

# CAPZA

## Engagement policy

October 1, 2021

PARIS | MUNICH | MADRID | MILAN

## Introduction

CAPZA's engagement policy complies with the transposition of the European Directive 2017/828 which aims to promote long-term shareholder engagement. Therefore, in accordance with Article L533-22 of the Monetary and Financial Code, CAPZA establishes a shareholder engagement policy.

This policy applies to CAPZA's investment strategies involving investments in equity<sup>2</sup>. It is reviewed regularly by the management company.

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

CAPZA provides financing solutions to small, medium, or intermediary enterprise at all stages of their development. This involves long-term support for the companies in the portfolio.

Before investing, the investment teams systematically evaluate the financial performances of the target companies. This stage involves carrying out due diligence (financial, legal, strategic, etc.) and in-depth contacts with the management of target companies. CAPZA also focuses on the social, environmental, and corporate governance (ESG) risks and the potential adverse impacts of the companies. Beyond a policy of exclusion, before investing, the management company assesses the sustainability risks opportunities and principal adverse impacts of the opportunity.

For funds that invest in equity, this assessment is supplemented by a full ESG due diligence performed by an external provider.

Then, regular monitoring of the financial and non-financial performances of each portfolio company is carried out during the investment period. This step involves regular meetings with the management of the portfolio companies, attendance at board meetings and the study and analysis of documents such as reports, accounts, budgets and audit financial statement of the portfolio companies.

In addition, an annual portfolio review is carried out to identify sustainability risks and opportunities, , and areas of improvement for each participation. On this basis, action plans will be developed with the management of the companies.

CAPZA has defined its environmental, social and governance objectives in its ESG policy and in the Article 173 report. These documents are published on the management company's website (<https://capza.co/fr/engagements-esg>).

# **2. Dialogue with portfolio companies**

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<sup>1</sup> Atalante is the legal name of the management company (see certificate of incorporation). CAPZA (formerly Capzanine) is the commercial name.

<sup>2</sup> The investment strategies that can invest in equity in CAPZA are: Flex Equity, Expansion, Transition and Growth Tech.

The dialogue with the portfolio companies is carried out through periodic contact with the management, the controlling bodies of the companies, and other shareholders present at the round table, if applicable.

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

Depending on the situation and the fund's investment policy, ESG objectives may be formalised during the signing of the contract with the companies.

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

### **3.1 Scope of exercise of voting rights**

The voting rights policy established by CAPZA is exercised in the exclusive interest of investors.

This policy applies to voting rights attached to unlisted securities but also to securities of companies listed on a regulated market of a Member State of the European Economic Area or a recognised foreign market. It should be noted, that CAPZA manages funds that invest mainly in unlisted securities. However, it is possible in the context of a delisting or an IPO during a disinvestment, that the funds managed by CAPZA hold securities traded on a financial market.

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

CAPZA supports (or is in favour of) resolutions that have the effect of linking financial performance with positive environmental and social impact.

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

CAPZA strives that the most important ESG topics are included at least once a year in the agendas of the governance bodies.

### **3.2 Organisation of the exercise of voting rights**

The members of the investment team are responsible for preparing and analysing resolutions submitted to the general meeting. They are able to decide on the votes to be exercised.

CAPZA exercises the voting rights at the General Meetings of the portfolio companies in which the managed funds are shareholders, in compliance with the applicable regulations and the investment policy, always in the exclusive interest of the investors. On a case-by-case basis, the resolutions submitted to the General Meetings will be studied, in particular those concerning:

- a) Decisions involving amendment of the Articles of Association;
- b) Approval of the accounts and allocation of the result;

- c) Appointment and dismissal of corporate bodies;
- d) So-called regulated agreements (*convention réglementée*);
- e) Programmes for the emission and repurchase of capital shares;
- f) Appointment of statutory auditors;
- g) Any other specific type of resolution that the management company wishes to identify.

Voting rights will be exercised by attending general meetings, voting by proxy or by correspondence.

It should be noted that CAPZA does not, in principle, use voting consultancy agencies or other external service providers to exercise these voting rights.

Finally, the management company undertakes to comply with its procedure for preventing and managing conflicts of interest in the exercise of voting rights.

## 4. Cooperation with other shareholders and other stakeholders

CAPZA regularly discusses with all stakeholders (shareholders, auditors, management of the portfolio company, etc.), in particular through governance bodies or general meetings, in order to ensure that its investment is monitored in the interest of the investors.

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

In addition, the management company participates in the projects of professional organisations or associations to contribute to the improvement of good practices in the private equity field.

CAPZA is a signatory of the PRI, the international climate initiative and the diversity charter aimed at promoting gender equality.

## 5. The prevention and management of actual or potential conflicts of interest

CAPZA has a conflicts of interest policy and procedure which is reviewed as soon as necessary and at least annually.

The management company takes all reasonable measures to prevent, identify and manage all types of conflicts of interest that may arise during the conduct of its activities.

Each employee is aware of the conflicts of interest issues from its onboarding at CAPZA and during the course of its functions.

All employees must comply with the rules for preventing and managing conflicts of interest established by the management company. These rules concern in particular the allocation 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 the cases encountered and their resolutions.

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

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

In accordance with Article R533-16 of the Monetary and Financial Code, CAPZA establishes each year an annual report on the application of the 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 use of voting advisors, if any;
- The orientation of votes expressed during general meetings, which may exclude votes that are insignificant due to their purpose or the size of the holding in the company.

The first report on the engagement policy will cover the year 2021.

This document will be available for free to the public on the CAPZA website or sent on simple request.

## **7. Controls modalities**

Compliance of CAPZA carries out a second-level control every two years on the application and respect of the engagement policy.

In addition, a periodic control may be carried out by Marker Management Consulting (Pwc).