not undertake to revise or update these materials or any forward-looking statements set forth herein, except as required by law. In addition, unless the context otherwise requires, the words “include”, “includes”, “including” and other words of similar import are meant to be illustrative rather than restrictive.

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Additional information is available upon request.

All references to “dollars” or “\$” are to U.S. dollars unless otherwise stated.

All information is presented as of December 31, 2023 unless otherwise stated.

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#### **Montreal**

1172 Sherbrooke Ouest  
Montréal, QC H3A 1H6  
Canada  
+1 (514) 286-6248

#### **Toronto**

161 Bay Street, Suite 5000  
Toronto, ON M5J 2S1  
Canada  
+1 (416) 607-2250

#### **New York**

280 Park Avenue, 29th Floor East  
New York, NY 10017  
United States  
+1 (212) 380-5605

#### **Paris**

49/51, Avenue George V  
75008 Paris  
France  
+33 (0)1 53 83 30 00

#### **Denver**

1099 18th Street, Suite 2900  
Denver, Colorado 80202  
United States  
+1 (303) 986-2222

#### **Naples**

4850 Tamiami Trail North, Suite 301  
Naples, FL 34103  
United States

#### **Abu Dhabi**

Al Sila Tower, ADGM Square, Unit No. 1, Floor 12  
Al Maryah Island  
United Arab Emirates  
+971 2 411 6239