

# CAPZA

## Shareholder engagement policy

August 2, 2023

PARIS | MUNICH | MADRID | MILAN

## Preamble

CAPZA's shareholder engagement policy<sup>1</sup> is part of the transposition of European Directive 2017/828 aimed at promoting long-term shareholder engagement. Thus, in accordance with Article L533-22 of the French Monetary and Financial Code, CAPZA establishes a shareholder engagement policy, the content and terms of which are specified in Decree 2019-1235 of November 27, 2019.

This policy applies to strategies involving equity investments<sup>2</sup>. It is reviewed on an ongoing basis by the management company.

# **1. Monitoring strategy, financial and non-financial performance, risks, capital structure, social and environmental impact, and corporate governance**

CAPZA offers financing solutions to SMEs and ETIs at every stage of their development. This means providing long-term support for portfolio companies.

Before investing in a shareholding, our investment teams systematically assess the financial performance of target companies. This involves carrying out due diligence (financial, legal, strategic, etc.) as well as in-depth contacts with the management of target companies. CAPZA also focuses on the social, environmental and governance (ESG) impact of portfolio companies. In addition to an exclusion policy, the management company assesses sustainability risks and impacts upstream of fund investments.

For funds making equity investments, a preliminary roadmap is drawn up before investing in companies with ESH materials at stake.

Next, we regularly monitor the financial and non-financial performance of each portfolio company throughout the duration of the investment. This involves regular meetings with the management of portfolio companies, attendance at board meetings, and the study and analysis of documents such as reports, accounts, budgets and CAC reports of investee companies.

In addition, an annual portfolio review is carried out to identify sustainability risks and opportunities, sustainability impacts, and areas for improvement for each holding, and on this basis to define action plans with the management teams.

CAPZA has defined its environmental, social and governance objectives in its ESG policy, sustainability report and Article 29. These documents are published on the management company's website (<https://capza.co/fr/durabilite>).

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<sup>1</sup> Atalante is the legal name of the SGP (see Kbis). CAPZA (formerly Capzanine) is the commercial name.

<sup>2</sup> The expertises that can invest in equities within CAPZA are: Flex Equity, Expansion, Transition and Growth Tech: Flex Equity, Expansion, Transition and Growth Tech.

## 2. Dialogue with investee companies

Dialogue with portfolio companies is maintained through regular contact with management, the companies' supervisory bodies (Board of Directors, Supervisory Board), and (other) shareholders present at the round table, where applicable.

In addition, CAPZA strives to initiate and maintain an ESG approach with the management of its investee companies, in order to add value and help them improve their extra-financial performance.

Depending on the situation and the fund's investment policy, ESG objectives may be formalized when contracts are signed with companies.

## 3. Exercise of voting rights and other rights attached to shares

### 3.1 Scope of voting rights

CAPZA's voting rights policy is exercised in the exclusive interest of investors.

This system is intended to apply to voting rights attached to unlisted securities, as well as to securities of companies listed on a regulated market of a State party to the Agreement on the European Economic Area or a recognized foreign market.

It should be noted, however, that CAPZA manages funds intended to be invested mainly in unlisted securities.

However, it is possible for funds managed by the management company to hold securities traded on a financial instruments market as part of a delisting or IPO.

CAPZA makes every effort to exercise its voting rights in companies in which it holds, through the funds it manages, a stake of at least 5% of the voting rights.

### 3.2 Organization of the exercise of voting rights

The company's managing directors are responsible for preparing and analyzing resolutions submitted to the Annual General Meeting (AGM). They are in a position to decide which votes to cast.

CAPZA exercises its voting rights at the AGMs of the companies in which it is a shareholder, in compliance with current regulations and investment policy, always in the exclusive interest of unitholders.

Resolutions submitted to General Meetings will be examined on a case-by-case basis, in particular those concerning:

- a) Decisions involving amendments to the bylaws ;
- b) Approval of financial statements and appropriation of net income ;
- c) Appointment and dismissal of corporate bodies ;
- d) Regulated agreements ;

- e) Share issue and share buyback programs ;
- f) Appointment of statutory auditors ;
- g) Any other specific type of resolution that SGP wishes to identify.

Voting rights may be exercised by attending Shareholders' Meetings, voting by proxy or by mail.

In principle, CAPZA does not use voting consultants or other external service providers to exercise its voting rights.

CAPZA supports (or is in favor of) resolutions that align financial performance with positive environmental and social impact.

CAPZA supports the development of employee share ownership, employee value sharing and long-term shareholding.

CAPZA will ensure that the most important ESG topics are included at least once a year on the agendas of governance bodies.

Finally, the CAPZA is committed to respect its system for preventing and managing conflicts of interest when exercising voting rights.

## **4. Cooperation with other shareholders and stakeholders**

Capza regularly interacts with all stakeholders (shareholders, auditors, portfolio company management, etc.), in particular through governance bodies or general meetings, to ensure that its investment is monitored in the interests of its shareholders.

In the context of certain transactions, CAPZA may enter into shareholders' agreements in order to consolidate its position and ensure the company's development.

In addition, the management company participates in the work of professional organizations and associations to help improve best practices within the private equity industry.

In particular, CAPZA is a signatory of the PRI, the international climate initiative and the diversity charter designed to promote equality between men and women.

## **5. Preventing and managing actual or potential conflicts of interest in relation to their commitment.**

CAPZA has a code of conduct available on its website, which is reviewed as and when necessary, and at least annually, and covers the management of conflicts of interest.

The management company takes all reasonable steps to prevent, identify and manage any type of conflict of interest that may arise in the course of its fund management activities.

To this end, each employee is made aware of the issues surrounding conflicts of interest from the moment he or she joins the company and during the course of his or her duties.

All employees must comply with the rules for preventing and managing conflicts of interest laid down by the management company. In particular, these rules govern the distribution of files between the various investment strategies, and personal transactions.

In this respect, CAPZA has a regularly updated map of potential conflicts of interest, and keeps a register listing cases actually encountered and their resolutions.

In addition, if the risk of prejudice to the interests of unitholders or shareholders cannot be ruled out with reasonable certainty, CAPZA will clearly communicate to unitholders or shareholders, before acting on their behalf, the general nature or source of such conflicts of interest, and will develop appropriate policies and procedures.

## **6. Report on implementation of shareholder engagement policy**

In accordance with article R533-16 of the French Monetary and Financial Code, CAPZA draws up an annual report on the implementation of its shareholder engagement policy.

This document includes :

- A general description of how voting rights were exercised ;
- An explanation of the choices made on the most important votes;
- Information on the possible use of services provided by voting consultants ;
- The orientation of votes cast at shareholders' meetings. This information may exclude votes that are insignificant because of their purpose or the size of the shareholding in the company.

The first report on the implementation of the shareholder engagement policy will be produced in December 2021. This document will be made available to the public free of charge on the CAPZA website or sent on request.

## **7. Control procedures**

Every two years, the Compliance Department may carry out a second-level audit of the company's compliance with its shareholder engagement policy.

In addition, a periodic inspection may be carried out by Price Water Cooper.