CDC Croissance
Dialogue and engagement policy

Updated on 1 July 2025

Preamble:

> ***"Investing in listed small and medium-sized companies, supporting their growth and committing them to a sustainable trajectory, with a view to creating shared value."***
>
> CDC Croissance's mission statement

In line with CDC Croissance's mission statement, this dialogue and engagement policy sets out our approach to supporting the companies in which we invest. Aware of the importance of Environmental, Social and Governance (ESG) factors in **sustainable value creation** and **risk management**, we see **engagement as an essential part of our fiduciary responsibility** and a powerful lever in encouraging companies to adopt **responsible and more sustainable practices** and **generate a positive impact**. This policy is based on a long-term approach to investment and is guided by best practices in the market, current regulatory frameworks and our responsible investment philosophy.

In the universe of listed European small and medium-sized companies, CDC Croissance will, as far as possible, focus on engaging with French small-cap companies. They crucially need support on ESG issues. As a subsidiary of a public financial institution and a leader in French and European small- and mid-cap investments, CDC Croissance is ideally positioned to understand and meet the specific needs of these companies. Through targeted actions, CDC Croissance seeks to support their sustainable growth and development by providing them with the tools and support they need to meet the challenges they face.

I. Philosophy and Objectives of Engagement:

Our engagement philosophy is rooted in the belief that our role as an active investor enables us to positively influence corporate practices. Our engagement activities have three objectives:

- **Promoting transparency[1]:** We urge companies to increase their transparency on material ESG issues. Our objective is for companies to be transparent to their stakeholders. It also helps to strengthen our own analysis of ESG issues.
- **Encouraging ambitious operational objectives[2]:** We encourage companies to adopt ambitious policies and targets with a view to continuously improving their environmental, social and governance performance. Our approach is based on an understanding of **double materiality**, which considers both the impact of ESG factors on the company's **financial performance** and the **impact of the company's activities on the environment and society**.

[1] discursive, focused on communication.
[2] behavioural, change-oriented.

- **Supporting a strategic[3] transformation:** We want to support companies, particularly those exposed to the most significant ESG issues, in their transition to sustainable and efficient business models.

We do not look to interfere in the management of companies, but rather to act as an external stakeholder to encourage ongoing improvements.

II. Scope:

This policy applies to **all securities held directly** via CDC Croissance's funds.

With regard to **indirect management, i.e. in funds of funds**, investments can only be made if the funds or management companies have a responsible investment approach aligned with CDC Croissance's ESG policies.

If significant discrepancies are identified, CDC Croissance may decide to invest or not to invest and/or carry out engagement initiatives to ensure that progress is made by the management company:

- If the engagement initiatives with the management company produce positive results or if the action taken is deemed satisfactory by CDC Croissance's teams, the fund will become eligible for investment or may continue to be held in the portfolio.
- Failing that, if the investment has already been made, it may be gradually reduced over a period to be defined, allowing the management company to take any necessary corrective measures.

III. Levers and Terms of Engagement:

We use different levers to carry out our engagement actions. They are mainly implemented through dialogue, engagement and the exercise of our voting rights. These levers can be broken down as follows:

- **Dialogue and engagement:** We favour constructive and regular discussions with companies' management teams.
    - We distinguish dialogue from engagement:
        - Dialogue is a discussion on one or more ESG topics. For CDC Croissance, it offers a better understanding of the company, while for the company, it provides it with insight into the overall expectations of responsible investors. Dialogue is often a precondition of engagement.
        - Engagement can help to address specific ESG topics and progress can be expected to be made over time. Specific discussions and follow-up actions are then put in place.

[3] transformational, focused on changing the economic model or growth trajectory – ecological transition.

These discussions may be:

- **Individual:** Specific bilateral discussions on ESG topics.
- **Collaborative:** Participate in collective engagement initiatives with other investors on ESG issues with a view to exerting more meaningful influence[4].

and

- **Linked to a controversy**: They aim to enrich the way in which non-financial analysts and managers think about the identified controversy, so that the company can take the necessary remedial action.
- **Linked to the Annual General Meeting (AGM):** Discussions before or after Annual General Meetings to discuss resolutions and encourage changes in governance practices.
- **Linked to the priorities set by the Engagement Committee:** The engagement committee meets twice a year to set objectives.

CDC Croissance distinguishes between two types of engagement.

- **Support-related engagement**: This type of engagement provides support to companies on specific topics such as regulation (for example, CSRD[5]), ESG policies, transparency in relation to ESG information, etc., as well as the response provided by the company.
- **Targeted engagement**: Engagement may seek to address specific topics that are not sufficiently addressed by the company. This type of engagement includes a meeting with pre-defined objectives, and monitoring over time to assess the progress made by the company. These objectives may change over time depending on the how the company develops, its ecosystem, etc.

- **Voting at Annual General Meetings:** Exercising our voting rights at AGMs is an integral part of our engagement strategy. We apply an **internal voting policy** that incorporates principles of good governance as well as social and environmental considerations. We communicate transparently with issuers on the reasons underlying our votes.

  CDC Croissance has chosen to exercise all of its voting rights using internal resources. The analyses carried out by CDC Croissance are based on personalised recommendations provided by governance consulting firms.

- **Market and Advocacy initiatives:** We actively participate in industry working groups and initiatives with a view to promoting ESG best practices and influencing public policy. We respond to consultations carried out prior to the publication of new regulations. We are mobilising our ecosystem, at the French and European levels, to promote the integration of ESG issues by listed small and mid-caps, in particular through our active participation in the ESG working groups led by Eurofi, and discussions with European long-term public investors.

[4] We regularly participate in national and international coalitions and initiatives (FIR SMID Clubs and Finance for Biodiversity).
[5] Corporate Sustainability Reporting Directive

We also work with non-financial research providers to help them to improve their models and the quality of their data.

Engagement can take various forms, with different implications. CDC Croissance assesses the most appropriate method in order to achieve its objectives. It may act as a:

- **Signatory**: It may join a collaborative initiative to support its objectives without being involved in that initiative.
- **Supporter**: It may join a collaborative initiative to support its goal, leaving coordination to the coalition’s leaders. Where it acts as a supporter, it may sometimes join meetings with the companies with which engagement activities are carried out.
- **Leader/Co-leader**: It may join a coalition to play a more active role, coordinating a group of investors and suggesting expectations.
- **Founder**: It may also, where appropriate to the given engagement situation, create coalitions or working groups.

IV. Engagement Priorities:

Our engagement efforts are prioritised based on a number of criteria:

- **Shareholding:** The companies in which we hold a significant shareholding have priority, as are those that represent a significant proportion of CDC Croissance's managed assets.
- **Companies with significant ESG challenges:** Companies with significant ESG challenges or operating in sectors considered to have material adverse impacts on their stakeholders.
- **Exposure to controversies:** We pay particular attention to companies exposed to ESG controversies.
- **Negative votes at AGMs:** We focus on companies at whose AGMs we have the highest rejection rate for resolutions.
- **Topics/companies proposed by the Engagement Committee:** It defines the ESG engagement plan (topics and targeted companies).

V. Engagement topics:

Our priority engagement actions include governance, social, climate and, in particular, biodiversity since signing up to the Finance for Biodiversity Pledge in 2023. We also monitor Principal Adverse Impacts (PAIs).

- **Commitments relating to corporate governance**

Corporate governance actions seek to manage and control the company in an optimal manner, while protecting the interests of stakeholders, including shareholders, with a view to achieving a balance of power. Our expectations concerning the governance of our investee companies are detailed in our voting policy and focus on the following topics:

  - Capital transactions.
  - Structure of the board of directors or supervisory board.
  - Compensation of executives and non-executive directors.
  - Shareholders' rights.
  - Employee involvement in corporate governance and employee shareholding.
  - Consideration of environmental and social issues in corporate governance.

- **Social commitments**

For CDC Croissance, the company should seek to create a fair, inclusive and fulfilling working environment, while respecting the rights and needs of employees, with a view to collective well-being and sustainable performance. Our expectations concerning the social practices of our investee companies are detailed in our ESG policy and focus on the following topics:

  - Own workforce.
  - Value chain workers.
  - Affected communities.
  - Consumers and end users.

- **Commitments relating to the climate**

CDC Croissance seeks to make its investments compatible with a low-carbon economy. To that end, we have defined a decarbonisation trajectory for our portfolios with a first milestone set for 2030. In line with the Caisse des Dépôts, we have set ourselves a target of reducing our CO_2 emissions by 55% between 2020 and 2030[6]. Shareholder engagement with companies is a crucial part of achieving this goal, as we want to influence their environmental planning practices with the aim of helping to transform the real economy. CDC Croissance therefore encourages companies to:

  - Formally document robust transition plans to align their business activities with a scenario limiting global warming to 1.5°C (Mitigation).
  - Assess, reduce and report their exposure to physical and transition climate risks, including applying the TCFD reporting framework. We have set specific expectations for fossil fuels in our exclusion policy (Adaptation).

[6] Scopes 1 and 2.

- **Biodiversity commitments**

CDC Croissance is committed to protecting biodiversity by implementing a dedicated policy and a roadmap published in 2025. This is based on an active commitment to encourage investee companies in high-risk sectors to control their impacts on biodiversity and their dependence on natural capital. Our biodiversity expectations are described in detail in our biodiversity policy and cover the following topics:

  - Deforestation.
  - Pesticides.
  - Fossil fuels.
  - Water.

VII. Engagement and Escalation Process:

Our engagement process is structured and includes the following stages:

1. **Identification and selection of ESG topics and companies**.
2. **Engagement**. Clear and measurable expectations are set.
3. **Monitoring of engagements**. We regularly monitor the progress made by companies over time against the objectives or expectations we have set. An internal tool is used in this monitoring activity.
4. **Escalation process**. Where engagement action does not deliver the expected improvements, we may implement an escalation strategy. Our escalation levers fall into three categories:
   - **Increased engagement:** Sending letters, requesting meetings, changing contact person in favour of a person higher in the hierarchy.
   - **Voting at Annual General Meetings:** Rejections of resolutions on the topics discussed, up to and including a vote AGAINST the reappointment of a corporate officer.
   - **Management:** Monitoring, modification of the ESG rating resulting in a change in the valuation[7], a reduced position or, as a last resort, a partial or total disposal of the stake.

[7] ESG risk is integrated, via the ESG maturity score, into the calculation of a rated beta used in the internal DCF (Discounted Cash-Flow) model and in other valuation models (standardised PE, multiples, etc.). It has a weighting of 30% in the calculation of the beta score, which includes 7 criteria and is one of the largest weightings in the calculation of this scored beta.

VIII. Dedicated Resources and Governance:

The fund managers work very closely with two non-financial analysts focused on SRI analysis and corporate engagement, an ESG data analyst, a voting specialist and the Head of SRI.

The governance structure of CDC Croissance's dialogue and engagement policy is based on the same model used in its other non-financial policies. Its holistic approach allows the associated issues to be monitored and to ensure proper operational deployment within the management company.

The **Board of Directors** validates all policies relating to CDC Croissance's responsible investment strategy, their key focuses and their deployment. This body reviews ESG engagement issues at least once a year. One of the members of the Board of Directors is an independent director appointed as an ESG officer.

The **Executive Committee** plays a very active role in the deployment of CDC Croissance's SRI policies and deals with the SRI and ESG issues that are referred to it or that it chooses to look into (engagement, strategy, regulatory changes, reporting, new investment themes, ESG news, etc.) on a weekly basis. It has six members, including the Chief Executive Officer, the Head of Compliance and Internal Control, the Head of Asset Management, the Head of Responsible Investment, the Head of Middle Office and Risks and the Company Secretary.

During the life of investments, serious controversies are reviewed by the **Controversies Committee. It determines the severity of the controversies and the escalation processes to be implemented.** Its members are the Chief Executive Officer, the Head of Compliance and Internal Control, the Head of Asset Management, the Head of Responsible Investment, the Head of Middle Office and Risks, as well as the relevant asset managers and non-financial analysts. It meets at least twice a year.

The **Engagement Committee** meets twice a year, defines the ESG engagement plan (topics and targeted companies) and presents the results of the implementation of the plan. Its members are the Chief Executive Officer, the asset management team, the non-financial analysts and the Head of Responsible Investment.

To support it, CDC Croissance has engaged external experts and has established an **Expert Committee** dedicated to SRI and ESG issues, including dialogue, engagement and voting. It meets at least once every six months.

IX. Reporting:

We are committed to being transparent about our dialogue, engagement and voting activity. Each year, we publish an **"Annual Report on the Dialogue, Engagement and Voting Policy"** which contains an overview of our dialogue and engagement actions, as well as how we exercised our voting rights.

X. Managing conflicts of Interest:

We have a **"Conflicts of Interest Management Policy"** in place to prevent, identify and manage any potential conflicts of interest associated with our engagement activity.

XI. Review and Amendment of the Policy:

This policy is reviewed and updated periodically to reflect regulatory developments, best practices and our own experiences in the area of responsible engagement. Second- and third-level controls are carried out to ensure that this procedure and the rules on shareholder engagement are complied with.