

CAPZA

Shareholder engagement policy

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Preamble

CAPZA's shareholder engagement policy¹ 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 investments². 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 mid-sized enterprises (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 equity investments, a preliminary roadmap is drawn up before investing in companies with ESG stakes identified as significant

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 statutory auditors' reports (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/sustainability>

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

² The strategies that can invest in equities within CAPZA are: Flex Equity, Flex Equity Mid Market, 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, where applicable, but also via the different operational teams, such as CSR.

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 context and the fund's investment policy, ESG objectives may be formalized in investment documentation through specific clauses in the shareholders' agreement or via Sustainability Performance Targets (SPTs) that influence the management incentive package or other financial instruments.

2.1. Sustainability and Impact Acceleration Program

We have established a structured process to catalyze our impact. We have developed strong in-house expertise to support our portfolio companies in implementing their sustainability roadmap. In addition, we leverage a network of committed partners who can be mobilized as a priority and under preferential conditions for our portfolio companies. Depending on the strategy and our governance role, our capacity to influence and implement may vary. Our approach during the investment period is based on the following key steps:

1. **ESG Questionnaire:** As part of the annual ESG reporting process, each portfolio company is invited to complete a questionnaire comprising over 100 questions covering sustainability risks and impacts, including the 14 mandatory and 2 optional indicators required by the SFDR regulation.
2. **Annual ESG Analysis by an Independent Third Party:** Based on the company's sector, its responses to the above questionnaire, and discussions and meetings with the management team, this analysis assesses the company's ESG risks each year across sixteen (16) issues grouped into three main themes (environmental, social, governance), resulting in a single ESG score.
3. **Annual ESG Fact Sheet:** An ESG fact sheet is prepared for each portfolio company, including the above analysis as well as an action plan to improve sustainability policies and practices, with the goal of meeting CAPZA's ESG objectives and the fund's ESG characteristics. A dedicated working session is organized with the company to discuss the ESG analysis. This ESG fact sheet is then shared and discussed at a board meeting.
4. **Acceleration Program Developed by CAPZA:** Access to our Sustainability & Impact dataroom, provision of benchmark policies and standards, regular training sessions, selection of leading ESG service providers, and dedicated events to support implementation of the roadmap.
5. **Annual Fund-Level Reporting and Monitoring:** Monitoring of the fund's non-financial performance, analysis of progress made with respect to the ESG characteristics of the fund, and explanation in cases where sustainability or ESG promotion objectives are not met.

The **Global ESG Committee** reviews CAPZA's ESG strategy, processes, and non-financial performance. It meets twice a year:

- The first meeting focuses on updates to CAPZA's ESG strategy and internal processes, as well as on current regulations, frameworks, and initiatives. The committee also validates the ESG reporting scope for the coming year.

- The second meeting is dedicated to reviewing the results of the annual ESG reporting campaign, portfolio company roadmaps, and engagement and support activities. The committee also discusses updates to ESG strategies and policies and identifies potential measures to achieve specific goals.

Equity Strategy-specific ESG committees examine in detail the non-financial performance of each fund and define priorities and action plans for each portfolio company. These committees meet at least once a year.

Funds committed to at least 30% sustainable investments, as defined by the SFDR regulation, are also subject to enhanced monitoring by an Impact Committee, which includes an independent third party. This collaboration ensures rigorous tracking of non-financial indicators and supports well-informed decisions regarding the implementation of additional measures.

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

3.1 Scope of voting rights

CAPZA's voting rights policy is exercised exclusively in the interest of its investors. It applies to both unlisted securities and, where relevant, to listed securities of companies traded on regulated markets within the European Economic Area or on recognized foreign markets.

While CAPZA primarily manages funds that invest in unlisted securities, it is possible for certain funds to hold listed securities temporarily, for example, in the context of an IPO or a delisting process.

In line with its stewardship commitments, CAPZA makes every effort to exercise voting rights in companies where the funds it manages hold at least 5% of the voting rights. This approach ensures that we can actively engage with portfolio companies on key governance and strategic matters.

3.2 Organization of the exercise of voting rights

The company's investment managers are responsible for preparing and analyzing resolutions submitted to the Annual General Meeting (AGM) or Supervisory Boards. They are empowered to decide how the votes will be 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 the Management Company (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 resolutions that align financial performance with positive environmental and social impact, particularly those that contribute to CAPZA's strategic sustainability priorities: contributing to carbon neutrality, preserving biodiversity and water resources, promoting value sharing, and fostering inclusion.

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, CAPZA is committed to respecting 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 the fund's unitholders.

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.

CAPZA is notably a signatory of the PRI, the International Climate Initiative, as well as the France Invest charters on value sharing and diversity, aimed at promoting value sharing and gender equality respectively.

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 investment opportunities 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 has been produced in December 2021. The report is made available annually on the CAPZA website.

7. Control procedures

Each year, the Compliance Department may conduct a second-level review to assess the company's compliance with its shareholder engagement policy. In addition, periodic audits may be carried out by an external auditor, such as PricewaterhouseCoopers (PwC), to ensure the robustness and integrity of our processes.