

# Good governance principles

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These are the good governance principles of Innovation Industries. These principles are applicable to all investments that Innovation Industries manages on behalf of its investors.

In our relationship with investee companies, good governance is:

- a means to create and sustain value, amongst others by managing sustainability risks;
- a prerequisite for attaining sustainable investment objectives; and,
- a control mechanism for 'governance' issues that impact sustainability factors (e.g. compliance and bribery & corruption).

Governance is one of the topics central to due diligence and engagement. Material to our investment portfolio are for instance the composition and functioning of both management and supervisory boards, as are compensation and incentive structures for employees.

Our expectations of companies are largely case-specific; there is no one-size-fits-all approach. Nevertheless, we have formulated a basic set of requirements for the governance structure of companies that we consistently apply:

- I. The supervisory board should support the management board.
- II. The supervisory board should be able to operate effectively, which is assured by:
  - i. Limited size of the board;
  - ii. Assessment of all members on a set of key competencies and added value.
- III. Management should be clearly instructed as to when supervisory board and/or general meeting of shareholders approval is required (consent rights).
- IV. The structure of the general meeting of shareholders should be such that clear and effective decision-making is facilitated.

For as long as Innovation Industries is a shareholder, we will both supervise and actively engage with investee companies to ensure good governance, with respect to the abovementioned issues and any other issues we deem material.

Innovation Industries supports the ICGN Global Governance Principles and the OECD Principles of Corporate Governance.