**ANNEX E**

**CORPORATE GOVERNANCE**

1. *Corporate Governance Matters*

We shall:

* + 1. use our best endeavours to have each of the Portfolio Companies adhere to the corporate governance code or similar provisions pursuant to the relevant laws of the country in which such Portfolio Companyis established;
		2. use our best endeavours to appoint and train a Corporate Governance Specialist (as defined further below) to develop and maintain a Corporate Governance Assessment Framework (as defined further below).
1. *Appointment of a Corporate Governance Specialist*

We shall use our best endeavours to appoint and train a corporate governance specialist, which means either (i) an employee of one or more of us having a specific corporate governance knowledge and expertise, or (ii) an investment staff member or environmental and/or social specialist of one or more of us responsible for the development and maintenance of the Corporate Governance Assessment Framework (as defined below) and capable of applying and operating the same (the “**Corporate Governance Specialist**”). The Corporate Governance Specialist shall apply and operate the Corporate Governance Assessment Framework for each (target) [Portfolio Company] and contractually agree with the [Portfolio Company] its contribution to and cooperation with the requirements as set out below.

1. *The Corporate Governance Assessment Framework*

3.1 *Phase 1 – Prior to due diligence*

Prior to due diligence the Corporate Governance Specialist will assess the target Portfolio Company's corporate governance status by scoring the following items on a low -, medium - or high-risk level:

* 1. target Portfolio Company's commitment to corporate governance;
	2. structure and functioning of the target Portfolio Company's [supervisory board]/[board of directors];
	3. target Portfolio Company's control environment and processes;
	4. target Portfolio Company's transparency and disclosure; and
	5. rights of minority shareholders of the target Portfolio Company,

or alternatively fill out the FMO ESG Toolkit for Private Equity (supported by the relevant manual), which can to be downloaded, free of charge, from FMO’s website at <https://www.fmo.nl/estoolkit>.

If the Corporate Governance Specialist considers the corporate governance status of the target Portfolio Company as a high risk, the Corporate Governance Specialist can decide to perform a further corporate governance due diligence on the target Portfolio Company.

*3.2 Phase 2 – During due diligence*

During due diligence of the target Portfolio Company the Corporate Governance Specialist will further discuss with the target Portfolio Companies' relevant members of the supervisory board or the board of directors, as the case may be, and employees, external auditor(s) or other relevant external advisors and any other target Portfolio Company personnel the Corporate Governance Specialist deems fit, the concerns raised due to a high-risk assessment. The Corporate Governance Specialist will suggest to and negotiate with the target Portfolio Company's relevant members of the supervisory board or the board of directors, as the case may be, and/or employees, remedial actions to be taken by the same in order to mitigate the high-risk assessment level. If deemed necessary by the Corporate Governance Specialist such remedial actions can be voluntarily or contractually agreed upon between the Fund and the target Portfolio Companyin a remedial action plan allowing for progress monitoring of the relevant remedial actions.

*3.2 Phase 3 - Final proposal*

The results of the corporate governance assessment prior and during due diligence and the remedial action plan, if already agreed upon, will be summarised in the final investment proposal for the investment in the target Portfolio Company, thus highlighting any corporate governance risks and opportunities in respect of such investment. If no remedial action plan has been agreed upon, such plan can be conditional to the intended investment or can be agreed upon after the investment has been made, if need be. The above summary of results can be used for evaluation, benchmarking and progress review purposes when monitoring the Portfolio Company.**]**

1. [*Reporting*

We shall report to the Investor annually, no later than the date required for delivery to Investors of the audited annual financial statements pursuant to the terms of the [LPA]/[SHA], an overview of all corporate governance assessments of, and interventions in, all (actual and target) Portfolio Companies during the relevant (financial) year in a format as set out below.

|  |
| --- |
| Corporate Governance Reporting (financial) year **[**\_\_**]**  |
| Name (target) Portfolio Companyassessed | Risk level at Phase 1 (high, medium or low) | Voluntary or obligatory remedial action plan | Brief description of remedial actions agreed upon and completion dates | Progress**]** |