FMO

Entrepreneurial Development Bank

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MINUTES

Of the **50th Annual General Meeting of Shareholders** of the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (“FMO”) held on **Thursday 23 April 2020** at the offices of FMO, Anna van Saksenlaan 71, The Hague at 11.00 hours.

1. OPENING

Prof. dr. ir. **P. Vellinga**, **Chairman** of the Supervisory Board, is chairing the meeting.

The **Chairman** opens the 50th Annual General Meeting of Shareholders of FMO. It is a very special year and it is also a meeting under special conditions. The meeting is being held in one of the places as specified in the articles of association. The meeting has been convened in accordance with all legal and statutory requirements. Due to the Corona circumstances, the documents have been sent out a little bit later than planned. However, the minimum required number of days has been taken into account.

Some attendees are participating from the FMO offices, as this is still legally required. Yesterday the law, to do it otherwise, passed in the Senate. But the decisions for this meeting had to be made earlier and FMO has chosen for this way of working. Everybody in the FMO building keeps the required 1.5-meter distance.

The shareholders are well represented. Twenty shareholders who are entitled to vote, attend the meeting. Jointly, they cast 372.504 votes, totalling up to 93.13% of the issued capital (400,000 shares), which is well above the quorum. The **Chairman** welcomes all shareholders and invites them to inform him by chat how this way of meeting works for them. He particularly welcomes the representatives of the Ministry of Finance, Mrs. B. Solleveld, Mr. M. Mudde and Mr. A. van Andel on behalf of the state as a holder of A shares, as well as Mrs. S. Jongma and Mr. M. Sarfo as representatives of the Department of Economic Development of the Ministry of Foreign Affairs. He welcomes in particular the external auditors, Mr. W. Smit and Mr. J. Groen from Ernst & Young Accountants LLP (EY). Mr. J. Kolsters of EY will probably join the meeting in a minute.

The **Chairman** explains the technicalities of this virtual meeting. The full session is in English, however, a translation in Dutch is provided by interpreters. The meeting set up allows SB and MB members to speak up during the meeting. The Webex system is available for the SB and the Ministry of Finance, and the Lumi system for all shareholders. Unfortunately, the shareholders and participants (except for the State) do not have the possibility to speak during the session. They were asked to send their questions prior to the meeting. Quite a few questions were sent in by Mr. Bakker, the Federation of Labour Unions (FNV) and the Ministry of Finance. During the meeting, the chat function can be used. All questions put forward by chat will be answered either during the meeting or later on, if necessary. At agenda item 3, Mr. Smit and Mr. Groen can be asked about the EY audit procedures and their statement on the financial states. Any questions for them, can also be addressed to the Chairman who will pass them on to the auditors. The voting is also provided via Lumi. When it comes to voting, the Chairman will explain how the system works. The session is recorded for internal use only.

The **Chairman** introduces the other Supervisory Board members, who joined online: Mr. J.V. Timmermans, Mrs. A.E.J.M. Schaapveld, Mr. D.J. van den Berg, and Mrs. T. Menssen. The candidate Supervisory Board members Mrs. R.P.F. van Haeringen, Mrs. M. Demmers and Mr. D.K. Agble also joined online. Later this meeting, the shareholders will vote on their appointments to the Supervisory Board.

In the meeting room, Mr. P.J. van Mierlo, Chief Executive Officer, Mrs. L.G. Broekhuizen, Chief Investment Officer and Mrs. F. Bouaré, Chief Risk & Finance Officer are present. So is Mrs. C.E.M. Oosterbaan, Corporate Secretary. She is appointed as Secretary of this meeting. In another room, Mrs. M. Cassé and Mrs. M. Schalken are interpreting the meeting for those who would like to follow the meeting in Dutch.

The **Chairman** draws attention to the audio recording and, for some attendees, the camera recording. These recordings are only used for the minutes. In accordance with the rule of good governance and the articles of association, the draft minutes of this meeting will be made available upon request, within two months after the end of the meeting. They will be placed on the company's website. Shareholders have three months to respond to the draft minutes. After that, they will be adopted by the Chairman and the secretary of this meeting. The minutes will be sent to shareholders on their request.

2. PRESENTATION OF THE MANAGEMENT BOARD REGARDING THE FINANCIAL YEAR 2019

The **Chairman** gives the floor to Mr. **Van Mierlo**, who welcomes all shareholders on behalf of the Management Board. This meeting takes place under exceptionally strange circumstances. Mr. **Van Mierlo** says he will give the shareholders some insights in how FMO is coping with the changes in the world and what the ideas for the future are. Mrs. **Bouaré** will talk about the highlights and financial performances in 2019. Mrs. **Broekhuizen** will go into the markets and the clients.

Looking at the world, uncertainty is the name of the game. Nobody knows what will happen to different countries. Mr. **Van Mierlo** shows the enormous differences between the countries FMO invests in. They are not all within the same time path of the virus spread. But even when they are in the same time frame, the virus seems to have different effects in different areas. It is hard to predict what is going to happen. Later in this meeting, Mr. **Van Mierlo** will explain what this means for how FMO works with its clients and stakeholders. In the second week of February, the story would have been completely different. There was a huge interest on the investment markets for impact investing. Private equity giants wanted to go into environmental, social and governance areas. They wanted to report about those sorts of topics. They wanted to show that it is possible to do the right thing and to make a return at the same time, as FMO has done often in the past. Hopefully, this feeling will come back after the crisis. This crisis also substantiates the need for impact investing. During the last seven weeks, the business was about liquidity, changing business models, adapting and being agile. A lot of clients have been making enormous efforts and haven been in close contact with FMO. It goes without saying that not all industries were impacted in the same manner. There are differences per country and per industry. FMO cannot take on overall approach but has a one-on-one approach. That is what FMO is struggling with.

It is the seventh week that FMO employees are working from home and management keeps close contact with the employees. The decision to start working from home was taken on a Thursday and that same week, the IT department had everybody up and running. Mr. **Van Mierlo** is proud on how employees have coped with the situation. The management is careful with those who have younger children and accepts that, due to the circumstances, their productivity is slightly lower. But all in all, it has been very impressive. Mr. **Van Mierlo** and Mrs. **Broekhuizen** also talked with clients through video calls. Probably this situation changes the way to do business forever.

Obviously, the governance had to be addressed. Decision making had to go faster and more agile. FMO created four task forces. Before Corona, there was a bi-weekly ExCo meeting and now there are two ExCo meetings per week to make the decisions regarding capital, liquidity, clients and partnerships a lot faster.

The interest of the media in the markets of FMO is huge. A lot of people wonder what will happen in the developing markets because of Corona. It is too early to come to conclusions, however, later in this meeting Mrs. **Broekhuizen** will talk about this topic. FMO was never as much in the media as it was in the last month. Probably this media attention will continue. It is a good thing that FMO brings the knowledge and the news to the Dutch market about what is happening in developing countries.

Mrs. **Bouaré** informs the shareholders about some of the highlights in terms of partnerships that have been achieved in 2019. Last year, a lot was achieved and FMO is still working towards the strategy. One of the key goals is to increase partnerships with DFIs. FMO worked for instance towards harmonization of impact with European DFIs and intensified the collaboration with them. The collaboration with Munich Re was also intensified. With the help of the European Commission, FMO was able to launch the FMO Venture Program. It was a great achievement to be able to issue USD 500 million five-year green bonds. FMO also worked towards the implementation of NASIRA and started a pilot. At this moment in time, when countries are struggling, FMO can add a lot by using this program.

Internally, FMO continued to work towards being more professional. One of the key areas on which FMO worked last year, was looking at FEC (Financial Economic Crime) and KYC (Know Your Customer) awareness. This was high on the agenda of FMO and all other banks. A lot of effort was put in making sure that FMO has a good governance in place to work towards improving the framework, the processes and systems, and to prepare the organization for remediation of the KYC files. FMO was able to be closer to its clients and opened representative offices in Nairobi and Singapore in addition to the representative office that already existed in South-Africa. The organisation also worked on projects to make sure that FMO can comply with regulation and can be more efficient. FMO wanted to make sure that a proper governance is in place to follow all projects.

It was the first year to report based on IFRS 9, which was done in a smooth way. FMO is proud to rank 14th in the transparency benchmark. That is quite an achievement because the organisation tries every year to improve the Annual Report. Hopefully, the shareholders can see that another effort has been made to improve the quality of the report. FMO also worked on having more internal dashboards in order to be able steer more on its portfolio and data. It was quite a good year for working internally to have the house in order, and to be able to work towards clients.

Mrs. **Bouaré** goes into the performances of 2019 and shows the development impact result. In 2019, EUR 2.9 billion was invested, which is far more than in 2018, and 646,000 new jobs have been created directly and indirectly. There were also good results in meeting the targets in terms of green and reduced inequality: at least 28% of the deals were labelled as green (especially towards the Energy sector). FMO also succeeded in reducing inequality within countries and between countries. More than EUR 900 million was invested, to achieve this target. FMO was able to have EUR 1.7 billion new contracting, which was almost 94% of the full year target. The public funds outperformed for the first time in a long period. Mobilizing commercial banks to invest with FMO in projects, is also an important target. Last year, FMO managed to mobilize more than EUR 900 million: 50% came from public funds and 50% from private funds.

The net profits decreased with EUR 13 million to EUR 120 million, compared to 2018. The waterfall shows how FMO performed and how the profit from 2018 was translated into 2019. The increase of the regular income is explained by the increase of the portfolio (5%). The interest increased and FMO received more dividends. Operating expenses were higher due to a larger working staff. The number of FTEs was increased internally as well as externally: additional staffing was needed to help with the implementation of all the projects. The IT staff was strengthened, as well as the systems and the processes that are linked to the projects which were implemented. Compared to 2018, the results on derivatives showed no significant differences. In 2019, FMO recorded more loan impairments in than in 2018 (when there was a release). The NPL percentage rose from 8.1% to 9.5%. That is explained mostly by the economic situation in some of the countries, and in particular in Argentina. It is also concentrated in a few big customers. The PE result can be split in two. There are the effects of the USD-EUR FX rates in the PE portfolio. In 2018, this was accounted for EUR 44 million and in 2019 EUR 25 million. The revaluation of the PE portfolio shows an improvement. In 2018, the revaluation was slightly negative, while in 2019 a positive revaluation was seen. This was in particular visible in the second half of the year. The taxes and overhead are the outcome of a lower income, higher expenses, and higher impairments.

In 2020, the lifestyle and way of working was affected by Corona. The clients and markets of FMO are also affected or will be affected. Mrs. **Bouaré** gives the floor to Mrs. **Broekhuizen** to explain what is happening in the market and how FMO wants to reply to customer needs.

Mrs. **Broekhuizen** compares the markets of today with the financial crisis of 2008. Now it started with a health crisis, which had major effects on the financial and economic side. In an overview, she shows how COVID-19 has affected different countries. The epicentre is still in Europe and in the United States. Different regions and different countries had different reactions. In Asia, the reactions were initially quite strong and compared to other countries, the effects are still limited. Latin America showed quite different reactions: some countries had very strong lockdowns. But others (like Mexico, Brazil, and Nicaragua) were denying the effect of the virus and did not lock down their country. In Africa, the reactions were also different. The most striking thing to see, is that in Africa the effect of the COVID-19 implications seems to be relatively limited. Initially there were quite strong lockdowns in some countries (Ruanda, South-Africa, Kenya). The question is whether the virus will gain strength in Africa or not. Because of the average age in Africa, the impact might be less. Hopefully that is a good sign. Secondly, there are some signals that also the climate could play a role. The virus might be less sensitive in Africa and part of Latin America; spreading the virus might be less because of the humidity and the temperatures. However, the impact could be huge.

A large part of the world prepared for the virus. From a health infrastructure perspective, there is quite some difference in how countries are prepared. Unfortunately, the preparedness in Africa is relatively low. That has to do with the health infrastructure. In many countries, the number of intensive care units is relatively low and the social and health care structure is not as developed as in Europe, Asia and in the United States. So, that is a concern.

What makes this crisis different from other crises that FMO has seen before on its markets, is that particularly Africa and the emerging markets have been hit quite hard by the financial and economic impact.
If the health impact gets larger, the crisis might be far larger than ever seen before. This goes hand in hand with other effects that were seen in the crisis. On the foreign exchange for instance, there already have been quite some capital outflows on some markets. In countries like Zambia, South-Africa, Argentina, Turkey there was a quite strong devaluation in a short period of time. For the moment, it has stabilized a bit. However, it still can continue. The same goes for the capital outflows. The capital outflows have been relatively large (up to almost EUR 100 billion) in a short period of time. They were largely equity related, and to a large extend debt related as well in emerging markets.

Mrs. **Broekhuizen** shows a slide, illustrating the big difference in size and intensity of capital outflows compared to the 2008 financial crisis. This raises quite some concerns for the FMO markets. It is also public debt. On a macroeconomic level, many governments have problems. That is also related to the effect of lower commodity prices and the low oil prices. Some countries are quite dependent on a few commodities; for instance, Ecuador, Nigeria and Zambia are quite impacted. Zambia and Ecuador already had to default on their public debt of the governments. Lower commodity prices impact quite a lot of exporting countries in Africa. The prices of sugar and of soy are impacting a lot of countries. What still could happen is quite intense, due to the combination of these effects.

The clients of FMO are active in different sectors. Impact so far, has been different. Twelve clients approached FMO to ask a restructuring or financial help. Some clients might get into liquidity problems or might need more capital. Until now, the requests have been limited, although the watch list (in particular for clients in the Energy sector) has increased. Different types of impact are seen. In the Financial sector, for instance, value chains have been impacted for micro and small sized enterprises (MSEs). When countries have total lockdowns, those companies have a hard time continuing their business and going out to sell their products on the markets and get supply. The banks sometimes suffer from liquidity that they need to provide to their clients. MSEs are extremely important for employment in the countries where FMO is active. There is a big concern that the situation could result into a lot of unemployment. That is why FMO wants to support the Financial Institution clients to provide them the liquidity they need to support their clients. In the Energy sector, there is an impact on particularly the off-grid sector that had problems in supply chains (often coming from Asia) to get their products such as small wind turbines or solar panels coming from Asia. Those projects got to a hold. Many construction projects have been stopped. In some countries, there is also a tendency that the electricity tariffs might be affected. That could also impact a lot of clients going forward. So far, the Agricultural sector has been relatively fine. FMO does not see many clients that have issues at the moment. In some countries they are exempt from the lockdown so that they can still continue to work. A client in Peru is still producing as one of the few sectors that still is allowed to continue to work. At the same time, they also have supply chain issues (logical issues), coming from imports or from somewhere along their value chain that also impact their production. FMO expects a big impact in the private equity portfolio, where valuations have already been hit a lot. That will also have a major impact, going forward. It is hard to predict to what extent, but it is going to be hard to do exits from the portfolio and the valuations will be impacted quite a lot. This will be seen alongside during this year.

Mrs. **Broekhuizen** explains how FMO deals with the requests that are received. First, FMO started to connect a lot with clients and cooperates a lot with partners. Taskforces were set up, externally as well, around COVID-19 with the partners of the European Development Finance Institutions, with multilateral development banks (like IFC, the African and the Asian Development Bank). There are many joint clients. So, it is very important to see how to react if clients come with a liquidity request, how to work together, what to do if they breach financial covenants (which is already happening), how to provide support (for instance, by providing a moratorium for interest and principle payments for a limited period like six months). FMO is working together with partners to see how that can be on for joint clients. At the same time, there is a big demand for non-financial support. Clients are brought into contact with each other to learn from each other. They appreciate the use of the FMO network and knowledge. Webinars are facilitated, experience on business continuity is shared, consultants are (virtually) available to support clients, and there are emergency grant facilities to help them to meet the most urgent needs. FMO does whatever it can and within the means that are available in terms of capital and in terms of liquidity (which is still acceptable, to support the needs of clients). During the course of this year, FMO will see how things develop. That will all depend on how long the COVID-19 issues will continue and when a vaccine will be found.

The **Chairman** says that the Supervisory Board was positively surprised about how quickly and smoothly FMO and the staff have adjusted to the new working conditions. FMO has done a survey among its home workers, with rather positive results. It works, which is good to hear. After several changes over the past few years, FMO now has a fully trained and experienced management team. It is supported by a few key staff members in the ExCo. Last year, quite a lot of work was initiated on “house in order activities” such as KYC due to regulatory processes, but also because of more stakeholder demands. The performance in 2019 was reasonably good. Quite new was the success in attracting private funds.

The **Chairman** would like to continue with the questions regarding the Annual Report. Financial questions will come in later. The **Chairman** would like to start with the questions submitted by the State, through the Ministry of Finance. There are actually three main questions and the **Chairman** goes through them one by one. The questions addressed to the Management Board, but in particular to Mrs. **Broekhuizen** are first, about the green impact (which changed a little bit year by year) and similarly about reducing inequality. The second question is what the Management Board thinks about the new private funds that FMO attracts, and if and in what way they could affect the core activities of FMO. Then there is a question about greenhouse gasses. Once FMO had the strategy to double impact and to halve the greenhouse gasses, which is now changed into a pure greenhouse gasses strategy. It would be good to explain that.

Mrs. **Broekhuizen** explains how FMO looks at its impact. That is measured as a percentage of new commitments. How many green investments are done? How much is focused on reducing inequalities? Is FMO satisfied with the numbers? Well, reasonably. At the same time, it does make more sense to look at the total portfolio, because, looking at the percentages of new commitments, the fluctuations are quite large. That KPI is introduced for this year. FMO wants to see how much the portfolio grows in terms of green and reducing inequalities, and in terms of size. The green portfolio at the end of this quarter, compared to the same moment in time a year ago, has grown with 8.8% to EUR 4.1 billion. The reducing inequalities portfolio has grown with 6.8% to EUR 3.9 billion, while the FMO total portfolio has grown with 4.4% to EUR 9 billion. It is good to see that the percentage of green and reducing inequalities, as a percentage of the portfolio, has been growing faster. The portfolio of public funds, which is managed on behalf of the Dutch government and the European Commission amongst others, has grown even faster (with 17%). And the mobilized portfolio for commercial investors, largely NDFIs, has 5% growth. Looking at it from that perspective, Mrs. **Broekhuizen** is quite pleased to see that the growth in the higher impact part (labelled for green and reducing inequalities) has been faster. At the same time, the portfolio overall has also been growing, showing the impact that FMO makes for its own balance sheet and also for third party funds. If there are still additional questions on this topic, shareholders can send a chat.

In addressing the question about the Government Funds and the new Private Funds, Mrs. **Broekhuizen** explains that the three portfolios (own balance sheet, public funds and private funds) are managed more explicitly. When setting the targets, FMO first looks how it wants to grow the FMO business going forward. It is also related to the question whether the mobilization with private investors goes at the expense of the FMO balance sheet. The answer is no. The commercial investors follow FMO in its investments. First is determined what FMO wants to do in the short and in the longer term. Then it is seen how to maximize attracting commercial investors to work with FMO. It has a very high impact to open up capital markets for Dutch pension funds and European pension funds to co-invest with FMO in the markets where it is active. There is still interest from those commercial investors. Even in the first quarter, a German pension fund joined FMO in the NN Emerging Loan Fund that is already up and running. The overall size of this fund is now going up to EUR 400 million, co-investing with FMO. The State asked whether, in terms of a business case, this is as profitable as what is done with FMO. Mrs. **Broekhuizen** answers that it is not. FMO has a fee-based approach for working with these commercial investors. That overall return is lower, compared to what FMO could invest by itself. However, FMO does maximize what it could invest by itself, based on capital constraints and what it can handle. In addition to that, commercial investors are mobilized and for that, FMO gets a fee as well. That combination helps to maximize the impact of what FMO can achieve. Mr. **Van Mierlo** will go into the doubling-halving targets.

The **Chairman** was, as a Supervisory Board member always on top of the climate issue. He was happy when, some six years ago, it came to doubling impact and halving greenhouse gas emissions. About two years ago, FMO asked Ecofys, a consultancy firm in the Netherlands, to develop a greenhouse strategy for FMO, meeting the Paris targets. Ecofys looked at what these Paris targets mean for Europe and for the developing countries. They set out a line, which automatically meant that coal and oil investments should not be made. Maybe only investments in natural gas would be possible, but that had to be done carefully. FMO followed the path which was suggested by Ecofys and is now on a track to fully meet the Paris targets, which means virtually zero greenhouse gas emissions by 2050. It implies that developing countries will have a little more time to meet that target than developed countries. However, FMO has been very strong on the renewable energy track. That also helps to stay away from the oil crisis that is now active in many of the major countries in the world, however, FMO will be affected to a lesser extent. FMO can be pleased that it changed this doubling impact into a real greenhouse gas Paris strategy. Mrs. **Broekhuizen** confirms that this is a fair summary.

The **Chairman** also had a reflection on changing the doubling-halving goal. Mr. **Van Mierlo** adds that, what the **Chairman** just referred to, is spot-on. It is extremely important. He would like to mention three other things. Percentages in itself are difficult KPIs. The total amount in euros also needs to play a role. That has been changed as well. And it is not only on the background. FMO has started to create a movement amongst the DFIs in the world (not only within the EDFI, but also in the IFC) to harmonize the KPIs in terms of how to define them and how to report on them. This harmonization process also has an impact on how to report on impact. In the next couple of years, the shareholders will also see some changes in there. The view of FMO in that regard, is that the impact results of the different DFIs should be comparable. Also important is that these results can be added to show the total impact of the DFI industry. That is politically quite important. Harmonizing on that aspect will also play a role and has played a role in the last couple of years. FMO does not invest in gas, unless it is in a fragile state, needed for the baseload and also with the view that it will turn to total renewable in the short term. But that is limited and there should be a plan in place how to get to total renewable in the future. Almost all projects are renewables: wind, geothermal, solar, et cetera.

The **Chairman** moves on to the next set of questions from the State. These are particularly relevant for Mrs. **Bouaré** to answer. The first question is how to plan the capital ratio under the Corona conditions. The second is about the NPL ratio which has slightly increased. The question is what it says about project selection and investment decisions.

Mrs. **Bouaré** starts with a reflection on the decrease of the CET1 ratio from 26% to 21.8%, because it shows the implementation of EBA guidance on high risk exposure. It is just an implementation of the regulation. For COVID-19, there is still some uncertainty. But it is clear that there will be an implication on the valuation of the PE portfolio. There may be an impact in terms of impairments. Based on the requests of clients, FMO knows that there is a need for liquidity support. All those aspects will have an effect on the results and the capital. However, FMO always managed to be well above the SREP minimum ratio and had even additional buffers. The management always has the ratio in mind. The ratio might decrease, however, FMO monitors continuously and makes sure to remain above the requirements, with some buffer.

The second question was related to the NPLs. The NPL ratio rose during 2019. As explained in the presentation, it is concentrated in certain countries, sectors and a few large exposures. FMO looked at all specific cases and focuses on portfolio monitoring. When the approval is granted for an investment, the monitoring must be strengthened and should be focused specifically on the key risk factors. FMO also has special sessions, implemented by the Special Operation team, to determine per case what happened and what went wrong and to be sure that the lessons learned by the Front Office, are taken into consideration. A third route is to look at how FMO can accelerate the recovery. There are guarantees for some exposure.

In the past FMO did not call on guarantees in an early stage, but now FMO does. The implications are already seen. The NPL ratio at the beginning of the year slightly decreased, because of calling on guarantees. That has to be mitigated by what will happen this year with COVID-19.

The **Chairman** hopes that this answers the questions of the State. The final set of questions is for the CEO. First, there is a compliment on the Annual Report. It is quite different and mentions the dilemma's quite explicitly. In some parts, it reads almost like a detective. The CEO is invited to comment on this. Last year, FMO was more often in the news and not always as positive as it hoped to be. The *Trouw* newspaper reported on some projects that could have been done better. Maybe the CEO can give some explanation and put this in perspective. The final question is about professionalizing the organization. Over the last two or three years, the organisation has grown quite rapidly. At the same time, regulatory and stakeholder demands have increased. The question is how far FMO is in professionalizing the organisation with respect to KYC etc.

Mr. **Van Mierlo** answers that these topics are on the MB and ExCo agenda on a weekly basis. The *Trouw* article was a relatively good article, although it was quite negative about seven projects. FMO entered into those seven projects in the last ten years. The oldest one was before 2010. To put this into perspective, Mr. **Van Mierlo** explains that, in that timeframe, FMO did about 1,500 projects. It is not true that, besides these seven projects, about ten other projects are problematic to the same extent. Nonetheless, it is a good article that makes the dilemmas for FMO transparent. That is one of the reasons why FMO has put the dilemmas in a transparent way in the Annual Report. It is very important to be transparent and to explain to NGOs and stakeholders which challenges FMO faces. The main project mentioned in the article was the Feronia project in Congo, which is about palm oil. The real root cause of this project is that these are the palm oil areas of Unilever. They started in 1911 and FMO entered in 2015 to prevent, in that stage, bankruptcy of these palm oil activities. In those years, Unilever took care of the people living in the palm tree area. It was not a big issue, because in those days there were ten thousand, twenty thousand, thirty thousand people living in that area. It is completely remote. It normally would take two or three days to get there. There is no police and there is no government. There is nothing but the palm oil activities. Today, there are 100,000 people living there. With the volatility of the palm oil price, it is a very difficult project. FMO is aware of what the company needs to change. FMO is in there with debt, which does not provide (ownership-)control. Nevertheless, FMO has meetings with the Management Board of the activities of Feronia and even had a dinner with them in January or February to talk about the challenges. That has been made explicit by *Trouw*. The lesson to be learned from this, is to be even more transparent. The Annual Report is a good start for this. Mr. **Van Mierlo** thanks the **Chairman** for his compliments. On page 103 and 104 of the Annual Report all ESG issues are listed. It gives a better feeling of the dilemmas FMO is coping with.

Mr. **Bakker** had questions regarding the article and as well as KYC and the number of staff. Mr. **Van Mierlo** confirms that FMO has invested in KYC and compliance. This was very necessary. It became evident from a report of DNB in 2018, but it is also something that FMO is aware of. The ambition level is to have an IT system which can handle the workflow. Hopefully in the course of next year, FMO will have remediated all the KYC files. A plan was made and discussed with DNB. The plan is in consensus with DNB. There are weekly meetings (in which Mrs. **Broekhuizen** and Mrs. **Bouaré** are always present) to make decisions in connection with the plan. Mr. **Van Mierlo** is invited for at least 50% of these meetings. Obviously, given the markets FMO

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is working in, this needs to be addressed. FMO is now in the improvement process. It costs money, as employees are hired exclusively for this, but the Management Board sincerely believes that it is important. A lot of banks try to achieve the right quality levels, like FMO tries to do.

The **Chairman** did receive an offer or proposal from the **The Netherlands Trade Union Confederation (FNV)**. **FNV** refers to a report that FMO published together with EDFI (European Development Finance Institutions) on the topic of decent work in development financing and would like to know what this means in practice. **FNV** has offered help to work with FMO on improving working conditions in the investments. It is up to Mrs. **Broekhuizen** to address this proposal.

Mrs. **Broekhuizen** appreciates the reaction from FNV on the report. FMO has spent quite some time with EDFI to see how to cooperate and to align on the topic of decent work. The FMO Sustainability Policy upholds the ILO Declaration on Fundamental Principles and Rights at Work, including freedom of association and effective recognition of the right of collective bargaining. That does not mean that each and every client of FMO upholds the same standards. A gap analysis is made. It also depends on the country, how the legislation takes these ILO rights into account. Once a gap analysis is made, FMO agrees with the clients to work on an improvement plan and on how to make that effective in practice. Sometimes a consultant is hired to work on that. FMO also tracks the implementation of the action plan. **FNV** asked how that works in practice and wanted to know whether FMO is auditing this and holds clients accountable. Mrs. **Broekhuizen** confirms that this is done. In the approval process, once a due diligence is done, the client must sign off on the action plan to get to these international standards. FMO tracks that over time through a specific ESG tracker. If the client does not comply with the content or the deadlines which were agreed, FMO first engages with them in a dialogue to look at the reasons. In most cases, there is a good explanation. In that case FMO sees how it can help. The (prospect) clients which are not at all willing to work on the implementation, will not become a client of FMO in the first place. But if for whatever reason (in the end) a client still would not be willing to cooperate if something goes wrong or needs to be improved, FMO ultimately has the option to exit the relationship with the client. FMO will not work anymore with such a client and does not renew the facility. That is tracked closely. FMO also works with the EDFI to harmonize the way to look at definitions and KPIs for monitoring implementation. It is very high on the agenda to make this work and to align it for many of the joint clients. FMO is pleased with the offer of FNV, because FNV has quite a lot of knowledge and a strong network in the markets on which FMO is active. FMO definitely looks forward to work with **FNV** and to see how cooperation can be intensified in practice in the markets. The FMO team will touch base with **FNV**. FMO has a good stakeholder team that works with a lot of NGOs and looks forward to staying in touch and to see how to work together and to find synergies on this very important topic.

The **Chairman** continues with the questions that are formulated by Mr. **Bakker** who has about thirteen questions on the Annual Report. The **Chairman** quickly summarises these questions. One of the questions is why FMO needs an ExCo. The second question is about the business model. Does the business model still work while the world is changing? There is also a question about the personnel dynamics. People are leaving and joining FMO. Mr. **Bakker** wonders whether this is manageable. He also asks about the many nationalities. Is that helpful? Another question is about the issue of absentee leave. He would like to get some background. There is a question why FMO is suddenly opening new offices. Mr. **Bakker** refers to the focus of DNB on integrity issues and would like to know how FMO is dealing with that. He is also asking about the progress on the Dutch Africa strategy, about gender equality, about FIM (FMO Investment Management), the increasing personnel costs and the cost to income ratio, and about green investments. The Management Board will address these questions.

Mr. **Van Mierlo** confirms, referring to the question about the ExCo, that FMO was and is in control. At the same time, FMO is decreasing the hierarchy, increasing the execution power, sharing more knowledge around topics that the organisation wants to discuss, and is decreasing the distance within the organisation. FMO has been informally working with the new ExCo since October and formally since January 1st. The new members of the decision-making body are very positive, as well as the MB. The three MB members believe that the ExCo strengthened the connectivity to the organisation and currently more dilemmas are being brought to the table. That is excellent. In having an ExCo, FMO is not unique in the FI industry.

Mr. **Van Mierlo** really believes in the business model that FMO has. FMO is fulfilling a need and does so in a professional manner. In the value creation model (published on page 28 of the Annual Report), this is described more in detail. The world needs FMO, the world needs Africa, the world needs the developing countries. Developing these countries, is extremely important for many reasons and financing plays an important role in there.

It is a fair comment that FMO has more staff. This has four root causes. First of all, the projects that have to be realized. That is, to a certain extent, a temporary situation (until the projects are finalized and implemented). But KYC and compliance are there to stay. FMO is remediating the files. When the remediation is done, the staffing can go down, however, at the same moment in time, the quality levels should be increased. There is also growth of the company, especially in terms of impact investments. Last but not least, projects like the new venture fund (which was built with the Dutch government and with Brussels) should be mentioned. FMO wants to be more active in fragile states (NASIRA). There are a couple of other projects, like DFCD (Dutch Fund for Climate and Development). These are new projects or new products which FMO puts onto the market, and in fact they are all start-ups. In the beginning, start-ups often do need more people that cost more than their revenue is. This explanation also answers the question about the cost to income ratio.

FMO is active in 70 to 80 countries and is proud of its 56 nationalities. People are hired on the basis of competencies and qualities, and not because they add to the nationalities. But because of the fact that FMO needs specific knowledge and specific competencies in all different markets, it is a plus. The new offices are related to the agriculture strategy of being closer to the market and to the people FMO works with.

DNB did not have any integrity issues. It raised compliance issues. Internally, FMO gave follow-up. Compliance plays an important role. In the last year, FMO strengthened Compliance as well.

Concerning the Dutch Africa strategy, Mr. **Van Mierlo** explains that the Netherlands (and Europe as well) should be more interested in Africa. If Europe wants to stay relevant in this world, it needs Africa to keep that relevance. The power is shifting from the Atlantic to the Pacific. It is obvious that China and the US play tremendous big roles. FMO believes in the position of Africa, with its democratic force, with its commodities,

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and with its space, as 60-70% of the arable of the world is in Africa. This has less focus because of the way the globe is drawn. Africa is a lot bigger and Greenland is a lot smaller than one would think.

FMO reports on gender equality, male and female, but not on people who do not feel attracted to either one of these definitions. From a theoretical point of view, Mr. **Van Mierlo** fully agrees. But from a practical point of view, FMO decided not to pursue that at this stage. This not the US. In the US, the requirements on these topics are a lot more advanced than in Europe. FMO will await further societal developments to adjust.

As Mrs. **Broekhuizen** already talked about FIM; most of those questions were answered. Concerning Invest International, Mr. **Van Mierlo** confirms that FMO is still (together with the Ministries of Finance and Foreign Affairs) in the process of building that institution. There is great collaboration. The idea is that the FMO business unit, NL Business will, together with RVO, merge into that organisation. It will be thirty people from FMO and somewhere between sixty and ninety from RVO. That has not been completely defined at this stage. The company might not be incorporated this year anymore.

The **Chairman** had a look at all questions put forward through the chat function. He will keep an eye on them. A lot of these chat questions were already addressed. Maybe the others can be addressed after the next agenda item.

3. PRESENTATION AND Q&A EXTERNAL AUDITOR

The **Chairman** explains that the Annual Accounts were prepared by the Management Board and were audited by Ernst & Young Accountants LLP. The extensive auditors report can be found at the back of the annual report, on the reporting site of the website. Mr. **Smit** and Mr. **Groen** of EY are present.

Mr. **Smit**, the external auditor for FMO in 2019, goes into the EY findings on the accounts. He will briefly discuss the scope and approach of the audit, as well as the materiality, the topics which were discussed with the Supervisory Board, fraud and non-compliance with laws and regulations, the directors report and the conclusion.

The scope of the audit was the consolidated and company financial statements. EY reviewed the directors report for a dual purpose: to make sure that there are no inconsistencies with the financial statements and that it follows all legal requirements. EY also reviewed the interim financial statements, performed assurance work on the sustainability information, and audited the prudential reporting to the Central Bank. Like last year, the business exercise was performed, based on the global sector knowledge from the global banking group within EY. A top-down risk analysis was prepared. That results in an audit plan, which was discussed with the Executive Board and subsequently with the Supervisory Board. In such an audit plan, EY describes where it wants to rely on the control environments of the bank and where it intends to perform substantive procedures. The team of specialists. Sector knowledge and independence are all confirmed to the Supervisory Board. They are experts in terms of valuation of financial instruments and equity investments, IT, fraud and corruption risks.

What has changed this year, are the reporting requirements. There are new reporting requirements in IFRS 16. There are also new FMO specific programs, like NASIRA and DFCD. Those are scope increases, compared to last year. The materiality has changed slightly. It is still calculated in the same way, based on international standards. EY applies 1% of equity, and equity was slightly higher than in the previous year. Consequently, the materiality level has increased to EUR 31 million. EY uses a reporting threshold of EUR 750,000. EY will report any difficulty, issue, or difference of opinion on any topic bigger than EUR 750,000 to the Supervisory Board. The materiality numbers are not applied for all accounts. For instance, regarding the remuneration of the Supervisory Board, no materiality is applied: any difference that is found, will be adjusted. The Executive Board wanted EY to be very precise and on their request, EY halved the testing thresholds. That was done, but EY still applies the same materiality.

Mr. **Smit** comments on the audit focus. The first key audit matter was the impairments of loans to the private sector. The ELC (Expected Loss Calculations) under IFRS 9 are more subjective and more model driven than the old-fashioned calculations. Therefore, EY used more specialists, challenged the documentation prepared by the bank, and looked closely at the disclosures in the financial statements. The second key audit matter, was a big one: the equity investments at fair value. It is a portfolio of EUR 1.8 billion. Valuing such a portfolio, is inherently difficult. But as these investments are mostly on level 3, no market prices are available. This is really complex and subjective. EY has tested internal controls from the bank around these valuations. Substantive testing was done. The models were assessed and the input for the models. EY's own specialists prepared a range for the valuation and determined that the valuation prepared by the bank, was within that range. The third topic was the IT system, with a focus on access controls, cyber risks, and change management procedures. The fourth one, were the green investments. There EY provided reasonable insurance that, for these investments, the percentage of the total volume is correct. EY does that by the methodology published by FMO on the website, but also with industry standards. In the extended auditors report, shareholders can read the approach per key item as well as the observations.

Mr. **Smit** gives an overview of the topics that were discussed with the Supervisory Board. EY confirmed its independence from the bank to the Supervisory Board. The overall scope, approach and audit plan were discussed. EY provided a management letter in which the observations on the control environment were listed. An audit report is prepared twice a year: both at half year and at year end. In this report, EY gives its opinion on the accounting estimates and the processes within the bank within the context of IFRS. EY is not in a position to make any judgement on whether the bank is aggressive or conservative. A standard topic are the difficulties encountered during the audit. Mr. **Smit** assures the shareholders that, in the past year, no difficulties were encountered. Audit differences above the threshold of EUR 750,000 are listed and reported to the Supervisory Board.

EY has to look at fraud and non-compliance with laws and regulations. This was reviewed by valuating the control environment of the bank, which is the total of preventive, detective, and reactive processes put in place by the organisation. EY evaluated the tone at the top and the overall governance and used experts to do so. A set of entries was reviewed by using the EY data analytic tools in order to identify support and approval of these entries, but also to flag any potential entries outside of the normal course of business. Finally, EY evaluated possible bias with management, when it comes to these processes. Overall, the outcome was discussed with the Supervisory Board. In terms of compliance with laws and regulation,

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EY identified, as prescribed by the EY standards, the rules that have a direct impact on the financial statements (e.g. IFRS, tax), but also the rules with an indirect impact on the financial statements (e.g. Wwft). The last ones are included in the audit when EY believes that they have a material impact. In doing so, EY looks at the systemic integrity risk analysis that is prepared by the bank and at the control environment. EY estimates, with its forensic experts, the risk of a material error of an external fraud. EY reads the minutes of the management meetings, reviews the letters and correspondence with the Supervisors (DNB), and meets the Supervisors at least once a year.

The Directors report contains the non-financial information. With the knowledge of the audit procedures, EY has reviewed the non-financial information in (for example) the Directors report to see whether there is consistency with the financial statements and compliance with the laws and regulations and corporate governance codes. Or the green investments, materiality matrix and other sustainability information, EY has a separate team of specialists that helps to provide limited and moderate assurance on the information that is included.

This has resulted into EY providing an unqualified opinion to the 2019 financial statements and sustainability information. EY provided an interim review report and will report on prudential reporting. EY also has several other assurance engagements on the smaller projects referred to earlier in this meeting. Finally, Mr. **Smit** spends a few words on COVID-19. It does not have a significant impact on the 2019 financial statements which were signed off in March. At that time, the world was different. EY considers COVID-19 a subsequent event. That results into a disclosure in the financial statements. For the 2020 audit, this will be significantly different.

The **Chairman** thanks Mr. **Smit** for his presentation. The **Chairman** continues with the questions of the shareholders for the auditor. The State asked whether the auditor could elaborate on the effect of COVID-19. That question has already been answered. It is a subsequent event, that has not been taken into account. Mr. **Smit** confirms that this is correct.

The **Chairman** proceeds with the questions from Mr. **Bakker,** who refers to the threshold of EUR 750,000. He would like to know whether EY reported all issues beyond EUR 750,000.
Mr. **Smit** confirms that these differences were reported to the Supervisory Board. Several differences were reported, however, the total was not material.

The **Chairman** asks, on behalf of Mr. **Bakker**, whether the audit of the control framework resulted in any recommendations towards FMO. Mr. **Smit** answers that there was a number of recommendations. They are listed in the management letter. EY does not read out the content of the management letter in an AGM. But the observations were reported to both the Executive Board and the Supervisory Board. They are familiar with the recommendations.

The **Chairman** goes to the next question of Mr. **Bakker**. He asks whether there are any findings which are not in the report but are worthwhile to mention, from an integrity point of view, in this meeting. Mr. **Smit** answers that, besides the ones he already has presented, that there are no such findings.

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Mr. **Bakker** also would like to know how Mr. **Smit** would rate FMO's administrative organisation in terms of risk management, if he gives a grade between one and ten. Mr. **Smit** explains that it is the job of EY to provide an auditor's report to the financial statements of FMO, and not to give a grade on the state of the AO/IC. EY had observations and saw room for improvement. This was reported to the Supervisory Board.

The **Chairman** proceeds with the question about the costs for auditing in 2017, compared to today. Mr. **Bakker** noticed that these costs have increased by 61%. Mr. **Smit** did not make the calculation, but he knows that the fees are higher. That has to do with the fact that, last year, the scope of the audit has increased significantly, which is also due to the additional projects that were introduced in 2019.

The Chairman thanks **Mr. Smit** for his presentation and his answers on the questions. There are no chat questions on this issue.

4. ADOPTION OF THE AUDITED ANNUAL ACCOUNTS 2019

The **Chairman** says that the Annual Accounts were discussed in detail in the Supervisory Board meeting of the 16th of March. All members of the Management Board and the Supervisory Board signed the Annual Accounts at home with the help of a courier. The Supervisory Board recommends that the shareholders adopt the Annual Accounts. The **Chairman** concludes there are no further questions and comments. If there still are any, they can be addressed in writing.

The **Chairman** proposes to go on to the approval phase. There is an open voting system to adopt the Annual Accounts. To cast their vote, the shareholders have to press the appropriate option on their screen. After they selected their voting direction, the colour will change to indicate that they have voted. If they do not press any of the options, their vote will not be counted. Because of buffering, the shareholders are about thirty seconds behind actual time at FMO in The Hague. This is taken into account when the shareholders are asked to cast their vote. The **Chairman** opens the voting on the adoption of the audited Annual Accounts 2019.

After the voting, the **Chairman** concludes that the results are that 100% of the votes is in favour of adoption of the Annual Accounts. The shareholders have adopted the audited Annual Accounts 2019.

5. DIVIDEND

a. <u>Reservation and Dividend Policy</u>

The **Chairman** says that this topic was discussed in several meetings. He proposes to the shareholders to accept the existing dividend policy as it is. He did not receive specific questions beforehand and there are no chat questions on this agenda item.

b. <u>Postponement Dividend 2019</u>

The **Chairman** is aware of the fact that the postponement of dividend is not a very fortunate message. On 27 March 2020, the European Central Bank (ECB) strongly recommended banks to either suspend the dividend payment until at least 1 October 2020, or to completely cancel the dividend payment for 2019. This recommendation is supported by DNB, given the significant shock that the Corona pandemic is inflicting on the economy and the role that is envisaged for banks to mitigate the effects as much as possible. The Supervisory Board and the Management Board have decided to postpone the decision on the payment of the 2019 dividend until at least 1 October 2020. After 1 October, an extraordinary shareholders meeting has to be organised on this topic. The shareholders will be kept informed. They have to decide in the end on the payment of dividend. The **Chairman** did not receive any questions on this topic. It is a given.

6. DISCHARGE MANAGEMENT BOARD

The **Chairman** proposes to grant discharge to the Management Board for its management in 2019.
The shareholders have no questions or comments on this agenda item.
The **Chairman** opens the voting on the discharging of the Management Board.

After the voting, the Chairman concludes on the results: 100% of the votes is in favour of discharging the Management Board. The shareholders have approved the discharge of each member of the Management Board in office during the financial year 2019 for the performance of his or her duties during 2019.

7. DISCHARGE SUPERVISORY BOARD

The **Chairman** proposes to grant discharge to Supervisory Board for its supervision in 2019.
The shareholders have no questions or comments on this agenda item.
The **Chairman** opens the voting on the discharging of the Supervisory Board.

After the voting, the Chairman concludes on the results: 100% of the votes is in favour of discharging the Supervisory Board. The shareholders have approved the discharge of each member of the Supervisory Board in office during the financial year 2019 for the performance of his or her duties during 2019.

8. SUPERVISORY BOARD APPOINTMENTS AND REAPPOINTMENTS

The **Chairman** moves on to the appointments and reappointments. The Supervisory Board worked for almost one year on the search for three new Supervisory Board members. Two Supervisory Board members must retire for regulatory reasons. One member accepted a position in the Dutch Senate, which could not be combined with the Supervisory Board membership. Two executive firms assisted in the search: Egon Zehnder and Van der Laan. They have been very helpful in identifying and selecting new members. The positions of Mrs. Schaapveld and the Chairman become available due to the retirement schedule. A vacancy came up because Mrs. Karimi left last year to become member of the Dutch Senate. The **Chairman** is convinced that the Supervisory Board has found three excellent candidates. In this meeting, they are proposed to the shareholders for appointment. The candidates have been approved by the Dutch Central Bank and received a positive advice of the Works Council.

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Two Supervisory Board members are willing to take on a second term. This concerns Mrs. Thessa **Menssen** and Mr. Dirk Jan **van den Berg**. The **Chairman** would like start with the voting on the reappointments. The resumes of all candidates were included in the documents for this meeting. None of the candidates for appointment or reappointment, are a shareholder of FMO. For about four years, it is no longer possible that members of the Supervisory Board are a shareholder of FMO. The Chairman gives the floor to Mrs. **Menssen**.

a. <u>Reappointment Ir. T. (Thessa) Menssen MBA</u>

Mrs. **Menssen** says she has an educational background in chemical engineering and business administration. As an executive, she has been active at Unilever, Port of Rotterdam and BAM and as a non-executive, for PostNL, Ecorys, Alliander and FMO. She has always been fascinated by the combination of people, planet and profit, as well as the right measures and objectives (also with FMO). This is always relevant. But now, in the difficult times around Corona, it is maybe even more relevant. At the beginning of her involvement, Mrs. **Menssen** was inspired by the objective of FMO. The core of the ambition is making a difference in the decision where to invest. FMO is investing in local prosperity. Recently, the new strategy of FMO emerged. The first pillar is high impact. If that is important for the organisation, it makes sense to organise the internal governance and supervision accordingly. The Supervisory Board has set up an Impact Committee and Mrs. **Menssen** has been able to contribute to that. The committee focuses on impact by monitoring the contribution of FMO's activities to the SDGs and at the same time compliance with the ESG standards and criteria. The committee supervises and supports the management and advises the Supervisory Board. The way in which impact is in the capillaries and in the heart of the organisation, is very intense. It is special to contribute to this by sparring, supporting and monitoring. Mrs. **Menssen** is glad to do so and would like to continue this. She is looking forward to the coming period.

The **Chairman** thanks Mrs. **Menssen** for the work she has done in the Impact Committee and in the Audit and Risk Committee. The Supervisory Board is pleased that she is available for reappointment. He opens the voting on the reappointment of Mrs. Menssen.

After the voting, the **Chairman** gives the results: 100% of the votes is in favour of the reappointment. The shareholders reappointed Mrs. Menssen as a Supervisory Board member of FMO for a second term of four years.

The **Chairman** thanks all shareholders for their trust put in Mrs. **Menssen** and congratulates her. He gives to floor to Mr. **Van den Berg**.

b. <u>Reappointment drs. D.J. (Dirk Jan) van den Berg</u>

Mr. **Van den Berg** is very motivated to continue his work in the Supervisory Board of FMO. In the past four years, they worked on the new strategic orientation of the organisation, which is very important to continue. The strategy is about a geographic focus, being applied to Africa as well as to fragile states. It is about bringing down the number of sectors FMO is working on, which is a very good choice. It is an approach

towards partnerships to leverage the activities of FMO to a much larger scale, which is very important as well. And it is about focussing the internal organisation and redirecting professional energy towards issues like compliance and efficiency. This is a full set of objectives that FMO will try to achieve. They have not been achieved yet, but FMO is going to work on these objectives in the coming four years. If the COVID pandemic will teach FMO lessons, one of them will be how important national cooperation and working through multilateral channels are. Therefore Mr. **Van den Berg** believes that in the upcoming formation of a new government in the Netherlands in the beginning of next year, an international approach and international policies will become an important part of the coalition formation talks. He believes that FMO will profile itself as a very important instrument that gets the job done when it comes to setting the international objectives right. FMO is positioned to enter into a very intense, new and interesting era. Mr. **Van den Berg** would be very pleased to contribute to that. Concerning his background, he refers to his extensive experience in the Dutch public sector as the former Secretary General of the Ministry of Foreign Affairs. He has spent quite a lot of his time in the Dutch diplomatic service, being a permanent representative of the United Nations. He also has a background in the academic world, as well as in the corporate sector.
He would like to use all that experience for FMO. There were questions about the current employment of his time. Mr. **Van den Berg** has retired from his previous primary job, which was Chair of the Sanquin Blood Foundation. He moved on to become the Chair of the Association of Health Insurance Companies, which is not a full-time job. It is a job for two days a week. This will give him the possibility to devote a good amount of time to his work for FMO. Mr. **Van den Berg** comments on what he is particularly proud of having achieved in the past four years. He has worked very hard in the Selection, Appointment and Remuneration Committee. Six vacancies have been filled. That was a very dense process. The committee has been very successful in filling the vacancies in a productive and right manner. The members of the new Impact Committee are working hard on making this committee work, which is very important. And they served as a sounding board for the Management Board regarding the recent news reports on FMO, which were sometimes critical. They worked together on how to respond to that and functioned good there as well. All in all, Mr. **Van den Berg** is very motivated to continue his work for FMO. He will have sufficient time to do so.

The **Chairman** opens the voting on the reappointment of Mr. **Van den Berg**.

After the voting, the **Chairman** gives the results: 100% of the votes is in favour of the reappointment.
The shareholders reappointed Mr. **Van den Berg** as a Supervisory Board member for a second term of four years.

The **Chairman** announces that Mr. **Van den Berg** is seen as the interim Chairman after this meeting and congratulates him with his reappointment. The **Chairman** moves to the appointment of Mr. Dugald **Agble**. The shareholders have seen his resume. The floor is for Mr. **Agble**.

c. <u>Appointment Dr. D.K. (Dugald) Agble</u>

Mr. **Agble** introduces himself. He grew up in Ghana and moved to the United Kingdom for his education. He studied engineering at the Imperial College in London and has spent his entire career on principle investing. In the first seven years he worked in Europe (in private equity) and in the last fourteen years in Africa. He has experience on mature markets and on developing markets. Mr. **Agble** has visited 19 of the 54 counties

in Africa as well as quite a few countries in Latin America and Asia where FMO also operates. He is familiar with on the ground investing: the experiences, the challenges, and the risks. He would be glad to share his experience and insights from that journey so far. For a long time, he has been very interested in development and impact. Obviously, this is a core area for FMO. Many of the recent investments Mr. **Agble** has done, were in terms of development and impact contact. He knows FMO very well. It has a good reputation. It would be a real pleasure for him to be of some assistance to the group. Now is a very interesting time in terms of challenge, change and transition. He is very happy to offer his help. There were a couple of questions from Mr. **Bakker** about his resume. One was about a post in a database that was not on his cv. Mr. **Agble** explains that it relates to investment properties he has in a personal capacity in the United Kingdom. He is director in that private capacity and did not put that in his resume because it is a personal investment which is not related or listed. There was also a question on potential conflicts of interest. In a lot of areas, Mr. **Agble** sees opportunities to help FMO. It is a large organisation and what he is doing right now, is very small. He compares FMO with a big ocean trawler, while he has only a small boat in a river that is much smaller, but with shared objectives around development, impact and sustainability in Africa. That is his background.
Mr. **Agble** sees a lot of commonality and shares the view of Mr. **Van Mierlo** that Africa is and will become more relevant to Europe in the coming years. It is important for Europe to take the initiatives there. He would be glad to offer his insights and experiences in helping that happen.

The **Chairman** explains to the shareholders that the Supervisory Board has deliberately been looking for member with experience on the ground. Most members are from the Netherlands and have mainly Dutch references. Some of them do have some experience in investing in target countries, but that is not enough. As FMO is concentrating more on Africa, the Supervisory Board is pleased that Mr. **Agble** is prepared to join. He is one out of two hundred potential candidates who responded to an advertisement in the Economist. He is stationed in London, which makes it relatively easy to work together. He travels quite often to Africa. The **Chairman** starts the voting procedure for the appointment of Mr. **Agble**.

After the voting, the **Chairman** gives the results: 100% of the votes is in favour of the appointment.
The shareholders appointed Mr. **Agble** as a Supervisory Board member for a first term of four years.

The **Chairman** congratulates Mr. **Agble** with his appointment and gives the floor to Mrs. **Demmers**.

d. Appointment Ir. M. (Marjolein) Demmers MBA

Mrs. **Demmers** studied industrial design engineering and environmental science. Later on, she followed an MBA at INSEAD. She worked in management consultancy and in the Dutch energy sector (renewable energy). For quite a while, she worked for an international engineering firm; also, in developing countries in Asia, Africa and South America. Her last function in that company was running sustainability CSR management and as a group compliance officer she implemented a full compliant system for the 7,000 employees worldwide. Mrs. **Demmers** is looking forward to contributing to FMO. It is an organisation with a very important and relevant mission. Every day, it is getting more important. She hopes to contribute through her knowledge in climate change, the energy sector and renewable energy, as well as her knowledge in the food and water sector. Her current role in the Netherlands is being (for 2.5 years) Director and Chair of an environmental NGO. That NGO is working mainly, within the scope of the Netherlands and a part of Europe, on food, mobility, energy and natural resources. Mrs. **Demmers** can bring quite a bit of knowledge on impact assessment, like environmental and social impact assessment, transition management and change management, and sustainable development. One of the questions is whether she will have enough time. Currently, she is a member of the Strategic Advisory Board for Infrastructure and Environment of the Netherlands, but that role ends in July. She has then had this role, which takes about a day a week, for eight years. Mrs. **Demmers** does have some other functions. Although they are serious, they are very minor in terms of demanding time. She is confident that she will be fully available to play a role at FMO.

The **Chairman** adds that the Supervisory Board is very pleased that Mrs. Demmers is willing to join them. She will take many of the Chairman's issues on board when he is retiring; especially regarding climate, energy and environment. The **Chairman** starts the voting procedure for the appointment of Mrs. **Demmers**.

After the voting, the **Chairman** gives the results: 100% of the votes is in favour of the appointment.
The shareholders appointed Mrs. Demmers as a Supervisory Board member for a first term of four years.

The **Chairman** congratulates Mrs. **Demmers** with her appointment and gives the floor to the final candidate to be appointed, Mrs. **Van Haeringen**.

e. <u>Appointment Ir. R.P.F. (Reintje) van Haeringen</u>

Mrs. **Van Haeringen** is currently the CEO of Care Nederland, which is part of Care International. That is an international confederation working in 90 countries across the globe on a portfolio of development projects. Many of them are also target countries of FMO. She has an agricultural engineering background and spent most of her working life outside the Netherlands; mostly in Latin America and a bit in Africa. She spent the longest time in Ecuador, Nicaragua and Costa Rica. She worked there, over the past decades, for different development NGOs and will bring this experience to the Supervisory Board. They increasingly had to combine their main purpose of social impact with a need for financial viability for sound business models, rather than depending on government subsidies in the way it used to be. The work of Mrs. **Van Haeringen** has included projects with governments, community organisations and the private sector. Mostly, she was supporting companies and micro financing institutions in including communities in their value chains and business models. Based on that experience as well, she is delighted and honoured with the candidacy for the Supervisory Board of FMO. She would especially like to contribute to embedding and monitoring the bank's social impact because she really believes that it can be done in a way that is compatible with FMO's financial targets. That will, in the end, make the results more sustainable. She is looking forward to contributing to the Impact Committee and the Supervisory Board.

The **Chairman** thanks Mrs. **Van Haeringen** for willing to join them. It took quite some effort to find somebody with on the ground experience and an understanding of social impact, who wants to support FMO in that.
The **Chairman** starts the voting procedure for the appointment of Mrs. **Van Haeringen**.

After the voting, the **Chairman** gives the results: 100% of the votes is in favour of the appointment.

The shareholders appointed Mrs. **Van Haeringen** as a Supervisory Board member for a first term of four years.

The **Chairman** congratulates Mrs. **Van Haeringen** with her appointment. This brings the **Chairman** to the next item: his own retirement.

f. <u>Retirement of Prof. P. (Pier) Vellinga</u>

The **Chairman** will retire immediately after closing this AGM. He is in "spare time", because he has served twelve years, whereas according to the newest Corporate Governance Code it is in principle only for eight years. He is very happy that he could serve for twelve years. It is not a voting item. Some things just end. He turned 70 a week ago, and it is about time to make room for new people. The **Chairman** was asked to pass the floor now to the State.

Mrs. **Solleveld** would like to express her gratitude to the **Chairman** and to Mrs. **Schaapveld** who will retire as well. Both of them have been involved with FMO for a very long time. The **Chairman** has been a member of the Supervisory Board for twelve years and Mrs. **Schaapveld** for eight years. The State knows them both as very involved and with great commitment and dedication for the work of FMO and development impact. The State truly appreciates the time and effort they have spent to professionalize the organisation. FMO in 2020 is very different to FMO eight or twelve years ago. Mrs. **Solleveld** thanks Mrs. **Schaapveld** especially for her effort in the Audit and Risk Committee. She contributed to FMO with her economic and financial experience, her international banking management experience, and her eye for the commercial interests of the FMO clients. In the last three years, when Mr. **Vellinga** was the Chairman of the Supervisory Board, Mrs. **Solleveld** worked closely together with him. She would like to thank him in particular for his open communication in the intense appointment processes. That was not always easy, but they have always agreed. Unfortunately, it is not possible to say goodbye in normal circumstances. Usually there are exit interviews with departing MB and SB members. It is preferred to do these interviews face to face. So, they will have to wait until everything is back to normal. For this moment, Mrs. **Solleveld** thanks them both.

Mr. **Van den Berg** is pleased to say a few words on behalf of the Supervisory Board. Mr. **Vellinga** was in the Board for twelve years and that merits some words. His achievements in these twelve years, can be best illustrated by pointing at three different dimensions of the work in the Supervisory Board. The first one is in the area of concept and strategic. It has already been highlighted in this meeting how important the impact of the **Chairman** has been in that particular field. Mr. **Van den Berg** would even say that in fact, what basically FMO is doing now in the area of sustainability and of climate, has its fundamentals in the discussions that the Management Board has had with the **Chairman** in the Supervisory Board on these issues. He has been very decisive on these points and this has been extremely important work. Secondly, the **Chairman** also had a keen interest in the internal workings of an organisation. He was always very helpful in trying to assess on how to make that change within the organisation, to redirect the professional energy of the organisation towards what is very important now (compliance, efficiency). And he has functioned very well as a sounding board for the Management Board in making this transition happen. Thirdly the **Chairman** was an extremely congenial and pleasant to work with as a colleague in the Supervisory Board. His colleagues will miss him. People might be tempted to say that twelve years is enough. But that would not be quite fair in this case. The enthusiasm, openness and youthfulness of the **Chairman** always struck Mr. **Van den Berg**, as well as the youthfulness with which he approached problems. The twelve years is just and administrative thing. The **Chairman** will leave a huge gap to fill. Hopefully there will soon be an opportunity to say goodbye face to face. Mr. **Van den Berg** thanks the **Chairman** very much for his important work as a colleague and as a thinker and thought leader for FMO. He has had a very productive and fruitful period of twelve years at FMO.

Mr. **Van Mierlo** first welcomes the newly appointed Supervisory Board members. It is great to have them in the team and he is looking forward to collaborating with them. Then he says some words to Mrs. **Schaapveld** who has been contributing to FMO for eight years, which is impressive in itself. He thanks her for her personal connection, the telephone calls they had in the last couple of years about certain topics, Mr. **Van Mierlo** appreciates her honesty and her openness, as well as her directness on international banking, commercial clients, and how to contribute to FMO's markets. With the **Chairman**, Mr. **Van Mierlo** has worked very intensely. Listening to some music, he came across the song For Ever Young, which seems to be written for the **Chairman**. He is amazing in his sound boarding, thinking out of the box, and coming up with alternative ideas. That is what a Management Board is looking for in Supervisory Board members. In the last two years, Mr. **Van Mierlo** had a weekly contact with the **Chairman**. Those calls were always open, transparent and pleasant. They definitely added to the thinking and the decision-making of the Management Board. He thanks the **Chairman** very much for the last twelve years. Other recollections will follow at a dinner in the future.

The **Chairman** thanks all speakers for their beautiful words. Being at FMO has been a very rewarding experience. For a Professor in climate change, it was not an easy entry. But apparently, he survived, and he was particularly happy with the work to find two new MB members. He is will miss the Supervisory Board, the Management Board and the shareholders, but he has found a way to get around it: he will buy some shares as soon as the cooling period is over.

g. <u>Retirement drs. A.E.J.M. (Alexandra) Schaapveld MA</u>

The **Chairman** went along very well with Mrs. **Schaapveld**. As a soft academic, he always considered her as a solid, almost hard, banker. In the Supervisory Board they always found relatively easy an agreement; most particularly on new people in the Board. Apparently, they share some way of looking at the world. It has been a very fruitful partnership over the years. It will be a challenge for the new Supervisory Board to build such effective partnership. The **Chairman** thanks Mrs. **Schaapveld** for the nice and effective cooperation.

Mrs. **Schaapveld** joined FMO eight years ago, having studied development economics. She was having a career in banking and it seemed a very good Board to join. There were a lot of challenges in these past eight years; both externally and internally. Due to the changing nature of investing in the chosen markets. The geographic focus obviously has changed a lot. Internally, there were three CEOs in eight years' time. Mrs. **Schaapveld** is extremely happy with the team as it stands today. Highlights were the joining of Mrs. **Bouaré**, who has been a great addition to the team, the long-term experience of Mrs. **Broekhuizen** in the MB, and Mr. **Van Mierlo** joining the team. FMO has a crucial role to play in the additionality and in encouraging local entrepreneurships in the chosen markets. The strong and diverse team that FMO has, makes sure that the future is secured. Mrs. **Schaapveld** congratulates the new Supervisory Board members on joining this fun and meaningful international Board. She wishes the other Board members good luck with continuing the work and thanks Mr. **Vellinga** for his Chairmanship.

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9. ANY OTHER BUSINESS

The **Chairman** has read in the chat that Mr. **Stavenuiter** would like to thank everyone for the informative and extremely well-organized AGM. He passes his best wishes for the very dynamic time to come.
The **Chairman** thanks the Management Board and the team for organizing the technology.

10. CLOSING

The **Chairman** closes the meeting and thanks all attendees for their participation and hopes to join the meeting in the future as a shareholder.

w.g. P. Vellinga	w.g. C.E.M. Oosterbaan
Prof. dr. ir. **P. Vellinga**, Chairman	Mr. **Catharina E.M. Oosterbaan**, Secretary