




**Zencap**  
Asset Management

| A subsidiary of  Group



# **Engagement and Dialogue Policy**

March 2021

## Our stewardship, engagement and dialogue policy

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*This policy applies to all private debt investment.*

Zencap AM's policy of engagement and dialogue aims at establishing a constructive, long-term and progressive relationship with our borrowers.

It includes different dimensions:

- Educating potential borrowers during the investment process

During the investment process, in particular during the due diligence phase, discussions are held with the borrower on ESG issues, using Zencap AM ESG questionnaire but not only, as ESG issues are regularly discussed during interviews. This dialogue, which is initiated during the initial contacts, allows us to raise the borrower's awareness of its key issues, the results of our analysis and, if necessary, the areas for improvement identified.

- Setting CSR and impact objectives

When the context requires and allows it, and systematically for certain funds (e.g. Rebond Tricolore), Zencap AM sets objectives with the borrower, in consultation with the latter (see Zencap AM Responsible Investor Policy).

On this occasion, the awareness-raising work goes further, it is a matter of involving the borrower in a constructive progress approach in which he believes.

- Support and continuous dialogue

Supporting borrowers over the long term, including on ESG issues, is a hallmark of Zencap AM, which we intend to continue cultivating. The proximity with our borrowers allows us to have an ongoing dialogue. This dialogue covers governance, business ethics, strategy, financial and non-financial risks, policies, financial and non-financial results, social and environmental impact and reporting. Our "RM-ESG" team listens and makes proposals.

We encourage our borrowers to build a solid CSR approach and to value it, to assess their ability to address societal issues, and to demonstrate transparency through appropriate ESG disclosure and reporting.

- Monitoring of risks and controversies

While support is part of our relationship with borrowers, we are also vigilant about new risks and any drift in our portfolio companies. We follow the press, sector studies or thematic research and are able to question our borrowers if necessary. In the event of controversy, Zencap AM will approach the borrower to ask for explanations and to ensure that remedial and/or corrective action is taken. Similarly, in case of behavior or development of activities that are in contradiction with Zencap AM commitments or those of the fund, Zencap will follow the same approach. Dialogue is always the priority before any decision is made to terminate the relationship.

- Annual ESG reporting

For most of our financings, as soon as possible, the borrower commits, as part of the monitoring during the financing period, to provide an annual ESG reporting (Zencap AM ESG questionnaire). This framework encourages regular exchanges between Zencap AM and the borrower and allows for continued awareness throughout the financing period.

- Review of ESG objectives

When objectives are set, they are reviewed with the borrower *at least* once a year and make it possible to continue quality exchanges while supporting the borrower in its progress.

- Stakeholder relations

Zencap AM's engagement approach is not limited to borrowers, we also take ESG issues into account in our business relationships or more broadly in the marketplace.

Zencap AM strives to be active in its commercial and contractual relationships with clients, partners and professional associations, as well as in various market initiatives to promote responsible investment and share best practices.

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