



RI TRANSPARENCY REPORT

2013/14

Nederlandse Financierings-Maatschappij voor
Ontwikkelingslanden N.V. (FMO)

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
⌛	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

PRI disclaimer

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Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Public							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Public							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Description of RI considerations	✓	Public	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	🔒	n/a							✓
SAM 05	ESG incorporation strategies	🔒	n/a	✓	✓					
SAM 06	Selection processes (listed assets)	🔒	n/a	✓					✓	
SAM 07	Appointment considerations (listed assets)	🔒	n/a				✓			
SAM 08	Monitoring processes (listed assets)	🔒	n/a	✓						
SAM 09	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 10	Selection processes (non-listed assets)	✓	Public	✓					✓	
SAM 11	Appointment considerations (non-listed assets)	✓	Public				✓			
SAM 12	Monitoring processes (non-listed assets)	✓	Public	✓					✓	
SAM 13	Description of RI considerations in 'other' asset classes	🔒	n/a	✓					✓	
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Private	✓					✓	
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	✓	Private		✓					
SAM 16	Disclosure of RI considerations	✓	Public						✓	

Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Breakdown of investments by strategy	✓	Public							✓
PE 02	Typical level of ownership	✓	Public							✓
PE 03	Description of approach to RI	✓	Public	✓					✓	
PE 04	Investment guidelines and RI	✓	Public		✓					
PE 05	Fund placement documents and RI	🔒	n/a	✓			✓		✓	
PE 06	Formal commitments to RI	🔒	n/a				✓			
PE 07	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 08	ESG advice and research when selecting investments	✓	Public	✓						
PE 09	ESG issues in investment selection process	✓	Public	✓		✓				
PE 10	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PE 11	Encouraging improvements in investees	✓	Public	✓	✓					
PE 12	ESG issues impact in selection process	✓	Public	✓						
PE 13	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 14	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 15	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Public		✓					
PE 16	Type and frequency of reports received from portfolio companies	✓	Public		✓	✓				
PE 17	Disclosure of ESG issues in pre-exit	✓	Public		✓					
PE 18	ESG issues affected financial/ESG performance	✓	Public	✓	✓					
PE 19	Examples of ESG issues that affected your PE investments	✓	Public	✓		✓				
PE 20	Disclosure of ESG information to public and clients/beneficiaries	✓	Public						✓	
PE 21	Approach to disclosing ESG incidents	🔒	n/a						✓	

Direct - Infrastructure				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
INF 01	Breakdown of investments by equity and debt	✓	Public							✓
INF 02	Breakdown of assets by management	✓	Public							✓
INF 03	Largest infrastructure	✓	Public							✓
INF 04	Description of approach to RI	✓	Private	✓					✓	
INF 05	Responsible investment policy for infrastructure	✓	Public	✓					✓	
INF 06	Fund placement documents and RI	🔒	n/a	✓			✓		✓	
INF 07	Formal commitments to RI	🔒	n/a				✓			
INF 08	Incorporating ESG issues when selecting investments	✓	Public	✓						
INF 09	ESG advice and research when selecting investments	✓	Private	✓			✓			
INF 10	Examples of ESG issues in investment selection process	✓	Public	✓		✓				
INF 11	Types of ESG information considered in investment selection	✓	Public	✓		✓				
INF 12	ESG issues impact in selection process	✓	Public	✓						
INF 13	ESG issues in selection, appointment and monitoring of third-party operators	🔒	n/a				✓			
INF 14	ESG issues in post-investment activities	✓	Public		✓					
INF 15	Proportion of assets with ESG performance targets	✓	Public		✓					
INF 16	Proportion of portfolio companies with ESG/sustainability policy	✓	Public		✓					
INF 17	Type and frequency of reports received from investees	✓	Public		✓	✓				
INF 18	Proportion of maintenance projects where ESG issues were considered	✓	Public		✓					
INF 19	Proportion of stakeholders that were engaged with on ESG issues	✓	Private		✓					
INF 20	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
INF 21	Examples of ESG issues that affected your infrastructure investments	✓	Private	✓		✓				
INF 22	Disclosure of ESG information to public and clients/beneficiaries	✓	Public						✓	
INF 23	Approach to disclosing ESG incidents	🔒	n/a						✓	

Direct - Inclusive Finance				Principle							General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	7	
IFD 01	Mission and investment objective	✓	Private								✓
IFD 02	Governance, management structures and processes	-	n/a								✓
IFD 03	Social targets	✓	Private								✓
IFD 04	Percentage in equity, debt and guarantees	✓	Private								✓
IFD 05	Percentage in microfinance and/or SME finance	✓	Private								✓
IFD 06	Geographical spread of microfinance investments	✓	Private								✓
IFD 07	Tracking microfinance investees portfolio	✓	Public	✓							
IFD 08	Support financial services beyond credit, compulsory savings and/or compulsory insurance	✓	Public	✓							
IFD 09	Support the introduction of services tailored to the 'poor', 'very poor' and 'low income'	✓	Private	✓							
IFD 10	Technical assistance to investees	✓	Public	✓							
IFD 11	Public endorsement of the Client Protection Principles	✓	Public		✓						
IFD 12	Provide training and assistance for investees implementing the Client Protection Principles	✓	Private		✓						
IFD 13	Include the Client Protection Principles in investment policies	✓	Public		✓						
IFD 14	Investment in local currency	✓	Public			✓					
IFD 15	Average maturity of debt investments	✓	Public			✓					
IFD 16	Average holding period of equity investments	✓	Public			✓					
IFD 17	Terms and conditions	✓	Public			✓					
IFD 18	Tools for social performance reporting	✓	Public				✓				
IFD 19	Retail institutions have independent financial/social rating and/or social audit	✓	Public				✓				
IFD 20	Due diligence on and monitoring and reporting of corporate governance among investees	✓	Public				✓				
IFD 21	Training or assistance for investees on corporate governance	✓	Public				✓				
IFD 22	Percentage of investees where board seats are held	✓	Private				✓				
IFD 23	Procedure to integrate environmental issues in investment decision processes	✓	Public				✓				
IFD 24	Anti-corruption and whistle-blowing policies	✓	Public				✓				
IFD 25	How mission and investment objectives are communicated to stakeholders	✓	Private					✓			
IFD 26	Investors and/or the public provided with information aligned with industry standards	✓	Public					✓			
IFD 27	Transparency of pricing, terms and conditions among investees	✓	Public					✓			
IFD 28	How social performance of investees affects decision making and portfolio management	✓	Public						✓		
IFD 29	Staff incentives linked to social performance measures	✓	Private						✓		
IFD 30	Collecting data regarding social outcomes of investees work	✓	Private						✓		

IFD 31	Incentivise investees to track social performance	✓	Private						✓		
IFD 32	Collaborative initiatives your organisation has supported or participated in	✓	Public							✓	
IFD 33	Encouraging investees to participate in collaborative initiatives	✓	Private							✓	
IFD 34	Encouraging your investees to participate in initiatives which contribute to the development of industry benchmarks	✓	Private							✓	

Indirect - Inclusive Finance				Principle							General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	7	
IFI 01	Percentage of externally managed assets in inclusive finance managed by PIIF signatories	✓	Private								✓
IFI 02	Due diligence policies and/or procedures for the selection of external investment managers	✓	Public								✓
IFI 03	Including issues referred to in the PIIF	✓	Public								✓
IFI 04	Monitoring managers' implementation of the PIIF	✓	Public								✓
IFI 05	Managers provide information in line with established industry standards	✓	Private								✓
IFI 06	Disclosure of approach to RI in inclusive finance	✓	Public								✓
IFI 07	Contributing to promotion of RI in inclusive finance	✓	Private								✓

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO)

[Reported Information](#)

[Public version](#)

[Organisational Overview](#)

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Basic Information

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the category which best represents your primary activity.

- ☐ Non-corporate pension or superannuation or retirement or provident fund or plan
- ☐ Corporate pension or superannuation or retirement or provident fund or plan
- ☐ Insurance company
- ☐ Foundation or endowment
- ☒ Development bank
- ☐ Reserve - sovereign or government controlled fund
- ☐ Other, specify

OO 02	Mandatory	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

Netherlands

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- ☐ 1
- ☒ 2-5
- ☐ 6-10
- ☐ >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

336

OO 02.4 Additional information. [Optional]

The additional office is located in South Africa.

OO 03	Mandatory	Descriptive	General
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OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

☐ Yes☒ No**OO 04****Mandatory****Gateway/Peering****General****OO 04.1**

Indicate the year end date for your reporting year.

31/12/2013

OO 04.2

Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		6	633	000	000
Currency	EUR				
Assets in USD		8	736	948	393

OO 04.3

Indicate the level of detail you would like to provide about your asset class mix.

☐ Approximate percentage breakdown to the nearest 5% (e.g. 45%)☒ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)**OO 06****Mandatory****Descriptive****General****OO 06.1**

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

☒ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	<10%	0
Fixed income – corporate	0	0
Fixed income – government	0	0
Fixed income – other	10-50%	0
Private debt	0	0
Private equity	<10%	10-50%
Property	0	0

Infrastructure	10-50%	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	<10%	<10%
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

☐ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 07	Mandatory to Report	Voluntary to Disclose	Peering	General
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OO 07.1

Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.

	% of externally managed assets
Segregated mandate(s)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Pooled fund(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
<i>Total externally managed assets</i>	<i>100%</i>

OO 07.2

Indicate the proportion of your externally managed assets in fund-of-funds.

	% of externally managed assets
Fund-of-funds	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 09	Voluntary	Descriptive	General
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OO 09.1

Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

FMO (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.) is the Dutch development bank. FMO finances companies, projects and financial institutions from developing and emerging markets. We believe that entrepreneurship is key in creating sustainable economic growth and improving people's quality of life. We specialize in sectors where our contribution can have the highest long-term impact - financial institutions, energy and agribusiness, food & water. This is done through a range of services and products that include: -Equity, loans and guarantees -Capital market transactions -Mezzanine and other tailor-made solutions -Long-term and short-term project financing -Access to our expertise, vast network and partnerships We also foster capacity development, such as financial administration & planning skills, and sustainable business practices. FMO believes that longterm profit and viability must go hand in hand with enduring economic and social impact.

As we are working in an increasingly complex and interconnected world, it is essential to have open and constructive interaction with our stakeholders. These include clients, partners, investors, governments and ministries, NGOs, knowledge centers and universities. Cooperation through consultative meetings, for example with NGOs in creating the complaints mechanism, conferences on such mutually relevant topics as sustainable finance best practices in ship breaking, and various other events provide us with knowledge and insight into our stakeholders' needs. This helps us to continually improve our business according to the changing demands of the external environment and developments in our focus sectors and markets

We invest with the motive that ESG -sustainable environmental, social and governance business practices - are the solution in a world facing a surging population and increased consumption. And we team up with clients and partners willing to share this vision. FMO has elected to employ best practice frameworks in guiding sustainability implementation in our clients' businesses and support their progress. Which is why FMO's ESG process complies with internationally accepted banking, finance and sustainability criteria. Our policy is based on international standards such as the IFC Performance Standards and OECD guidelines. But we also actively take part in developing and defining these standards, working together with organizations such as IFC and UNEPFI. We continue to look for new ways to define and incorporate innovative ESG practices.

Our Mission: Our mission is to empower entrepreneurs to build a better world.

Our Ambition: FMO has been investing for impact and profit for more than 40 years. We are convinced that this is crucial for economic growth that has positive social and environmental outcomes. We take pride in multiplying our impact by inspiring other investors to follow us.

For 2020 we have set ourselves an audacious strategic goal: to become a leading impact investor by doubling our impact and halving our footprint.

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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OO 10.1	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.
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- ☒ We incorporate ESG issues into investment decisions on our internally managed assets
- ☒ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☐ We cast our (proxy) votes directly or via service providers
- ☐ None of the above

OO 10.2	Indicate if your combined internally and externally managed listed equities are 10% or more of your total AUM.
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- ☐ Yes, our total listed equities are 10% or more of our total AUM
- ☒ No, our total listed equities are less than 10% of our total AUM

OO 11	Mandatory	Gateway	General
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OO 11.1	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.
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- ☒ Fixed Income – other
- ☒ Private equity
- ☒ Infrastructure
- ☒ Inclusive finance
- ☐ None of the above

OO 11.2	Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.
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- ☒ Private equity
- ☒ Inclusive finance
- ☐ None of the above

OO 12	Mandatory	Gateway	General
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OO 12.1	The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.
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Core modules

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

Direct - Listed Equity incorporation

☐ Listed Equity incorporation

Direct - Listed Equity active ownership

☐ Engagements

Direct - Other asset classes with dedicated modules

☒ Private Equity

☒ Infrastructure

☒ Inclusive Finance

RI implementation via external managers

Indirect - Selection, Appointment and Monitoring of External Managers

☒ Private Equity

☒ Inclusive Finance

Closing module

☒ Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO)

Reported Information

Public version

Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1 Indicate if you have a responsible investment policy.

☒ Yes

☐ No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

☒ Yes

☐ No

OA 01.3 Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Exclusion List: <http://www.fmo.nl/exclusion-list>

ESG Policy: <http://www.fmo.nl/esg-policy>

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1 Indicate if your responsible investment policy is publicly available.

☒ Yes

OA 02.2 Provide a URL to your responsible investment policy.

URL

<http://www.fmo.nl/esg-policy>

☐ No

OA 02.3 Indicate if your other policies or guidance documents related to responsible investment are publicly available.

☒ Yes

☒ Yes, all

☐ Yes, some

OA 02.4	List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.
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Policy or document name	URL
Exclusion List	http://www.fmo.nl/exclusion-list

☐ No

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
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Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Engagement/active ownership policy <input type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 04	Mandatory	Core Assessed	General
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OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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- ☐ Yes
☒ No

OA 04.3**Additional information. [Optional]**

Currently, should conflicts of interest arise, discussions can take place within the front office, between the front office and the risk department or in the Investment Committee (IC). The case is discussed in order to seek an outcome. These range from not proceeding with the transaction, requesting additional information to clarify issues or placing additional requirements to manage the E&S risk. In every case, the transaction is evaluated critically against FMO's financing criteria. When making the evaluation, FMO also considers what the effect would be if it did not enter into the transaction. Saying no to a particular transaction on E&S grounds also means that we have no more influence to improve the E&S performance. These aspects are all carefully evaluated in the various discussions before coming to a decision.

FMO's Corporate Governance Officer and Compliance manager have set up a conflict of interest working group internally to analyze different situations and to potentially draw up a policy.

Objectives and strategies

OA 05**Mandatory****Gateway/Core Assessed****General****OA 05.1**

Indicate if your organisation sets objectives for its responsible investment activities.

☒ Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- ☒ At least once per year
- ☐ Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- ☐ Quarterly
- ☐ Biannually
- ☒ Annually
- ☐ Every two years or less
- ☐ It is not reviewed
- ☐ No

OA 05.4 Additional information. [Optional]

FMO applies the IFC performance standards to all its financing activities. If gaps are found to exist between high risk client practices and the IFC PS we develop action plans with the client. FMO then proceeds to monitor implementation of these action plans. FMO's target for the year 2013 was to ensure that we have implemented at least 85% of the action items due in the reporting year.

OA 06	Voluntary	Descriptive	General
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OA 06.1 List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.

☒ Add responsible investment objective 1

Objective 1	FMO currently has an organisation wide target where we aim to achieve an implementation of at least 85% of our ESG action items due in
Key performance indicators	implementation of at least 85% of our ESG action items due
Describe the progress achieved	Achieved 78% implementation of action items in 2013

☐ Add responsible investment objective 2

☐ Add responsible investment objective 3

OA 06.2 List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.

☒ Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	FMO currently has an organisation wide target where we aim to achieve an implementation of at least 85% of our ESG action items due in
Key performance indicators	implementation of at least 85% of our ESG action items due in 2014

☒ Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	As of 2014, FMO strives to invest in Climate Mitigating (Green) investments
Key performance indicators	20% of new commitments

☒ Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	As of 2014, FMO strives to track GHG Avoidance
Key performance indicators	By 2020 (as of 2012), halve FMO's GHG footprint

Governance and human resources

OA 08	Mandatory	Gateway/Core Assessed	General
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OA 08.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- ☒ Board members or trustees
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other Chief-level staff or head of department, specify
- ☒ Portfolio managers
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investment analysts
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ External managers or service providers
- ☒ Other role, specify
Sustainability Manager

- ☒ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☒ Other role, specify

Environmental and Social Advisors

- ☒ Oversight/accountability for responsible investment
- ☒ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
	Number

23

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5
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OA 10.1	Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.
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☒ Yes

OA 10.2	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
----------------	---

Select all that apply

- ☐ Asian Corporate Governance Association
- ☐ Association for Sustainable & Responsible Investment in Asia
- ☐ Australian Council of Superannuation Investors
- ☐ CDP Climate Change
- ☐ CDP Forests
- ☐ CDP Water
- ☐ CFA Institute Centre for Financial Market Integrity
- ☐ Council of Institutional Investors (CII)
- ☐ Eumedion
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ Global Investors Governance Network (GIGN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☐ Institutional Investors Group on Climate Change (IIGCC)
- ☐ Interfaith Center on Corporate Responsibility (ICCR)
- ☐ International Corporate Governance Network (ICGN)
- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period
(see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☐ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- ☐ Shareholder Association for Research and Education (Share)
- ☒ United Nations Environmental Program Finance Initiative (UNEP FI)

Your organisation's role in the initiative during the reporting period
(see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☐ United Nations Global Compact
- ☒ Other collaborative organisation/initiative, specify

Equator Principles and Natural Capital Declaration

Your organisation's role in the initiative during the reporting year
(see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

FMO applies the Equator Principles to its all of its financing and investments regardless of product or transaction amount.

☒ Other collaborative organisation/initiative, specify

Corporate Governance Development Framework

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

FMO is one of the drivers of the Framework. In 2013 FMO chaired the Working Group which is the executive arm of the 33 Signatories of the DFI CG Framework Agreement. This framework agreement aims to develop and align the corporate governance engagement with clients. Apart from chairing the Working Group, FMO also actively contributed to the annual Corporate Governance Conference on the DFI CG Framework Agreement in Washington, DC by running a two-hour training session on the CG approach developed within FMO on the last day of the event. Many participants took a particular interest in how FMO has done this because of our relatively small size.

☒ Other collaborative organisation/initiative, specify

European Development Finance Institutions (EDFI)

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
☒ Moderate
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

FMO actively participates in the working group with other European DFI's to develop joint standards for responsible investment and a framework for collaboration when it comes to implementing these standards.

☒ Other collaborative organisation/initiative, specify

REDD+ Business Initiative

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

FMO, together with Netherlands-based companies Essent, Eneco and Desso, set up the REDD+ Business Initiative, a program that will tackle deforestation and degradation of biodiversity in the tropics. The initiative is linked to the United Nations' REDD+ (Reducing Emissions from Deforestation and Forest Degradation) program and was launched under the leadership of the Platform for Biodiversity, Ecosystems and Economies. The Platform is a joint initiative of the Dutch Confederation of Employers and Investors (VNO-NCW) and the IUCN National Committee of The Netherlands, with funding from the Dutch Ministry for Economic Affairs.

☐ No

OA 11	Mandatory	Core Assessed	PRI 4
-------	-----------	---------------	-------

OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

☒ Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☐ Provided financial support for academic or industry research on responsible investment
- ☐ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment
- ☐ Wrote and published in-house research papers on responsible investment
- ☐ Encouraged the adoption of the PRI
- ☒ Other, specify

Supported partnerships to strengthen the sustainable development cause.

☐ No

OA 11.3

Additional information. [Optional]

Through international and multi-party partnerships we strengthen the sustainable development cause. Last year FMO signed two declarations on natural capital. One was with the State Secretary of Economic Affairs in The Netherlands, along with other Dutch partners. The other was with UNEP-FI, along with other international banks. FMO's CEO, Nanno Kleiterp, also joined the boards of the International Union for Conservation of Nature (IUCN) and the Natural Capital Coalition (formerly the TEEB for Business Coalition).

Institutional investors form a new group of partners for FMO. Four Dutch pension funds last year committed to the SNS FMO SME Finance Fund, entrusting their money to be invested alongside FMO. This and other similar endeavors will go a long way towards doubling impact.

Moreover in 2013, FMO and the Dutch association for investors in sustainable development (VBDO) hosted a master class on sustainable investing in emerging markets in order to share knowledge and experience of investing in Africa.

OA 12

Voluntary

Additional Assessed

PRI
4,5,6

OA 12.1

Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.

☒ Yes

- ☐ Yes, individually
- ☒ Yes, in collaboration with others

OA 12.2 Select the methods you have used.

- ☐ Endorsed written submissions to governments, regulators or standard-setters developed by others
- ☐ Drafted your own written submissions to governments, regulators or standard-setters
- ☒ Participated in face-to-face meetings with government members or officials to discuss policy
- ☐ Other, specify

OA 12.3 Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

- ☐ Yes, publicly available
- ☒ No
- ☐ No

OA 12.4 Additional information.

In order to motivate clients to make ESG improvements that will advance both their business and our cause, we partner with them on an individual and on a sector-wide basis. We have brought together clients and other key players in several industries to discuss mutually relevant sustainability topics in a neutral and cooperative setting. In 2013 we saw very positive outcomes from the initiatives we supported in Mongolia, Kenya, Bangladesh and Paraguay to improve ESG integration into the sectors in these countries.

FMO also participated in the Human Rights consultation with the Dutch government to shape national policy.

ESG issues in asset allocation

OA 13	Voluntary	Descriptive	PRI 1
-------	-----------	-------------	-------

OA 13.1 Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

- ☐ Yes
- ☒ No

OA 13.3 Additional information.

ESG policy applies to all asset classes and markets.

OA 14	Voluntary	Descriptive	PRI 1
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OA 14.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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☒ Yes

OA 14.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
----------------	--

	% of total AUM
--	----------------

43

OA 14.3	Please specify which thematic area(s) you invest in and provide a brief description.
----------------	--

	Area
--	------

☒ Clean technology

	Asset class invested
--	----------------------

- ☐ Listed equity
- ☒ Fixed income - other
- ☒ Private equity
- ☒ Infrastructure
- ☐ Inclusive finance

	Brief description of investment
--	---------------------------------

Predominantly renewable energy.

☐ Green buildings

☒ Sustainable forestry

	Asset class invested
--	----------------------

- ☐ Listed equity
- ☐ Fixed income - other
- ☒ Private equity
- ☐ Infrastructure
- ☐ Inclusive finance

	Brief description of investment
--	---------------------------------

Contribution to REDD+

- ☐ Sustainable agriculture
- ☒ Microfinance

	Asset class invested
--	----------------------

- ☐ Listed equity
- ☒ Fixed income - other
- ☒ Private equity
- ☐ Infrastructure
- ☒ Inclusive finance

	Brief description of investment
--	---------------------------------

Predominantly debt financing to microfinance institutions in emerging markets.

- ☒ SME financing

	Asset class invested
--	----------------------

- ☐ Listed equity
- ☒ Fixed income - other
- ☒ Private equity
- ☐ Infrastructure
- ☒ Inclusive finance

	Brief description of investment
--	---------------------------------

Predominantly debt financing to financial institutions that finance SMEs in emerging markets.

- ☐ Social enterprise / community investing
- ☐ Affordable housing
- ☐ Education
- ☐ Global health
- ☐ Other area, specify

☐ No

Asset class implementation not reported in other modules

OA 15	Voluntary	Descriptive	General
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OA 15.1

Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Listed equities - ESG incorporation	Not applicable
Listed equities - engagement	Not applicable
Fixed income - other	See URL for our ESG policy which explains this in detail.

Innovation

OA 18	Voluntary	Descriptive	General
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OA 18.1

Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

FMO incentivises ESG action through a pricing incentives mechanism to encourage clients to implement ESG best practices. As far as we know, we are the first development bank in the world to have developed a framework to offer a reduced interest rate to borrowers who meet ESG standards within a set timeframe. We term this pricing incentive a 'margin reduction incentive'. FMO works with third-party consultants who assess whether client agreements have been fulfilled. This innovative lending approach, which reflects FMO's philosophy of partnering with our clients and offering concrete financial benefits for ESG compliance. This innovative lending approach was piloted in 2011, and is now embedded into FMO's credit process and products.

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO)

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

PRI disclaimer

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Overview

SAM 01	Voluntary	Descriptive	PRI 1-6
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SAM 01.1

Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

FMO clearly states that all investments by fund managers managing a fund with a 20% medium/high to high ESG risk profile should adhere to IFC Performance Standards. To do so FMO demands a full E&S Management System containing sufficient, quality ESG capacity at fund level, ESG Policies and processes implemented, annual ESG reporting to FMO and use of additional external ESG consultants in case of any high risk ("category A") investment. See policy <http://www.fmo.nl/esg-policy>

SAM 02	Mandatory	Core Assessed	PRI 4
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SAM 02.1

Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.

☒ Yes

SAM 02.2

Indicate how your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers. [Optional]

☒ We use investment consultants in our selection and appointment of external managers

Asset class

☒ Private equity (PE)

☒ We use investment consultants in our monitoring of external managers

Asset class

☒ Private equity (PE)

☐ We use fiduciary managers

SAM 02.3	Indicate if your organisation considers responsible investment in the selection, appointment and/or review processes for investment consultants and/or fiduciary managers.
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- ☒ Responsible investment is included in the selection process for investment consultants
- ☒ Consultants' responsibilities in relation to responsible investment in manager selection, appointment and monitoring processes are included in our contractual agreements with them
- ☒ Responsible investment is considered when reviewing investment consultants' advice on manager selection and performance monitoring
- ☐ We do not consider responsible investment in the selection, appointment and/or review processes for investment consultants.

☐ No

SAM 02.4	Additional information. [Optional]
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FMO firmly believes that good ESG management is a crucial part of good fund management. Therefore, ESG-related issues play an important role when selecting Fund Managers. Above indicators are also applicable to FMO's Infrastructure non-listed assets.

SAM 03	Mandatory	Gateway	General
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SAM 03.1	Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring
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Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Private equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

SAM 03.2	Additional information. [Optional]
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Above indicator is also applicable to FMO's Infrastructure non-listed assets.

Private equity (PE), property (PR) and infrastructure (INF) - non-listed assets

Selection

SAM 10	Mandatory	Core Assessed	PRI 1-6
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SAM 10.1	Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:
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	General
--	----------------

	PE		
Review the manager's/general partner's responsible investment policy	<input checked="" type="checkbox"/>		
Discuss the manager's governance and management of responsible investment	<input checked="" type="checkbox"/>		
Meet staff with responsible investment responsibilities to assess their skills and competence	<input checked="" type="checkbox"/>		
Discuss minimum responsible investment expectations that managers must meet	<input checked="" type="checkbox"/>		
Discuss the role managers have played in collaborative initiatives	<input checked="" type="checkbox"/>		
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input checked="" type="checkbox"/>		
Assess the external manager's reporting and how it will help you to monitor that it is acting consistent with the agreed-upon ESG-related policies and practices during the life of the fund	<input checked="" type="checkbox"/>		
Review the manager's responsible investment disclosure, including PRI reporting	<input checked="" type="checkbox"/>		
Assign specific weighting to ESG factors in your manager evaluation	<input checked="" type="checkbox"/>		
Other general aspects in your selection process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

	Investment selection (pre-investment) of underlying holding
--	--

	PE		
Assess the manager's policies, processes and systems for identifying ESG-related value drivers and managing material ESG-related risks pre-investment	<input checked="" type="checkbox"/>		
Other pre-investment aspects reviewed in your selection process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment monitoring (post-investment) of underlying holding

	PE		
Understand if and how the manager influences and supports its portfolio companies'/assets' management of ESG-related risks and pursuit of ESG-related opportunities	<input checked="" type="checkbox"/>		
Discuss examples of how managers have previously identified and addressed ESG issues in their portfolios on an ongoing basis	<input checked="" type="checkbox"/>		
Assess the manager's/general partner's approach to managing and disclosing material incidents at the manager / General Partner and underlying holdings	<input checked="" type="checkbox"/>		
Other post-investment aspects reviewed in your selection process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

SAM 10.2 Provide additional information relevant to your organisation's selection approach for non-listed assets. [Optional]

Above indicators are also applicable to FMO's Infrastructure non-listed assets.

Appointment

SAM 11	Voluntary	Additional Assessed	PRI 4
SAM 11.1	When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in agreements/fund formation contracts for your non-listed assets:		
	General		

	PE		
Acting in accordance with your organisation's overall investment beliefs or policy on responsible investment and ESG issues	<input checked="" type="checkbox"/>		
Other general RI considerations in your agreements, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment selection (pre-investment) of underlying holding

	PE		
Specific requirements relating to how ESG issues are identified and managed in investment decision-making	<input checked="" type="checkbox"/>		
Other RI considerations relating to investment selection in your agreements, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment monitoring (post-investment) of underlying holding

	PE		
Specific requirements relating to the manager supporting or influencing the underlying holdings' management of ESG factors	<input checked="" type="checkbox"/>		
Other RI considerations relating to investment monitoring in your agreements, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Reporting

	PE		
Reporting on the agreed ESG implementation activities	<input checked="" type="checkbox"/>		
Reporting on the ESG characteristics of the portfolio	<input checked="" type="checkbox"/>		
Reporting on company incidents relating to ESG issues	<input checked="" type="checkbox"/>		
Reporting on the impact of ESG issues on financial performance	<input type="checkbox"/>		
Other RI considerations relating to reporting in your agreements, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

**SAM
11.2**

Provide additional information relevant to your organisation's manager appointment process and considerations included in contractual agreements for non-listed assets.

Above indicators are also applicable to FMO's Infrastructure non-listed assets. FMO contract requirements include an exclusion list and ESG clauses. For managers who will invest in high risk portfolio companies/assets FMO also includes an ESG action plan to mitigate and manage ESG risks in the portfolio companies/assets. In addition external PE Fund Managers with a high risk profile (20% of high ESG risk investments) have an obligation towards FMO to annually report on their ESG management.

Monitoring

SAM 12

Mandatory

Core Assessed

PRI 1-6

**SAM
12.1**

Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager, typically do any of the following:

General

	PE		
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" type="checkbox"/>		
Highlight examples of good responsible investment practice by other managers	<input checked="" type="checkbox"/>		
Review manager's responsible investment reporting, for example PRI-generated responsible investment reports	<input checked="" type="checkbox"/>		
Encourage your managers to consider joining responsible investment initiatives or organisations or participate in collaborative projects with other investors	<input checked="" type="checkbox"/>		
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input checked="" type="checkbox"/>		
Other general aspects of your monitoring, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment selection (pre-investment) of underlying holding

	PE		
Discuss how the analysis of ESG issues affected investment decisions during the reporting period	<input checked="" type="checkbox"/>		
Other ways ESG issues are incorporated in the pre-investment process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment monitoring (post-investment) of underlying holding

	PE		
Request reports on the ESG characteristics of the manager's underlying holdings and discuss related developments that may impact holdings in the fund	<input checked="" type="checkbox"/>		
Request examples of ESG issues identified within the portfolio and action taken in response	<input checked="" type="checkbox"/>		
Request details of how ESG factors were considered when preparing to exit from investments	<input checked="" type="checkbox"/>		
Other ways ESG issues are monitored in the post-investment process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

**SAM
12.2**

Provide additional information relevant to your organisation's dialogue and monitoring of external managers. [Optional]

Above indicators are also applicable to FMO's Infrastructure non-listed assets.

Communication

SAM 16

Mandatory

Core Assessed

PRI 6

**SAM
16.1**

Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

☒ Yes, we disclose information publicly

provide URL

<http://www.fmo.nl/policies-procedures>

provide URL

<http://www.fmo.nl/general-investment-criteria>

**SAM
16.2**

Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

☐ Yes

☒ No

**SAM
16.3**

Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.

Information	Public	Clients/beneficiaries
How responsible investment considerations are included in manager selection, appointment and monitoring processes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Details of the responsible investment activities carried out by managers on your behalf	<input type="checkbox"/>	<input checked="" type="checkbox"/>
E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other, specify below	<input type="checkbox"/>	<input type="checkbox"/>

☐ Yes, we disclose information to clients/beneficiaries only

☐ We do not proactively disclose information to the public and/or clients/beneficiaries

**SAM
16.4**

Additional information. [Optional]

We also provide toolkits to our clients, and others who are interested, that helps them with including ESG factors and managing ESG risk in their portfolio. We also provide tailor made training to our external fund managers on how to integrate ESG into business.
<http://www.fmo.nl/esg-tools>

Additional links of proactive disclosure o FMO's investments :

<http://www.fmo.nl/disclosure>

<http://www.fmo.nl/project-world-map>

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO)

Reported Information

Public version

Direct – Private Equity

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Overview

PE 01

Mandatory to Report Voluntary to Disclose

Peering

General

PE 01.1

Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.

Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)
Venture capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Growth capital	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
(Leveraged) buy-out	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0%
	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Total	100%

PE 01.2

Additional information. [Optional]

This module also include equity investments in infrastructure.

PE 02

Mandatory to Report Voluntary to Disclose

Peering

General

PE 02.1

Indicate the level of ownership you typically hold in your private equity investments.

- ☐ a majority stake (>50%)
- ☐ 50% stake
- ☒ a significant minority stake (between 10-50%)
- ☐ a minority stake (<10%)
- ☐ a mix of ownership stakes

PE 03**Voluntary****Descriptive****PRI 1-6**

PE 03.1

Provide a brief overview of your organisation's approach to responsible investment in private equity.

For all of FMO's investments ESG factors are taken into account; depending on the ESG risk category the amount of time and money spent to work on ESG challenges will vary. For the lowest risk categories, projects are assessed against national law, while high risk projects need to be fully compliant with IFC Performance Standards. Support is being provided to clients by FMO helping them to live up to these standards. FMO has a significant number of ESG specialist staff working to assess risks, support investment managers, setup corrective action plans and monitor progress on the ESG side. To help our direct investment clients establish sound E&S practices, we use a practical framework. The framework comprises of three parts: (1) Risk Categorization of clients, (2) Establishing applicable requirements, (3) Environmental and Social Action Plans and (4) pricing incentives. For direct investment clients in category A and B+, an assessment of the E&S practices is required as part of FMO's due diligence. All FMO's higher risk clients are required to implement an Environmental and Social Management System (ESMS). This ESMS is customized for each type of client. Based on the outcomes of the assessment carried out, an Environmental and Social Action Plan (ESAP) is to be agreed upon as necessary, with clear and practical milestones to be achieved within a certain period of time. Where necessary external ESG consultants are commissioned. In certain cases FMO has funds available to improve ESG policies and procedures with, and offer training to clients. See also our ES Policy at <http://www.fmo.nl/esg-policy> for more information.

Initial screening:

- ESG Rapid Risk Screening templates - ESG specialist provides advice and support to FMO Investment Officers - FMO's credit department/Investment Committee has dedicated ESG capacity (4 eye principle) providing objective feedback on the ESG paragraph on investment proposals (Clearance in Principle stage) being made by FMO's front office. This is a formal part of FMO's investment policy.

Due Diligence:

- ESG questionnaires - ESG specialist provides advice and support to FMO Investment Managers - FMO's credit department/Investment Committee has dedicated ESG capacity providing objective feedback on the ESG paragraph on investment proposals being made by FMO's front office. This is a formal part of FMO's investment policy.

Investment decision:

- Internal credit department can turn down investment proposal for reasons of ESG issues in the project - IC approval often contains strict ESG conditions.

PE 04**Mandatory****Core Assessed****PRI 2****PE 04.1**

Indicate if your organisation's investment guidelines for private equity refer to responsible investment.

☉ Our investment guidelines do refer to responsible investment

PE 04.2

Describe how your organisation's investment guidelines outline your expectations on staff and portfolio companies' approach towards ESG issues [Optional].

(PE 03.1)

For all of FMO's investments ESG factors are taken into account; depending on the ESG risk category the amount of time and money spent to work on ESG challenges will vary. For the lowest risk categories, projects are assessed against national law, while high risk projects need to be fully compliant with IFC Performance Standards. Support is being provided to clients by FMO helping them to live up to these standards. FMO has a significant number of ESG specialist staff working to assess risks, support investment managers, setup corrective action plans and monitor progress on the ESG side. To help our direct investment clients establish sound E&S practices, we use a practical framework. The framework comprises of three parts: (1) Risk Categorization of clients, (2) Establishing applicable requirements, (3) Environmental and Social Action Plans and (4) pricing incentives. For direct investment clients in category A and B+, an assessment of the E&S practices is required as part of FMO's due diligence. All FMO's higher risk clients are required to implement an Environmental and Social Management System (ESMS). This ESMS is customized for each type of client. Based on the outcomes of the assessment carried out, an Environmental and Social Action Plan (ESAP) is to be agreed upon as necessary, with clear and practical milestones to be achieved within a certain period of time. Where necessary external ESG consultants are commissioned. In certain cases FMO has funds available to improve ESG policies and procedures with, and offer training to clients. See also our ES Policy at <http://www.fmo.nl/esg-policy> for more information.

- ☐ Our investment guidelines do not refer to responsible investment
- ☐ We do not have investment guidelines

Pre-investment (selection)

PE 07

Mandatory

Gateway

PRI 1

PE 07.1

Indicate if your organisation typically incorporates ESG issues when selecting private equity investments.

- ☒ Yes

PE 07.2

Describe your organisation's approach to incorporating ESG issues in private equity investment selection. [Optional]

At the selection stage for private equity investment FMO adheres to the FMO exclusion list <http://www.fmo.nl/exclusion-list>. In addition, all our direct investment clients are required to comply with national E&S law as a minimum standard, and with the Environmental and Social Performance Standards, as developed by the International Finance Corporation (IFC), member of the World Bank Group, whichever stricter. All new and existing clients are subject to a Risk Categorization (there are four risk categories A, B+, B and C) of their (potential) Environmental and Social impacts. FMO selects clients based on their willingness to comply (over time) with local and international ESG standards. Together with the client, FMO strives to identify each client's individual ESG business case. If necessary, FMO contractually agrees upon "SMART" (specific, measurable, achievable, realistic and time-bound) action plans with high risk clients and shall have dedicated personnel to support these clients. Successful results in implementing these action plans demonstrate FMO's ESG development impact and added value.

Selection process FMO (Also see PE 03.1 and 04.2)

Initial screening

- ESG Rapid Risk Screening templates - ESG specialist providing advice and support to FMO Investment Managers - FMO's credit department/Investment Committee has dedicated ESG capacity providing objective feedback on the ESG paragraph on investment proposals (Clearance in Principle stage) being made by FMO's front office. This is a formal part of FMO's investment policy

Due Diligence

- ESG questionnaires - ESG specialist providing advice and support to FMO Investment Managers - FMO's credit department/Investment Committee has dedicated ESG capacity providing objective feedback on the ESG paragraph on investment proposals being made by FMO's front office. This is a formal part of FMO's investment policy

Investment decision

- Internal credit department can turn down investment proposal for reasons of ESG issues in the project - Often IC approval is only given under strict ESG conditions

☐ No

PE 08	Voluntary	Descriptive	PRI 1
PE 08.1	Indicate whether your organisation typically uses ESG advice and research sourced internally and/or externally when incorporating ESG issues into the private equity investment selection process.		

☒ Internal staff

	Specify role
--	--------------

Investment Officer (IO)/Manager

	Specify role
--	--------------

Credit Analyst (Investment Mission Review)

	Specify role
--	--------------

E& S Analyst/Officer

- ☒ External resources
- ☒ Environmental advisors
 - ☒ Social advisors
 - ☒ Corporate governance advisors
 - ☒ Regulatory and/or legal advisors
 - ☐ Other, specify type of advisors/roles
- ☐ No use of internal or external advice on ESG issues

PE 08.2	Additional information.
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An internal Governance Officer also supports the IO/Manager in identifying and resolving governance issues with clients. This Governance officer also provides advisory service to clients.

PE 09	Mandatory	Core Assessed	PRI 1,3
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PE 09.1	Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.
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ESG issues

- ☒ Environmental

	List up to three typical examples of environmental issues
--	---

All projects are evaluated against the relevant IFC Performance Standards
(e.g. Resource Efficiency and Pollution Prevention)

- ☒ Social

	List up to three typical examples of social issues
--	--

All projects are evaluated against the relevant IFC Performance Standards
(e.g. Labour and working conditions)

- ☒ Governance

List up to three typical examples of governance issues

See governance policy:
<http://www.fmo.nl/corporate-governance>

PE 10	Voluntary	Additional Assessed	PRI 1,3
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PE 10.1	Indicate what type of ESG information your organisation typically considers during your private equity investment selection process.
----------------	--

- ☒ Raw data from target company
- ☒ Benchmarks against other companies
- ☒ Sector level data/benchmarks
- ☒ Country level data/benchmarks
- ☒ Reporting standards, industry codes and certifications
- ☒ International initiatives, declarations or standards
- ☒ Engagements with stakeholders (e.g. customers and suppliers)
- ☒ Advice from external resources
- ☐ Other, specify
- ☐ We do not track this information

PE 10.2	Additional information.
----------------	-------------------------

External ESG consultants support FMO to assess potential equity investments and to track this type of ESG information.

PE 11	Voluntary	Additional Assessed	PRI 1,2
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PE 11.1	During deal structuring, indicate if your organisation typically encourages continuous improvements from potential investees with regard to their management of ESG issues.
----------------	---

☒ Yes

PE 11.2	Describe the nature of these improvements and their ESG coverage.
----------------	---

Follow up on E&S action plan and Implementing an ESMS to mitigate and manage ESG risks.

(See also PE 03.1)

☐ No

PE 12	Voluntary	Additional Assessed	PRI 1
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PE 12.1	Indicate if ESG issues impacted your private equity investment selection processes during the reporting year.
----------------	---

- ☒ ESG issues helped identify risks and/or opportunities for value creation
- ☒ ESG issues led to the abandonment of potential investments
- ☒ ESG issues impacted the investment in terms of price offered and/or paid
- ☒ ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ☐ ESG issues were considered but did not have an impact on the investment selection process
- ☐ Other, specify
- ☐ We do not track this potential impact

Post-investment (monitoring and active ownership)

PE 13	Mandatory	Gateway/Core Assessed	PRI 2
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PE 13.1	Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.
----------------	---

☒ Yes

PE 13.2	Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.
----------------	---

- ☐ >90% of portfolio companies
- ☒ 51-90% of portfolio companies
- ☐ 10-50% of portfolio companies
- ☐ <10% of portfolio companies

(in terms of total number of portfolio companies)

PE 13.3	Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.
----------------	---

ESG issues

☒ Environmental

	List up to three example targets of environmental issues
--	--

Part of ESAP(and monitoring): Resource efficiency measures and/or reducing water usage

Part of ESAP(and monitoring): Waste Management Plan

Part of ESAP(and monitoring): Birds and bats monitoring for wind turbine deals

☒ Social

	List up to three example targets of social issues
--	---

Part of ESAP: community action plan

Part of ESAP: SA8000 and/or Occupational Health and Safety Plan

Part of ESAP: grievance mechanisms

☒ Governance

List up to three example targets of governance issues

Governance action plan (and monitoring): Independent board members

Governance action plan (and monitoring) : Establishment of audit committee

Governance action plan (and monitoring): is a shareholder meeting held twice a year?

☐ We do not set and/or monitor against targets

☐ No

PE 13.4

Additional information. [Optional]

Monitoring of the E&S Action Plan (ESAP) is done by FMO's own staff (E&S Officers and E&S Analyst) supported by an IT tracking tool called Sustrack. Regular monitoring visits to all medium/high and high risk investments and they have to report to FMO annually on their ESG risk management and developments regarding ESG in the company(ies). Internally FMO prepares ESG reviews to monitor high and medium/high risk clients. In PE transactions monitoring is done by FMO staff sometimes assisted by access to the reports by independent E&S Consultant.

Depending on the nature/weight of the ESG risks FMO will demand more, or less from a client on ESG. The formal commitments that FMO requires a client to adhere to, ranges from local ESG law to IFC Performance Standards combined with international certification. Most clients are required to prove annual ESG reports.

PE 14

Mandatory

Core Assessed

PRI 2

PE 14.1

Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).

☒ Yes

PE 14.2

Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).

- ☐ >90% of portfolio companies
- ☒ 51-90% of portfolio companies
- ☐ 10-50% of portfolio companies
- ☐ <10% of portfolio companies
- ☐ 0% of portfolio companies

(in terms of total number of portfolio companies)

☐ No

PE 15

Voluntary

Additional Assessed

PRI 2

PE 15.1

Indicate the types of actions taken by your portfolio companies to incorporate ESG issues into operations and what proportion of your portfolio companies have implemented these actions.

Types of actions taken by portfolio companies

50

- ☒ Allocate responsibility for ESG issues to board/senior management

Implemented by percentage of portfolio companies

- ☐ >90% of portfolio companies
☒ 51-90% of portfolio companies
☐ 10-50% of portfolio companies
☐ <10% of portfolio companies
☐ We do not track this information

(in terms of total number of portfolio companies)

- ☒ Composition of board ensure ESG expertise

Implemented by percentage of portfolio companies

- ☐ >90% of portfolio companies
☐ 51-90% of portfolio companies
☒ 10-50% of portfolio companies
☐ <10% of portfolio companies
☐ We do not track this information

(in terms of total number of portfolio companies)

- ☒ Consider ESG issues in risk management processes

Implemented by percentage of portfolio companies

- ☐ >90% of portfolio companies
☒ 51-90% of portfolio companies
☐ 10-50% of portfolio companies
☐ <10% of portfolio companies
☐ We do not track this information

(in terms of total number of portfolio companies)

- ☒ Define performance targets for applicable ESG issues in operations

Implemented by percentage of portfolio companies

- ☐ >90% of portfolio companies
☐ 51-90% of portfolio companies
☒ 10-50% of portfolio companies
☐ <10% of portfolio companies
☐ We do not track this information

(in terms of total number of portfolio companies)

- ☒ Define when engagements with stakeholders should be carried out to discuss ESG issues

Implemented by percentage of portfolio companies

- ☐ >90% of portfolio companies
- ☐ 51-90% of portfolio companies
- ☒ 10-50% of portfolio companies
- ☐ <10% of portfolio companies
- ☐ We do not track this information

(in terms of total number of portfolio companies)

☒ Other actions, specify

Implemented by percentage of portfolio companies

follow up E&S action plan / and Capacity Development Programs to help incorporate ESG issues

- ☐ >90% of portfolio companies
- ☒ 51-90% of portfolio companies
- ☐ 10-50% of portfolio companies
- ☐ <10% of portfolio companies
- ☐ We do not track this information

(in terms of total number of portfolio companies)

PE 15.2

Describe how your organisation contributes to the portfolio's management of ESG issues.

For all high risk and medium/high risk companies an E&S action plan is prepared and agreed upon with the company. The E&S action plan helps the company to implement specific ESG issues like a dedicated and responsible E&S person; thorough E&S management system; integration of ESG in investments process (e.g. using FMO's Toolkit).

(SEE also PE 03.1)

PE 16	Voluntary	Descriptive	PRI 2,3
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PE 16.1

Indicate the type and frequency of reports you request and/or receive from portfolio companies covering ESG issues.

Type of reporting

☒ Overarching portfolio company reports (or similar) where management disclosure, financial and ESG data are integrated

Typical reporting frequency

- ☒ Quarterly or more frequent
- ☐ Semi annually
- ☐ Annually
- ☐ Every two years or less
- ☐ Ad-hoc, specify

☒ Standalone reports highlighting targets and/or KPIs covering ESG issues

Typical reporting frequency

- ☐ Quarterly or more frequent
- ☐ Semi annually
- ☒ Annually
- ☐ Every two years or less
- ☐ Ad-hoc, specify

☒ Other, specify

follow up on E& S action plan

Typical reporting frequency

- ☒ Quarterly or more frequent
- ☐ Semi annually
- ☐ Annually
- ☐ Every two years or less
- ☐ Ad-hoc, specify

☐ No reporting on ESG issues requested and/or provided by portfolio companies

PE 17	Voluntary	Additional Assessed	PRI 2
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PE 17.1	Indicate whether your organisation discloses information on ESG issues to potential buyers prior to exit for private equity investments.
---------	--

- ☒ We always include ESG issues in pre-exit information
- ☐ We include ESG issues in pre-exit information in the majority of cases
- ☐ We include ESG issues in pre-exit information in the minority of cases
- ☐ We do not include ESG issues in pre-exit information

PE 17.2	Apart from disclosure, describe how your organisation considers ESG issues at exit.
---------	---

The buyer of the shares needs to confirm their intention to continue working with the existing ESG policies and procedures for our high non listed clients.

Outputs and outcomes

PE 18	Voluntary	Additional Assessed	PRI 1,2
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PE 18.1	Indicate whether your organisation measures how your approach to ESG issues in private equity investments has affected financial and/or ESG performance.
----------------	--

	Financial performance
--	-----------------------

- ☐ We measure how ESG issues affect financial performance
☒ We do not measure how ESG issues affect financial performance

	ESG performance
--	-----------------

- ☒ We measure changes in ESG performance

PE 18.3	Describe the measures your organisation uses to assess the impact of your activities on your private equity investments' ESG performance.
----------------	---

FMO spent 2013 building a framework of indicators to measure the impact of its investments. As of January 1, 2014 FMO has started measuring impact using indicators such as: Avoided GHG emissions, Power production, Payment to government, Direct employment, People access to energy, Farmers reached.

- ☐ We do not measure changes in ESG performance

PE 19	Voluntary	Descriptive	PRI 1,3
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PE 19.1	Provide examples of ESG issues that affected your private equity investments during the reporting year.
----------------	---

- ☒ Add Example 1

ESG issues	Using heavy fuel oil boiler
Sector(s) of the investment affected	Multiple industries where FMO has invested
Impact (or potential impact) on the investment	Resource efficiency and cost savings due to more efficient operations
Activities undertaken to influence the investment and its response	FMO E&S Officer advised/recommended to replace the heavy fuel oil boiler by a biomass boiler, which the company did eventually.

- ☐ Add Example 2
☐ Add Example 3
☐ Add Example 4
☐ Add Example 5

Communication

PE 20

Mandatory

Core Assessed

PRI 6

PE 20.1

Indicate whether your organisation proactively discloses ESG information on your private equity investments.

☒ Disclose publicly

provide URL

<http://www.fmo.nl/project-world-map>

PE 20.2

Indicate whether the type of ESG information you proactively provide to the public is the same as that you provide to your clients (LPs)/beneficiaries.

☒ Yes

PE 20.3

Indicate the type of ESG information that your organisation proactively discloses to the public and/or your clients (LPs)/beneficiaries.

- ☐ ESG information in relation to our pre-investment activities
- ☐ ESG information in relation to our post-investment monitoring and ownership activities
- ☒ Information on our portfolio companies' ESG performance
- ☐ Other, specify

PE 20.4

Indicate your organisation's typical frequency of disclosing ESG information to the public and/or your clients (LPs)/beneficiaries.

- ☒ Quarterly or more frequently
- ☐ Semi annually
- ☐ Annually
- ☐ Every two years or less frequently
- ☐ Ad-hoc, specify

**PE
20.5**

Describe the ESG information and how your organisation proactively discloses it to the public and/or clients (LPs)/beneficiaries. [Optional]

The project map shows FMO's total committed portfolio on regional and country level. Portfolio information is published on country level. FMO discloses detailed information for Government funded projects contracted as of 2012 and for all FMO projects contracted as of 2013.
<http://www.fmo.nl/project-world-map>

☐ No

☐ Disclose to investor clients (LPs)/beneficiaries only

☐ No proactive disclosure to the public or to clients (LPs)/beneficiaries

PE 20.6

Additional information. [Optional]

It should be noted that FMO is predominantly an LP when investing in funds.

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO)

Reported Information

Public version

Direct - Infrastructure

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

INF 01

Mandatory to Report Voluntary to Disclose

Gateway/Peering

General

INF 01.1

Provide a breakdown of your organisation's internally managed infrastructure investments by equity and debt.

Infrastructure investment instruments	Percentage of your internally managed infrastructure investments (in terms of AUM)
Equity investments	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Debt investments	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Total	100%

INF 01.2

Indicate the level of ownership you typically hold in your infrastructure investments.

- ☐ a majority stake (>50%)
- ☐ a 50% stake
- ☐ a significant minority stake (between 10-50%)
- ☒ a minority stake (<10%)
- ☐ a mix of ownership stakes
- ☐ N/A, we hold 100% debt investments

INF 01.3

Additional information. [Optional]

A big part of FMO's infrastructure portfolio is loans, therefore private equity items cannot fully depict the ESG approach and influence from FMO.

INF 02

Mandatory to Report Voluntary to Disclose

Gateway/Peering

General

INF 02.1

Provide a breakdown of your organisation's infrastructure assets based on who manages the assets.

Infrastructure assets managed by	Breakdown of your infrastructure assets (by number)
Managed directly by your organisation/companies owned by you	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Managed via third-party operators appointed by your organisation/companies owned by you	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Managed by other investors/their third-party operators	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Total	100%

INF 03	Voluntary	Descriptive	General
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INF 03.1	Indicate up to three of your largest infrastructure sectors by AUM.
----------	---

Sector	Main infrastructure sectors (by AUM)
Largest infrastructure sector	<input type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input checked="" type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify
Second largest infrastructure sector	<input type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input checked="" type="radio"/> Conventional energy <input type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify
Third largest infrastructure sector	<input type="radio"/> Transportation <input checked="" type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify

INF 05	Mandatory	Core Assessed	PRI 1-6
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INF 05.1	Indicate if your organisation has a responsible investment policy for infrastructure.
-----------------	---

☒ Yes

INF 05.2	Provide a URL if your policy is publicly available. [Optional]
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<http://www.fmo.nl/energy>

☐ No

INF 05.3	Additional information. [Optional]
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The policy is a pdf link on the URL provided.

Pre-investment (selection)

INF 08	Mandatory	Gateway	PRI 1
---------------	------------------	----------------	--------------

INF 08.1	Indicate if your organisation typically incorporates ESG issues when selecting infrastructure investments.
-----------------	--

☒ Yes

INF 08.2	Describe your organisation's approach to incorporating ESG issues in infrastructure investment selection. [Optional]
-----------------	--

All projects are screened, assessed and categorized against the IFC Performance Standards. At initial clearance stage E&S performance of the client is analysed and proposals made regarding areas to further investigate during due diligence. After due diligence, findings and the manner on which to close gaps in relation to the IFC PS (ESAP) are incorporated into the finance proposal. The DD, E&S assessments and the ESAP are all carried out by an E&S specialist. The proposal is reviewed by an E&S Analyst in the Risk Department and passed on to the investment committee (one of whose members is sustainability manager).

☐ No

INF 10	Mandatory	Core Assessed	PRI 1,3
---------------	------------------	----------------------	----------------

INF 10.1	Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.
-----------------	--

ESG issues

☒ Environmental

List up to three typical examples of environmental issues

IFC Performance Standards as applicable to given project

IFC EHS Guidelines or sector specific certification or sustainability criteria

☒ Social

List up to three typical examples of social issues
--

IFC Performance Standards as applicable to given project

IFC EHS Guidelines

☒ Governance

List up to three typical examples of governance issues

ESG Policies

INF 11	Voluntary	Additional Assessed	PRI 1,3
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INF 11.1 Indicate what type of ESG information your organisation typically considers during your infrastructure investment selection process.

- ☒ Raw data from the target infrastructure asset/company
- ☒ Benchmarks/ratings against similar infrastructure asset
- ☒ Sector level data/benchmarks
- ☒ Country level data/benchmarks
- ☒ Reporting standards, infrastructure sector codes and certifications
- ☐ International initiatives, declarations or standards
- ☐ Engagements with stakeholders (e.g. contractors and suppliers)
- ☒ Advice from external sources
- ☐ Other, specify
- ☐ We do not track this information

INF 12	Voluntary	Additional Assessed	PRI 1
--------	-----------	---------------------	-------

INF 12.1 Indicate if ESG issues impacted your infrastructure investment selection processes during the reporting year.

- ☒ ESG issues helped identify risks and/or opportunities for value creation
- ☒ ESG issues led to the abandonment of potential investments
- ☒ ESG issues impacted the investment in terms of price offered and/or paid
- ☒ ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ☐ ESG issues were considered but did not have an impact on the investment selection process
- ☐ Other, specify
- ☐ We do not track this potential impact

INF 12.2 Additional information.

a. We offer pricing incentives (interest rate reduction) for good ESG performance; b. Especially in greenfield projects the risks and costs involved of, for example, resettlement and biodiversity compensation can be huge; c. renewable energy, energy efficiency, biodiversity and ecosystem services, rural/decentralised energy solutions; d. mainly through early identification of risks (as in the Infra sector FMO primarily invests in greenfield projects); e. Over the last 5 years (as of 2012) FMO has become much more critical in what it invests in and consequently ESG factors have come to play an important role in the early screening of projects. Important themes in these discussions are the justification of non sustainable energy transactions (see FMO Sustainable Energy Policy) and the balance between adverse project impacts and development impact (we chose not to finance a 20MW hydropower plant that required the resettlement of a large number of people).

Post-investment (monitoring and active ownership)

Overview

INF 14	Mandatory	Gateway	PRI 2
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INF 14.1	Indicate if your organisation, and/or operators, consider ESG issues in post-investment activities relating to your infrastructure assets.
-----------------	--

☒ Yes

INF 14.2	Indicate how your organisation, and/or operators, considers ESG issues in the following post-investment activities relating to your infrastructure assets.
-----------------	--

☒ We consider ESG issues in the monitoring and operation of infrastructure
☒ We consider ESG issues in infrastructure maintenance
☒ We consider ESG issues in stakeholder engagements related to our infrastructure
☐ We consider ESG issues in other post-investment activities, specify

☐ No

Infrastructure monitoring and operations

INF 15	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

INF 15.1	Indicate the proportion of infrastructure assets where your organisation, and/or operators, included ESG performance in investment monitoring during the reporting year.
-----------------	--

☒ >90% of infrastructure assets
☐ 51-90% of infrastructure assets
☐ 10-50% of infrastructure assets
☐ <10% of infrastructure assets

(in terms of number of infrastructure assets)

INF 15.2	Indicate ESG issues for which your organisation, and/or operators, typically sets and monitors targets (KPIs or similar) and provide examples per issue.
-----------------	--

☒ Environmental

List up to three example targets per issue
--

Projects have to comply with IFC performance standards

☒ Social

List up to three example targets per issue
--

Projects have to comply with IFC performance standards

☒ Governance

List up to three example targets per issue

Projects have to comply with DFI corporate governance matrix as applicable to the given project

☐ We do not set and/or monitor against targets

INF 15.3 Additional information. [Optional]

Monitoring is done by FMO's own staff (E&S Officers and E&S Analysts), supported by an IT tracking tool called Sustrack. Debt: On all Infrastructure debt facilities they are supported by an independent E&S Consultant (usually serving the Lender group as a whole). Equity: In direct PE transactions monitoring is done by FMO staff sometimes assisted by access to the reports by independent E&S Consultant on the debt side.

It should be noted that in our energy infrastructure portfolio, the governance perspective is not so applicable because new SPVs are created, which inherently don't have a governance structure to review and evaluate.

INF 16

Mandatory

Additional Assessed

PRI 2

INF 16.1

Indicate if you track the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines).

☒ Yes

INF 16.2

Indicate the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines).

- ☒ >90% of infrastructure investees
- ☐ 51-90% of infrastructure investees
- ☐ 10-50% of infrastructure investees
- ☐ <10% of infrastructure investees
- ☐ 0% of infrastructure investees

(in terms of number of infrastructure investees)

INF 16.3

Describe how your organisation, and/or your operators, contribute to the infrastructure investees' management of ESG issues. [Optional]

If there are major ESG issues, particularly for category A and B+ risk clients, FMO outlines and E&S Action Plan (ESAP) for the client to implement. Refer to overarching approach for additional details.

☐ No

INF 17

Voluntary

Descriptive

PRI 2,3

INF 17.1	Indicate the type and frequency of reports you request and/or receive from infrastructure investees covering ESG issues.
-----------------	--

	Type of reporting
--	-------------------

☒ Overarching portfolio asset/company reports or similar where management disclosure, financial and ESG data are integrated

	Typical reporting frequency
--	-----------------------------

- ☐ Quarterly or more frequent
- ☐ Semi annually
- ☒ Annually
- ☐ Every two years or less
- ☐ Ad-hoc, specify

☐ Standalone reports highlighting targets and/or KPIs covering ESG issues

☐ Other, specify

☐ No reporting on ESG issues requested and/or provided by infrastructure investees

Infrastructure maintenance

INF 18	Mandatory	Core Assessed	PRI 2
---------------	------------------	----------------------	--------------

INF 18.1	Indicate the proportion of active infrastructure maintenance projects where ESG issues have been considered.
-----------------	--

- ☐ >90% of active maintenance projects
- ☐ 51-90% of active maintenance projects
- ☐ 10-50% of active maintenance projects
- ☒ <10% of active maintenance projects
- ☐ N/A, no maintenance projects of infrastructure assets are active

(in terms of number of active maintenance projects)

Communication

INF 22	Mandatory	Core Assessed	PRI 6
---------------	------------------	----------------------	--------------

INF 22.1	Indicate if your organisation proactively discloses ESG information on your infrastructure investments.
-----------------	---

☒ Disclose publicly

	please provide URL
--	--------------------

<https://www.fmo.nl/project-world-map>

**INF
22.2**

Indicate if the level of ESG information you provide to the public is the same as the level you provide to your clients/beneficiaries.

☐ Yes

☒ No

**INF
22.3**

Indicate the type of ESG information that your organisation proactively discloses to the public and/or your clients/beneficiaries.

Public

- ☒ ESG information on how you select infrastructure investments
- ☒ ESG information on how you monitor and manage infrastructure investments
- ☐ Information on your infrastructure investments' ESG performance
- ☐ Other; specify

Clients/beneficiaries

- ☒ ESG information on how you select infrastructure investments
- ☒ ESG information on how you monitor and manage infrastructure investments
- ☒ Information on your infrastructure investments' ESG performance
- ☐ Other; specify

**INF
22.4**

Indicate your organisation's typical frequency of disclosing ESG information to the public and/or your clients/beneficiaries.

Public

- ☐ Quarterly or more frequently
- ☐ Semi annually
- ☒ Annually
- ☐ Every two years or less frequently
- ☐ Ad-hoc; specify

Clients/Beneficiaries

- ☐ Quarterly or more frequently
- ☐ Semi annually
- ☒ Annually
- ☐ Every two years or less frequently
- ☐ Ad-hoc; specify

☐ Disclose to clients/beneficiaries only

☐ No proactive disclosure to the public or to clients/beneficiaries

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO)

Reported Information

Public version

Direct - Inclusive Finance

PRI disclaimer

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PIIF Principle 1: Range of services

IFD 07

Mandatory

Core Assessed

PIIF 1

Possible action:

Develop and extend the range of financial services available to low-income populations. Extensions could include savings, loans, insurance, payment services, remittance facilities and pension plans.

IFD 07.1

Indicate if you track the percentage of your microfinance investees' portfolio that is in microenterprise loans.

☒ Yes, we track

If you aggregate this information at an organisational level, indicate the percentage of your portfolio in microenterprise loans. [Optional]

- ☐ <20%
- ☐ 20-40%
- ☐ 41-60%
- ☐ 61-80%
- ☐ >80%

☐ No, we do not track

☐ Not applicable (there are no microenterprise loans in the portfolio)

IFD 07.2

Indicate if you track the percentage of your microfinance investees' portfolio that is in loans for immediate household needs (i.e. consumer loans).

☐ Yes, we track

☒ No, we do not track

☐ Not applicable (there are no loans for immediate household needs in the portfolio)

IFD 07.3

Indicate if you track the percentage of your investees' portfolio in housing loans.

☐ Yes, we track

☒ No, we do not track

☐ Not applicable (there are no loans for housing in the portfolio)

IFD 07.4

Additional information. [Optional]

FMO collects impact indicators from investees on a yearly basis, including volume of microfinance portfolio and number of micro loans.

IFD 08

Mandatory

Core Assessed

PIIF 1

IFD 08.1

In your microfinance portfolio, indicate if you support the provision of financial services beyond credit, compulsory savings and/or compulsory insurance.

☒ Yes

IFD 08.2

Indicate which of the following services you support:

☒ Voluntary savings products

Provide examples of how and what you support.

FMO has assisted various institutions with their transition into formal banking, deposit-taking institutions. Capacity development funds are frequently used to this end. Support with product development is an important part of this.

Indicate if you gather data regarding the percentage of financial service providers in your portfolio that are offering such a service.

☐ Yes

☒ No

☒ Voluntary insurance products

Provide examples of how and what you support.

FMO is currently considering a few co-investments in insurance companies in which it is currently indirectly invested through funds such as LeapFrog I and II. FMO, however, does not have a systematic approach to targeting microinsurance as a product category with all its clients.

Indicate if you gather data regarding the percentage of financial service providers in your portfolio that are offering such a service.

☐ Yes

☒ No

☐ Other financial services, specify

☐ Non-financial services, specify

☐ No

IFD 10

Voluntary

Descriptive

PIIF 1

Possible action:

Supporting retail providers.

IFD 10.1	Indicate if you provide technical assistance to your investees.
-----------------	---

- ☒ Yes
☐ No

IFD 10.2	Additional information.
-----------------	-------------------------

In 2012 and 2013 FMO has contracted a total amount of EUR 6,544,295 for Capacity Development projects, divided over a total of 94 projects. EUR 4,566,818 (total of 51 projects) was dedicated to MASSIF projects, of which EUR 1,960,370 (22 contracts) was contracted in 2012 and EUR 2,606,448 (29 contracts) in 2013. The Capacity Development funds are mainly used for projects on Environmental and Social performance, Risk Management, Professional Development, Product Development, MIS/IT systems, Corporate Governance and Start-up activities.

PIIF Principle 2: Client protection

IFD 11	Mandatory	Core Assessed	PIIF 2
--------	-----------	---------------	--------

Possible action:

Publicly endorse the Client Protection Principles (CPP).

IFD 11.1	Indicate if you have publicly endorsed the Client Protection Principles.
-----------------	--

- ☒ Yes
☐ No

IFD 11.2	Additional information. [Optional]
-----------------	------------------------------------

FMO has signed up for the SMART Campaign, so we have endorsed CPP.

IFD 13	Mandatory	Core Assessed	PIIF 2
--------	-----------	---------------	--------

IFD 13.1	Indicate if you include the Client Protection Principles and/or other client protection measures in your investment policies.
-----------------	---

- ☒ Yes

IFD 13.2	Indicate if this is systematically applied.
-----------------	---

	During due diligence
--	----------------------

- ☒ Yes
☐ No

	In covenants in loan agreements and/or in financing or shareholder agreements
--	---

- ☒ Yes
☐ No

IFD 13.3	Indicate if you encourage investees to apply for Client Protection Certification. [Optional]
-----------------	--

- ☒ Yes
☐ No
☐ No

IFD 13.4	Additional information. [Optional]
-----------------	------------------------------------

FMO has embedded a CPP assessment in its investment process whereby high risk clients are identified early on (all clients rated on a risk scale ranging from A, B, or C). Depending on this risk category, extra attention is dedicated during DD on CPP issues, consultants are hired to do a CPP assessment, and in some cases a CPP action plan is drafted. The process is systematic and is applied uniformly to all new investments in Financial Institutions.

In a few cases in the past, FMO has used margin reduction incentives for CPP implementation.

PIIF Principle 3: Fair treatment

IFD 14	Mandatory	Core Assessed	PIIF 3
--------	-----------	---------------	--------

Possible action:

Provide financing in an appropriate currency and tenor.

IFD 14.1	In relation to your direct portfolio in debt, indicate if you provide investment in local currency.
-----------------	---

- ☒ Yes

IFD 14.2	Indicate what percentage of your direct portfolio in debt is invested in the investee's local currency.
-----------------	---

- ☐ <20%
☒ 20-40%
☐ 41-60%
☐ 61-80%
☐ >80%
☐ No

IFD 15	Mandatory	Descriptive	PIIF 3
--------	-----------	-------------	--------

Possible action:

Provide financing in an appropriate currency and tenor.

Actively support the building of a diversified funding base.

IFD 15.1	In relation to your direct portfolio in debt, indicate what percentage have a maturity (from the point of investment) of the specified duration:
-----------------	--

- ☐ 12 months or fewer
- ☐ 13 to 24 months
- ☒ 25 to 60 months

	Indicate percentage
--	---------------------

- ☐ <20
- ☐ 20-40%
- ☒ 41-60%
- ☐ 61-80%
- ☐ >80%
- ☐ Over 60 months

IFD 15.2	Indicate if you have a set limit regarding the maximum fixed income investment exposure of the investees in which you invest. [Optional]
-----------------	--

- ☒ Yes
- ☐ No

IFD 15.3	Additional information. [Optional]
-----------------	------------------------------------

The majority of the direct portfolio in debt has a maturity duration>25 months. We have an exposure limit of 10% of investee assets.

IFD 16	Mandatory	Core Assessed	PIIF 3
--------	-----------	---------------	--------

Possible action:

Provide financing in an appropriate currency and tenor.

Actively support the building of a diversified funding base.

IFD 16.1	In relation to your direct portfolio in equity (as reported in IFD 04), indicate the average holding period of an equity investment.
-----------------	--

- ☐ 12 months or fewer
- ☐ 13 to 24 months
- ☐ 25 to 60 months
- ☒ Over 60 months

IFD 16.2	Indicate if you have specific policies or procedures in relation to responsible approaches to exit.
-----------------	---

- ☐ Yes
☒ No

IFD 16.4	Indicate if you have specific policies or procedures on Return on Equity (ROE) targets or caps in relation to your equity investments.
-----------------	--

- ☒ Yes
☐ No

IFD 16.6	Indicate your Return on Equity (ROE) targets, specifying different targets for different funds if applicable. [Optional]
-----------------	--

FMO aims for an IRR of 15% forecast for investments made on its balance sheet. It aims for a lower 7% IRR for its high risk/high impact fund MASSIF, which it manages for the Dutch Ministry of Foreign Affairs. This fund is dedicated to microfinance and SME financing.

IFD 16.7	Indicate if you have a set limit regarding the maximum equity investment exposure of the investees in which you invest.
-----------------	---

- ☒ Yes
☐ No

IFD 16.8	Additional information. [Optional]
-----------------	------------------------------------

Maximum equity exposure is 20%.

IFD 17	Mandatory	Core Assessed	PIIF 3
---------------	------------------	----------------------	---------------

Possible action:

Negotiate terms and conditions that are transparent, fair and reasonable, including fair break-up clauses.

IFD 17.1	Indicate if you adopt the following practices:
-----------------	--

- ☐ For fixed income investments: Use the Lenders' Guidelines for Setting Covenants in Support of Responsible Microfinance as an example or reference document.
☒ Ensure that the investee understands the terms, covenants and their implications prior to signing loan / shareholder documentation.

	Describe your process.
--	------------------------

Before contracting terms and covenants are explained and discussed with our clients. This also occurs actively during the contracting process.

Indicate if these practices are formalised in written policies and procedures.

☐ Yes

☒ No

☒ Foster trust and proactive dialogue with investees through straightforward discussions on issues such as a covenant breach.

Describe your process.

Before contracting terms and covenants are explained and discussed with our clients. This also occurs actively during the contracting process.

Indicate if these practices are formalised in written policies and procedures.

☐ Yes

☒ No

☒ In the case of material covenant breach, create/participate in a voluntary workout group where applicable, with the goal to help the investee remain a going concern whenever possible.

Indicate if these practices are formalised in written policies and procedures.

☐ Yes

☒ No

☒ For fixed income investments: Train your staff on effective monitoring and covenant waiver negotiations to manage deteriorating conditions, and transition a non-performing loan from loan origination staff to specialised workout staff.

Indicate if these practices are formalised in written policies and procedures.

☒ Yes

☐ No

☐ Encourage investee skills-building on financial projections, scenario planning and stress-testing for management, and on financial expertise and governance for Directors.

☐ Other (explain)

☐ None of the above

PIIF Principle 4: Responsible investment

IFD 18

Mandatory

Gateway

PIIF 4

Possible action:

Negotiate terms and conditions that are transparent, fair and reasonable, including fair break-up clauses.

IFD 18.1

Indicate if you use the following tools for social performance reporting:

Externally developed tools

During due diligence.

- ☐ Yes
- ☒ No
- ☐ We don't track social performance

For monitoring and reporting purposes.

- ☐ Yes
- ☒ No
- ☐ We don't track social performance

In-house tools based on externally developed tools

During due diligence.

- ☒ Yes
- ☐ No
- ☐ We don't track social performance

For monitoring and reporting purposes.

- ☐ Yes
- ☒ No
- ☐ We don't track social performance

Describe the approaches used and frequency of use.

For higher CPP risk clients we have an in-house DD questionnaire based off/referring to the Smart Campaign self-assessment questionnaire.

Tools developed solely in-house

During due diligence.

- ☒ Yes
- ☐ No
- ☐ We don't track social performance

	For monitoring and reporting purposes.
--	--

- ☒ Yes
- ☐ No
- ☐ We don't track social performance

IFD 19	Mandatory	Descriptive	PIIF 4
--------	-----------	-------------	--------

IFD 19.1	Indicate if you require the retail institutions in which you invest to have an independent financial rating.
----------	--

- ☐ Always
- ☐ In a majority of cases
- ☐ In a minority of cases
- ☒ No

IFD 19.2	Indicate if you require the retail institutions in which you invest to have an independent social rating.
----------	---

- ☐ Always
- ☐ In a majority of cases
- ☐ In a minority of cases
- ☒ No

IFD 19.3	Indicate if you require the retail institutions in which you invest to have an independent social audit.
----------	--

- ☐ Yes
- ☒ No

IFD 20	Mandatory	Core Assessed	PIIF 4
--------	-----------	---------------	--------

Possible action:

Assist in developing appropriate references for corporate governance issues.

IFD 20.1	In relation to your due diligence on and monitoring and reporting of corporate governance among investees, indicate if you assess:
----------	--

Compensation of the Board of Directors and Executive Directors (i.e. its transparency, the use of benchmarking)

	Pre-investment
--	----------------

- ☐ Yes
- ☐ No
- ☒ Not for all of our investments in inclusive finance

	Post-investment
--	-----------------

- ☐ Yes
- ☐ No
- ☒ Not for all of our investments in inclusive finance

	Describe what you look at and, if post-investment, the frequency of assessment. [Optional]
--	--

FMO only evaluates the compensation of the BOD once FMO nominates a member to the BOD.

Composition of the Board (i.e. breadth and depth of experience, effective client representation, diversity)

	Pre-investment
--	----------------

- ☒ Yes
- ☐ No
- ☐ Not for all of our investments in inclusive finance

	Post-investment
--	-----------------

- ☒ Yes
- ☐ No
- ☐ Not for all of our investments in inclusive finance

	Describe what you look at and, if post-investment, the frequency of assessment. [Optional]
--	--

The composition of the BOD is a major driver to the profile the member of the BOD FMO nominates.

Whether the Board receives social performance management-related information from the management team that is analysed and contributes to Board decision making.

	Pre-investment
--	----------------

- ☐ Yes
☒ No
☐ Not for all of our investments in inclusive finance

	Post-investment
--	-----------------

- ☐ Yes
☒ No
☐ Not for all of our investments in inclusive finance

IFD 21	Voluntary	Descriptive	PIIF 4
--------	-----------	-------------	--------

Possible action:

Assist in developing appropriate references for corporate governance issues.

IFD 21.1	Indicate if you provide training or assistance for your investees on corporate governance.
----------	--

- ☒ Yes
☐ No

IFD 21.2	Additional information.
----------	-------------------------

Training and assistance to FMO's investee companies can be provided for in a number of ways:

1. Training sessions to be supported by FMO's Capacity Development programme;
2. Training sessions to be provided by FMO's Corporate Governance Unit;
3. Assistance in (re-)design of investee company's corporate governance structure by FMO's Corporate Governance Unit;

Training of FMO's Nominee Directors appointed as member of the BOD of FMO's investee companies.

IFD 23	Mandatory	Descriptive	PIIF 4
--------	-----------	-------------	--------

Possible action:

Assist in developing appropriate references for environmental issues.

IFD 23.1

Indicate if you have a procedure to integrate the consideration of environmental issues in your investment decision processes.

- ☒ Yes
- ☐ For all inclusive finance investments
 - ☐ For a majority of inclusive finance investments
 - ☐ For a minority of inclusive finance investments

IFD 23.2

Describe how your procedure to integrate the consideration of environmental issues in your investment decisions processes affect decisions pre-investment. [Optional]

FMO categorizes all proposed transactions according to environmental and social risks. Depending on the risk category we conduct no, light, or thorough environmental risk due diligence. Investments in inclusive finance generally are categorized as low environmental risk.

Based on outcomes of the E&S due diligence, environmental and social requirements are tailor-made for each client.

IFD 23.3

Describe how your procedure to integrate the consideration of environmental issues in your investment decisions processes affect decisions post- investment. [Optional]

We monitor compliance with requirements on an annual basis for low risk clients. For high risk clients, monitoring is more intensive and according to contractually E&S action plans. If we detect non-compliance or lack of progress, FMO engages the client and if necessary escalates conversations to CEO level. Contractually, we could declare a default. In practice, consequences have included turning down repeat financing to clients. In few occasions, a sale or exit took place.

- ☐ No

IFD 23.4

Indicate if you request your investees to comply with an environmental exclusion list.

- ☒ Yes, for all investees
- ☐ Yes, for a majority of investees
 - ☐ Yes, for a minority of investees
 - ☐ No

IFD 23.5

Additional information. [Optional]

Harmonized EDFI exclusion list.

IFD 24	Voluntary	Additional Assessed	PIIF 4
--------	-----------	---------------------	--------

Possible action:

Promote implementation of anti-corruption practices.

IFD 24.1	Indicate if you have anti-corruption policies.
----------	--

- ☒ Yes, published
- ☐ Yes, but not published
- ☐ No

IFD 24.2	Indicate if you have internal whistle-blowing policies.
----------	---

- ☒ Yes, published
- ☐ Yes, but not published
- ☐ No

IFD 24.3	Indicate if you review whether your investees have anti-corruption policies as part of your due diligence process.
----------	--

- ☐ Yes
- ☒ No

IFD 24.4	Indicate if you review whether your investees have internal whistle-blowing policies as part of your due diligence process.
----------	---

- ☐ Yes
- ☒ No

IFD 24.5	Additional information.
----------	-------------------------

anticorruption statement: <http://www.fmo.nl/anti-bribery--corruption-statement>

whistle blowing scheme: <http://www.fmo.nl/articles-internal-regulations>

PIIF Principle 5: Transparency

IFD 26	Mandatory	Core Assessed	PIIF 5
--------	-----------	---------------	--------

Possible action:

Fully disclose policies, criteria and related conditions of products and services to investees and other relevant stakeholders.

IFD 26.1	Other than the PRI/PIIF, indicate if you provide your investors and/or the public with information aligned with industry standards.
-----------------	---

☒ Yes

IFD 26.2	Do you provide information aligned with:
-----------------	--

- ☐ The MIV Disclosure Guidelines
- ☒ The Impact Reporting & Investment Standards (IRIS)
 - ☒ Yes, to our investors only
 - ☐ Yes, to the public
- ☐ Other, specify

☐ No

IFD 26.3	Additional information. [Optional]
-----------------	------------------------------------

Harmonization of indicators with industry standards was at the forefront in importance with FMO's new strategy and indicators, which were developed in 2013, and still being refined. FMO uses a waterfall approach in adopting new indicators based on external standards: it first turns to the harmonized EDFI indicators. If a desired indicator is not available from this list, it will turn to IRIS. Otherwise it develops its own.

IFD 27	Mandatory	Core Assessed	PIIF 5
---------------	------------------	----------------------	---------------

Possible action:

Ensure that investees adequately disclose the pricing, terms and conditions of financial products and services offered, and that the pricing, terms and conditions are understood by clients.

IFD 27.1	Indicate if you encourage the retail institutions in which you invest to ensure that the following are transparent and fully explained to their clients (i.e. those seeking financial services from them) in a form they can understand.
-----------------	--

	Pricing
--	---------

☒ Yes

IFD 27.2	Indicate how you ensure this for pricing and provide examples.
-----------------	--

Transparency is at the heart of the CPPs, and CPPs are embedded in FMO's investment process, as described earlier.

FMO has a general CPP policy, and transparency forms part of that.

☐ No

	Other terms and conditions
--	----------------------------

☒ Yes

IFD 27.3	Indicate how you ensure this for other terms/conditions and provide examples.
----------	---

Transparency is at the heart of the CPPs, and CPPs are embedded in FMO's investment process, as described earlier.

FMO has a general CPP policy which covers other terms and conditions like client data confidentiality and the remaining 6 principles.

☐ No

PIIF Principle 6: Balanced returns

IFD 28	Mandatory	Core Assessed	PIIF 6
--------	-----------	---------------	--------

Possible action:

Strive for a balanced long-term social and financial risk-adjusted return that recognises the interests of clients, retail providers and investors.

IFD 28.1	Indicate if the social performance of investees affects your:
----------	---

	Investment decision making
--	----------------------------

☒ Yes

IFD 28.2	Explain how social performance of investees affects investment decision making.
----------	---

FMO has the goal of doubling its impact and halving its footprint before 2020. In order to achieve such a goal it has begun targeting certain social performance indicators starting in 2014.

☐ No

	Portfolio management
--	----------------------

☒ Yes

IFD 28.3

Explain how social performance of investees affects portfolio management.

Over 2013, FMO has developed an extensive internal system to track its impact indicators across all investees, which it is still work in progress.

☐ No

PIIF Principle 7: Standards

IFD 32

Mandatory

Core Assessed

PIIF 7

Possible action:

Participate in networks to share tools, information and resources.

IFD 32.1

Select which of the following collaborative initiatives your organisation has supported or participated in, and the role you played.

The Principles for Investors in Inclusive Finance

☒ Yes

☒ Basic

☐ Moderate

☐ Advanced

☐ No

The Smart Campaign

☒ Yes

☒ Basic

☐ Moderate

☐ Advanced

☐ No

Social Performance Task Force

☒ Yes

☒ Basic

☐ Moderate

☐ Advanced

☐ No

Council for Microfinance Equity Funds (CMEF)

- ☐ Yes
☒ No

European Microfinance Platform (eMFP)

- ☒ Yes
☒ Basic
☐ Moderate
☐ Advanced
☐ No

Global Impact Investors Network (GIIN)

- ☒ Yes
☐ Basic
☒ Moderate
☐ Advanced
☐ No

Other network, association memberships and/or specific collaboration related to the promotion of inclusive finance, specify

CGAP/Netherlands Platform for Inclusive Finance

- ☒ Yes
☐ Basic
☒ Moderate
☐ Advanced
☐ No

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO)

Reported Information

Public version

Indirect - Inclusive Finance

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Selection

IFI 02	Mandatory	Core Assessed	General
--------	-----------	---------------	---------

IFI 02.1

Indicate if you have due diligence policies and/or procedures in place for the selection of external investment managers in inclusive finance that take their approach to the following responsible investment issues (PIIF Principles) into account:

Actively supporting retail providers to innovate and expand the range of financial services available to low income people (Principle 1)

- ☒ Yes
☐ No

Integration of client protection in investment policies and practices. (Principle 2)

- ☒ Yes
☐ No

Treating investees fairly with appropriate financing that meets demand, clear and balanced contracts, and fair processes for resolving disputes. (Principle 3)

- ☒ Yes
☐ No

The inclusion of environmental, social and corporate governance (ESG) issues in investment policies and reporting. (Principle 4)

- ☒ Yes
☐ No

Active promotion of transparency in all aspects. (Principle 5)

- ☐ Yes
☒ No

Striving for a balanced long-term social and financial risk-adjusted return that recognises the interests of clients, retail providers and investors. (Principle 6)

- ☐ Yes
☒ No

Collaborating to set harmonised investor standards that support the further development of inclusive finance. (Principle 7)

- ☐ Yes
☒ No

Contractual agreements and mandate design

IFI 03	Mandatory	Core Assessed	General
--------	-----------	---------------	---------

IFI 03.1	When agreeing contracts and designing mandates with investment managers, in the process, indicate if you consider including the following issues referred to in the PIIF:
----------	---

	Actively supporting retail providers to innovate and expand the range of financial services to low-income people (Principle 1)
--	--

☒ Yes

	Describe and indicate how.
--	----------------------------

Through our financing FMO allows MFIs to onlend to low-income people in emerging markets. Moreover, through FMO's Capacity Development program, we support retail providers with technical assistance that can allow these MFIs to innovate and expand the range of financial services offered.

☐ No

	Integration of client protection in investment policies and practices (Principle 2)
--	---

☒ Yes

	Describe and indicate how.
--	----------------------------

Worked with fund management team setting up a second fund (FMO had also invested in the first) to make sure that CPP principles are firmly rooted in investment process of fund manager for the second fund. This was within the context of insurance.

☐ No

	Treating investees fairly with appropriate financing needs that meets demand, clear and balanced contracts and fair processes for resolving disputes (Principle 3)
--	--

☐ Yes

☒ No

	The inclusion of ESG issues in investment policies and reporting (Principle 4)
--	--

☒ Yes

Describe and indicate how.

Inline with overarching ESG policy to follow IFC PS Standards. Any necessary E&S actions are tracked and monitored annually.

☐ No

Active promotion of transparency in all aspects (Principle 5)

☒ Yes

Describe and indicate how.

The CPP ensures that investees adequately disclose the pricing, terms and conditions of financial products and services offered, and that the pricing, terms and conditions are understood by clients. Moreover, Investees are required to fully disclose investment objectives, both financial and social to investors.

☐ No

Striving for a balanced long-term social and financial risk-adjusted return that recognises the interests of clients, retail providers and investors (Principle 6)

☐ Yes

☒ No

Collaborating to set harmonised investor standards that support the further development of inclusive finance (Principle 7)

☒ Yes

Describe and indicate how.

FMO collaborates and shares tools with other DFIs to harmonize the process for clients.

☐ No

Investment manager monitoring and reporting

IFI 04

Mandatory

Core Assessed

General

IFI 04.1	Indicate if you monitor your current investment managers' implementation of the PIIF principles.
<input type="radio"/> Yes <input checked="" type="radio"/> No	

Disclosure

IFI 06	Mandatory	Core Assessed	General
--------	-----------	---------------	---------

IFI 06.1	Indicate if your organisation proactively discloses any information about your approach to responsible investment in inclusive finance.
<input type="radio"/> Yes, we disclose publicly <input checked="" type="radio"/> Yes, we disclose to clients/beneficiaries only <input type="radio"/> No	