




# Zencap

Asset Management

| Une filiale du Groupe 

## **ZENCAP AM's Engagement and Dialogue Policy**

June 2025

## 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 :

- Raising awareness and providing support to potential borrowers

From the very first contact, borrowers are made aware by the management teams that sustainability issues are an integral part of the financing process.

During the financing process, there is ongoing dialogue on sustainability issues, prioritizing areas for improvement identified during ESG due diligence. This takes the form of dedicated discussions, sharing best practices, recommending tools or certifications, presenting sector initiatives, etc.

This dialogue covers governance, business ethics, strategy, financial and non-financial results, social and environmental impact, and reporting. Our ESG & Impact team is attentive to these issues and proactive in making recommendations.

In particular, the CarbonCAP support program enables borrowers to make progress on climate issues (see our [Climate Strategy 2024-2030](#))

We also encourage our borrowers to develop a robust CSR approach and promote it, assess their ability to address societal issues, and demonstrate transparency by publishing appropriate ESG information and reporting.

- Setting and monitoring CSR and impact targets

ESG or impact objectives are set with borrowers whenever necessary and whenever the financing context allows, or systematically for certain funds (e.g. Zencap Direct Lending IV or Rebond Tricolore).

The objectives are determined in consultation with the borrower, based on the results of the ESG due diligence.

These objectives are often accompanied by an incentive mechanism in the form of Sustainability Linked Bonds/Loans (SLB/SLL) (see our [Climate Strategy 2024-2030](#)).

ESG objectives are reviewed with the borrower at least once a year. This allows for ongoing high-quality dialogue while supporting the borrower in its progress.

- Transparency and reporting

The annual ESG reporting is compiled based on borrowers' responses to Zencap AM's ESG questionnaire. This framework promotes regular communication between Zencap AM and the borrower and helps to raise awareness throughout the financing period.

- Monitoring controversies and exclusion ratios

While support is part of our relationship with borrowers, we are also vigilant about new risks and any negative developments in our portfolio companies.

Controversies are monitored through the press, online search engine alerts, tools (e.g. LSEG World-Check), sector studies, thematic research, and ongoing discussions with the borrower.

We also monitor the ratios of our [Exclusion and Vigilance Policy](#):

- In the event of disputes or the development of activities that contravene the exclusion commitments, Zencap AM will approach the borrower in a spirit of dialogue to request explanations and ensure that remedial and/or corrective measures are put in place.
- If the borrower fails to correct or realign itself with our investment criteria, Zencap AM will trigger the progressive measures described in our Sustainable Finance Procedure or our [Exclusion and Vigilance Policy](#), which may include early exit.

Dialogue is always the priority before any decision to terminate the relationship is made.

- Stakeholder relations

Zencap AM's commitment does not stop at borrowers; we also promote ESG issues in our business relationships and more broadly within the market.

Zencap AM strives to be proactive 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.

## About CLOs

With regards to CLOs (only for multi-investor funds currently investing), Zencap AM initiated a dialogue with external managers in 2024 to share best practices and our ambition to address ESG issues in this asset class. The objective at this stage is to promote transparency and the sharing of ESG information. Zencap AM therefore contacted managers in 2024 to request information about their ESG approach, *via* the ELFA (Equipment Leasing and Financial Association) questionnaire in particular, and with a focus on exclusion policies and the monitoring of principal adverse impacts (PAIs) indicators.

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