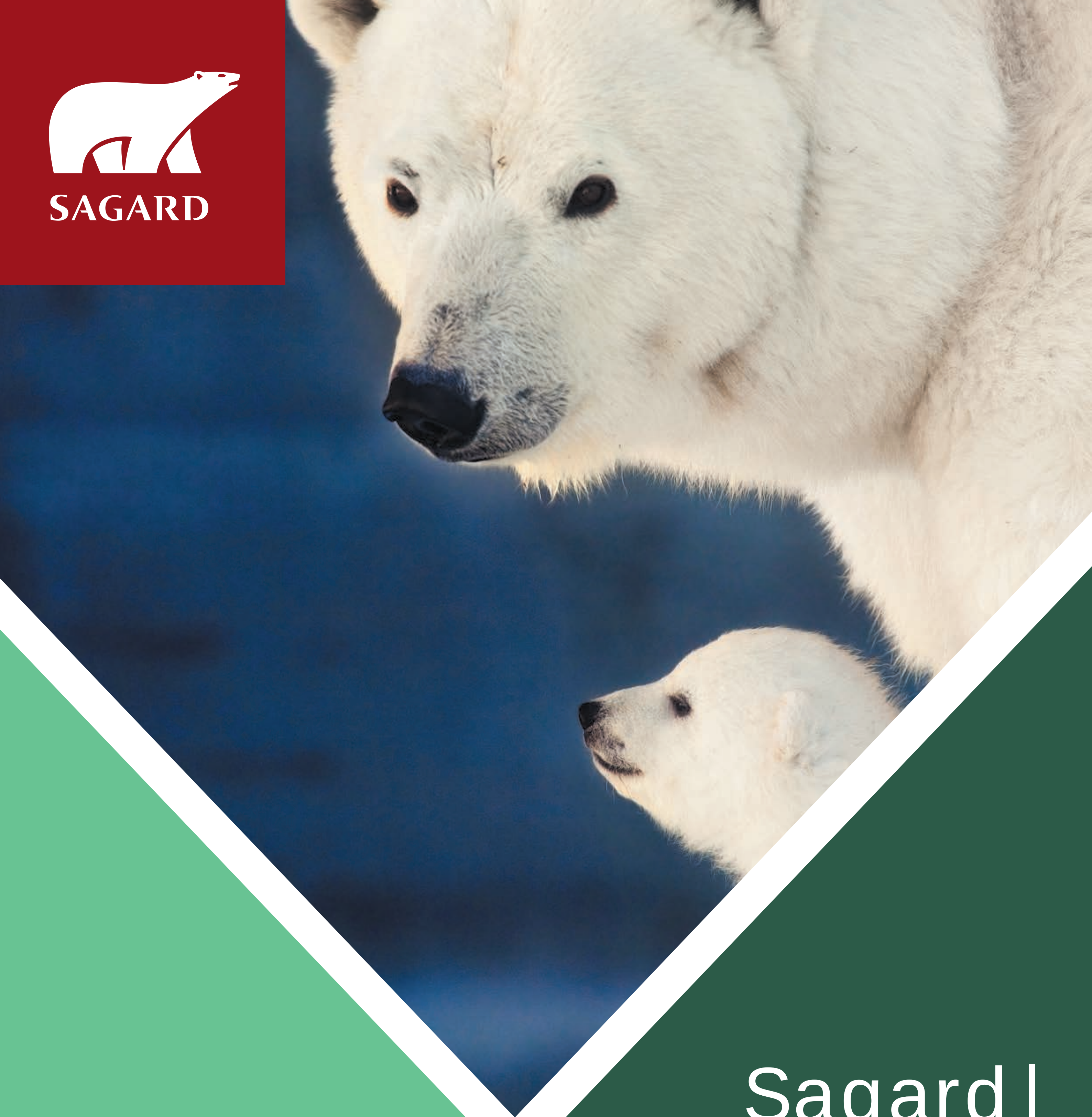

Sagard a responsible investor

Our environmental, social and governance strategy

This document presents information regarding the ESG policy on the integration of sustainability risks into Sagard's investment decision-making process, in accordance with Article 3 of EU Regulation 2019/2088.
This document will be updated in the event of a review or change of this policy, in accordance with Article 12 of the EU Regulation 2019/2088.

SAGARD

"Sagard is concerned by the societal and environmental challenges we face. It also considers that its role as a responsible shareholder is to help create value for each of its investments, working with them over the long term and encouraging them to act responsibly in economic and social terms, and in respect of corporate governance. Sagard defines what it does as much by its own activity as by the activity of the companies in which its Funds invest. This approach applies for holdings where Sagard is the majority shareholder."

Sagard's partners

Created in 2002 with the support of Power Corporation of Canada, Sagard brings together, around the Desmarais family, a group of influential entrepreneurial families and renowned financial institutions. The result of this innovative ownership structure is a unique investment philosophy and focus.

As a diversified international management and holding company, Power Corporation recognises that integrating environmental, social and governance (ESG) factors into its business decisions is critical to its long-term success.

Our values

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

- **an entrepreneurial culture:** Sagard's entrepreneurial culture adheres to a long-term commitment, first instilled by the founding partners and enhanced over the years by our close cooperation with influential families who have built powerful companies
- **a proactive contribution to value creation:** Sagard helps its portfolio investment managers to grow their companies sustainably in France and around the world, sharpening their strategic insight and providing the financial and human resources (business networks, industrial advisors and experts) they need
- **a flexible, responsive organisation:** Sagard is organised to enable it to act swiftly and efficiently in support of its investments' growth projects. Because our overriding goal is to help well-managed companies to grow and flourish, we take a highly flexible approach when it comes to structuring investments, with solutions ranging from minority or majority stakes, through LBOs, to business development capital. Because Paris is the heart of our operations, we remain extremely responsive
- **corporate social responsibility:** Sagard believes responsible management is essential to long-term value creation. Our approach to responsible management reflects how we behave towards our employees, in our role as an investor and active owner of a portfolio of companies.

Our commitments

For the environment

Sagard joined the 2020 Carbon Initiative (IC20) in May 2017 to participate as a member of the private equity profession in addressing the issue of climate change, one of the major international challenges of the decades to come.

In addition, Sagard is committed to sound environmental management, pollution prevention and the preservation of biodiversity in its operations and investments.

For the management of human resources

Human resource management is a key component of the management company's ESG strategy because its employees are its most important asset, the drivers of its business performance and of its sustainability. Attracting and retaining top-quality talent is a major priority.

To this end, Sagard safeguards the well-being of its teams by providing a healthy and pleasant working environment and an appropriate remuneration policy.

This policy is based on fairness and aligns the interests of employees and shareholders while discouraging excessive risk-taking. Gl _bbgrgml* dpmk 0.0/ ml u_pbq* gl _aampb_lac ugrf pcesj_rmpw pcosgpckclrq* rfgq nmjgaw ugjj glajsbc cjckclrq pcj_rgle rm CQE pgqi k_l_eckclr,

Sagard endeavours to involve all employees in the Funds' decision-making process, with a focus on transparency, engagement and training.

Particular attention is paid to building gender-diverse teams with complementary professional backgrounds.Q_e_pb _jqm qge lcb rfc Dp_lac Gltcqr Eclbcp Cos_jgrw Af_prcp gl Bcack`cp 0./7,

The success of our human resources policy is illustrated by our low turnover rate and the fact that employees have enjoyed long careers with us, which is vital to cohesion and effective decision-making.

For corporate governance

Sagard's policy for managing co l djgarq of interest, along with the ethics principles practiced by its teams of professionals, ensure an honest and ethical approach when conducting business.

A practical ethics guide is issued to all the management company's employees. Throughout their careers, employees commit to complying with the professional ethical guidelines in force within the company , and to avoiding any situation that may present a conifctofinterest.

Sagard is managed by the Investment Committee, which is responsible for reviewing and approving investments, and the Management Committee, which takes decisions on human resources and any matters not addressed by the Investment Committee.

Each Sagard Fund is supported by an Investors' Committee that manages any potential conflicts of interest and, where necessary, is consulted in accordance with the relevant rules and on the specific matters set out in the Funds' By-Laws.

Responsible investing

Sagard has always valued responsible investing.

In May 2014, Sagard signed the AFIC Charter for Capital Investors, and since 2016 has gone one step further to formalise its ESG commitment and procedures. The approach described below applies to majority investments held by the Fund.

These factors will be taken into account throughout the entire investment cycle, from the acquisition phase, through portfolio management, to divestment.

At each of these steps, Sagard:

- raises its employees' awareness of ESG issues
- includes the ESG approach in its investment process

For majority investments:

- ESG due diligence performed by an external service provider (pre / or post-deal, depending on the context of the transaction)
- Systematic review of ESG assessments at Investment Committee meetings
- Annual review of the ESG action plan
- ESG criteria integrated into the exit procedure
- Annual ESG report to investors

1 Upstream phase

Selecting investment opportunities

In line with the investment policy agreed between Sagard 3 and its investors, various criteria are analysed before any decision is made regarding a potential acquisition target. This means Sagard will not invest in certain areas, such as:

- the arms industry, and specifically the production or distribution of land mines and cluster bombs
- speculation in commodities
- gambling
- the production, manufacturing or sale of tobacco
- ...

2 Acquisition phase

During the acquisition phase for majority investments, Sagard's investment teams appoint an ESG specialist to conduct a preliminary assessment that determines whether ESG due diligence should be performed in the pre- or post-acquisition phase. The decision is based on the nature of the investment, as determined by the company's size, industry and organisation, and the context of the deal.

ESG due diligence is carried out by a specialist and has four objectives:

- Assess the ESG context specific to the company sector in question (including competition and industry challenges)
- Identify the key ESG issues specific to the company in question
- Assess the company's ESG performance as it relates to each key issue
- Outline an action plan for post-acquisition implementation.

All ESG issues are assessed according to risks, costs and opportunities. An action plan can then be outlined, which will need to be approved and implemented once the investment is finalised.

The pre-signing checklist must be filled in before closing the transaction.

3 Holding phase

In the case of post-acquisition due diligence, Sagard's investment teams commit to performing the assessment within the first year after closing (see the ESG due diligence procedure in the acquisition phase).

Following the due diligence process, the investment team confirms with management the identified areas which need improvement and which require remedial action.

Investment teams track the progress of the action plan and how it is being implemented by management during the holding phase.

Indicators related to the company's key challenges are also tracked by an ad hoc committee once a year.

4 Divestment phase

During a divestment, a specialist team must carry out ESG vendor due diligence (VDD), where required, in order to assess initiatives and progress made on ESG matters.

The VDD aims to:

- highlight the initiatives put in place to manage substantive ESG matters
- illustrate the progress made in managing these issues (if ESG due diligence was carried out at the time of acquisition)
- assess the management's level of engagement and the continuous improvement process.

Management

Responsibility

The General Secretary is responsible for ensuring compliance with the ESG strategy.

Management

- The ESG performance of investments is managed by the deal team responsible for each company within the portfolio in question. Ongoing management of the ESG strategy is formally reviewed each year in consultation with the company's management team.
- An annual ESG progress report is produced by the portfolio companies for the investment team, and is presented to the Investment Committee.

Reporting

- For companies in which the Funds plan to hold a majority stake, ESG due diligence process conclusions are laid out in the memos prepared for the Investment Committee meetings held to discuss investment decisions.
- A report for investors is compiled once a year and published in the Fund's annual report.

Sagard takes ESG considerations into account in its investment process for majority investments

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UPSTREAM

Investment teams perform a preliminary assessment of the target company regarding Sagard's investment policy (applying sectorial and geographical exclusion criteria)

ACQUISITION PHASE

- Ensure ESG criteria have been taken into account in the pre-signing checklist set out in Sagard's investment policy
- Decide whether ESG due diligence is relevant in the pre-acquisition (option 1) or post-acquisition phase (option 2)

Option 1: Pre-acquisition ESG due diligence is carried out by a specialist

INVESTMENT CYCLE

Year 1

Year 2

Year 1

Option 2: Post-acquisition ESG due diligence is carried out by a specialist

- ESG considerations are confirmed
- Action plan and objectives are outlined

Year 2

- Substantive ESG issues are added to the Supervisory Board's agenda of the portfolio companies at least once a year
- ESG performance indicators are tracked by the investment team for each investment

HOLDING PERIOD

Year 3 and beyond

Year 3

- ESG action plan is implemented
- ESG performance tracking

DIVESTMENT PHASE

Vendor Due Diligence

- Management is briefed on ESG audits
- ESG initiatives are assessed
- ESG Vendor Due Diligence is performed, if appropriate

SAGARD

Climate challenges and our investment strategy

Climate challenges are an integral part of Sagard's ESG strategy and are systematically factored into each investment. This process is aligned with the principles of the 2020 Carbon Initiative (IC20), of which Sagard became a member in 2017.

IC20 is the first private equity initiative that supports efforts to manage and reduce greenhouse gas emissions by companies. The IC20 signatories decided to work together to support the campaign to achieve the COP21 target of limiting global warming to 1.5 °C.

To meet these challenges, Sagard's strategy is divided into three phases:

- **investment phase:** take climate considerations into account in the future development of the target company
- **holding phase,** and depending on assessments carried out in the investment phase:
  - raise awareness among managers about climate challenges
  - outline an action plan based on investment phase assessments in order to reduce emissions and/or facilitate climate change adaptation
- **divestment phase:** assess significant progress made on climate challenges.

A preliminary assessment of substantive climate considerations is carried out during the investment phase using the method devised by the 2020 Carbon Initiative.

Depending on the result of the assessment, specific work is carried out as part of a carbon plan, in cooperation with the portfolio company, as soon as the acquisition is finalised. This work may include carbon footprint assessments, reduction and offset strategies, physical and transitional risk assessments, targeted action plans and the implementation of indicators.

The ESG approach and investor relations

Sagard regularly presents its ESG strategy to investors. Information regarding all ESG matters is generally released annually:

- an ESG section is included in Sagard's annual report
- an annual presentation is made to the Sagard 3 Investors' Committee

On a more informal basis, Sagard is committed to answering questions put to the company by investors on ESG matters.

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