

**AGM 24 April 2024**

## **DRAFT MINUTES**

### **Minutes**

Of the 54<sup>th</sup> **Annual General Meeting of Shareholders** of the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. ("FMO") held on **Wednesday 24 April 2024** at FMO, Anna van Saksenlaan 71, 2593 HW The Hague at **11.00 hours**.

#### **1. OPENING**

**Mr. D.J. van den Berg, Chairman**, opens the 54<sup>th</sup> Annual General Meeting of Shareholders of FMO. He notes that the meeting is being held in one of the places specified in the Articles of Association and that it is convened in accordance with all other legal and statutory requirements. Shareholders received their documents by registered mail and, if their email address is known, also by email. He states that he will come back on the numbers of presence in the meeting. He warmly welcomes the shareholders and other attendees. In particular he welcomes the representatives of the Ministry of Finance, Mr. R.D. Idzenga, Ms H. Oude Ophuis and Mr. S.T. Seijsener on behalf of the State as holder of the A-shares. He also welcomes Mr. R. Verstraeten and Mr. S. Wijsman as representatives of the department of sustainable economic development of the Ministry of Foreign Affairs. He also welcomes the representatives of the external auditor Ernst & Young Accountants, Mr. J. Kolsters and Mr. K.J. Schoppink and the new EY partner Mr. P. Nijssen.

The Chairman is pleased to see them all present in person and will like to start with a few household notices. He remarks that the meeting will be held in English and, if necessary, he will summarize questions and translate those into Dutch. If shareholders have any questions during the meeting, he requests them to use one of the microphones on the side and to state their name for the minutes. If it is for some reason difficult to get to the microphone, an assistant can bring one over. It is highly preferred that shareholders state their questions or comments in English. The Chairman draws the shareholders' attention to the audio recording of the meeting. This recording will only be used for taking the minutes. It was important for this recording that all speakers will use a microphone. The Chairman remarks that no break is scheduled in the program. He informs the shareholders, last but not least, that there will be no digital voting. According to the Articles of Association, votes will be cast orally.

The Chairman then welcomes and introduces some of the other participants. He first introduces the Supervisory Board members: Mr. J.V. Timmermans, Vice-Chairman of the Supervisory Board and Chairman of the Audit & Risk Committee, Mrs. M. Demmers, Chair of the Impact Committee and member of the Selection Appointment and Remuneration Committee, Mr. D.K. Agble, member of the Audit & Risk Committee and Mrs. R.P.F. van Haeringen, Chair of the Selection, Appointment and Remuneration Committee and member of the Impact Committee.

The Chairman further welcomes the Management Board members: Mr. M.A.S. Jongeneel, Chief Executive Officer, Mrs. F. Bouaré, Chief Finance & Operations Officer, Mrs. F.P.C.G. Vossen, Chief Risk Officer, Mr. H. de Ruijter, Co-Chief Investment Officer, and Mr. P.P. Maila, Co-Chief Investment Officer.

The Chairman also welcomes Mrs. E.M. Essien Lore, candidate for the Supervisory Board.

The Chairman states that at agenda item 3, shareholders could ask Mr. Kolsters and Mr. Schoppink questions about EY's audit procedures and the statement on the Financial Statements. He requests the shareholders to address any questions for them to him, as Chairman of the meeting. The Chairman appoints Mrs. C.E.M. Oosterbaan, Corporate Secretary of FMO, as Secretary of this meeting.

The Chairman states that in accordance with the rules of good governance and the Articles of Association, the draft minutes of the meeting will be made available on request within two months after the end of the meeting and placed on the company's website, after which shareholders will have three months to respond to these draft minutes. The minutes will then be adopted by the Chairman and the Secretary of this meeting. He mentions that shareholders can request to have the minutes sent to them.

## 2. PRESENTATION OF THE MANAGEMENT BOARD REGARDING THE FINANCIAL YEAR 2023

**The Chairman** gives the floor to the Management Board for a presentation regarding the Financial Year 2023.

**Mr. Jongeneel** thanks the Chairman and welcomes the attendees. He states that the Management Board members will run through a concise overview of the business of last year to leave space for questions. FMO's mission is to enable entrepreneurs to increase inclusive and sustainable prosperity. The Management Board would like to run through five chapters with the shareholders: the world around them, customers and markets, the FMO team, FMO's performance, and the outlook for 2024.

Mr. Jongeneel starts with the world around FMO. Inflation is still an issue. It is not like the records which were seen in 2020, but inflation was worldwide still an average of 6.5% per year with some of FMO's markets way over 30% or even 50% of inflation. On the climate side a lot of instability was seen, also leading to food insecurity. Unfortunately, a lot of people were killed in the numerous earthquakes and floods across the world and there were record-breaking high temperatures. Unfortunately, FMO sees things going in the wrong direction and, as most shareholders are aware, there are more and more questions whether the 1.5 degree limit is even reachable. There are a lot of interesting studies on this subject. The Management Board members are available during lunch, if shareholders like to know more on that specifically.

Mr. Jongeneel mentions that, as shareholders are aware, there are still many wars in the world. He shows a picture and states that especially the war in Ukraine is really impactful around the globe and in the markets that FMO serves, for instance indirectly via the food crises. Mr. Jongeneel does not want to belittle other wars and conflicts around the world. Also on the African continent, there is unfortunately still a lot of that and that is affecting FMO in a big way. The world around FMO is still highly volatile and unfortunately, it is not expected it is going to be much better this year. Within all of that, FMO's still tries to fulfil its mission in

financing entrepreneurs that act in these difficult markets. He would like to quickly run through the three sectors and highlight a few examples. More is to be found in the Annual Report.

Mr. Jongeneel first mentions Agrifood and water. There are four examples. They are all interesting, but he would like to highlight Merensky Timber. FMO does more and more in forestry and is a pioneer there. The forestry strategy sets FMO apart and is really something for the future. Looking at being CO<sub>2</sub>-neutral by 2050, the world needs to reduce consumption, but also, needs to play a big role in CO<sub>2</sub>-capture. That can be done in different ways, but timber is one of them which FMO is expanding. Shareholders might be aware that FMO is also running MFF, a fund for the UK Government. So, FMO is working for the Netherlands and Europe, but also for the UK. This is something FMO is expanding and luckily, one now also sees other parties slowly moving into this area. It is not easy, because the business models are not always clear, but plantations like Merensky have been there for a long time and are profitable in combination with the impact they make.

Mr. Jongeneel next mentions the Energy sector. Of the four examples here, Mr. Jongeneel would like to highlight the Walo storage in Senegal. This is the first project of this size on the African continent where on a large scale finance for storage is provided. Of course, FMO has been busy in power generation with solar and wind and shareholders see the other examples there as well. FMO keeps doing that. The next level has to do a lot with storage, but also with transmission and distribution. With this investment in Senegal FMO paves the way, shows that it is financeable and brings opportunities for others to also step in and build on this area which is going to be important going forward in the whole CO<sub>2</sub>-neutral movement.

Mr. Jongeneel next shows four examples of Financial Institutions and highlights Dashen Bank in Ethiopia, which he highlights because Ethiopia is quite a difficult country. This is the first foreign investment in the financial sector in Ethiopia which FMO did together with its UK colleagues from BII (former CDC). FMO has been able to influence the Ethiopian government to make some changes in its regulations which also serves Dutch businesses locally in Ethiopia which FMO met there. There are other financings and a couple of them are really pioneering examples. Mr. Jongeneel states that later or during lunch shareholders could also ask questions to FMO's Co-CIOs.

Mr. Jongeneel also wants to highlight the SDG Loan Fund, which is a pioneering example where FMO brings the two ends of FMO's Strategy together. In the video that was played, shareholders saw that the Strategy is Pioneer-Develop-Scale. This fund is about scaling. It is about bringing in commercial investors, Allianz, to the level of a billion, which is quite big in this market. However, FMO is also pioneering because this transaction is quite unique where FMO has been able to work with the MacArthur Foundation to provide first loss type of situations to be able to bring in Allianz and a few other institutions to make this happen and then bring in further financing, and also make commercial investors more aware that this is becoming a real asset class. That is why FMO is trying to pave the way and FMO is pleased to see its German colleagues interested and already in discussion with comparable parties to set up a comparable fund, which is necessary because in this case: the more, the better.

Mr. Jongeneel mentions that FMO was well-visible on COP28. On the main stage, on the first day, three items on innovative finance were highlights. The SDG Loan Fund was one of them, but FMO was also

involved in the two others, which was notified by one of the speakers. This was a great tribute for the innovative work that FMO does, which is highly recognized internationally. On the left part of the slide shareholders can see a couple of pictures of the Future of Finance, FMO's bi-annual flagship conference where it brings people together in The Netherlands from across the world, to discuss the changes in the world of sustainable finance. FMO was pleased to have Queen Maxima attending, as well as Mr. Klaas Knot, in his role of Chairman of the Financial Stability Board, to further discuss their views on the changes that FMO sees. Mr. Jongeneel makes a rough estimate that there were about 600 customers and other partners present.

Mr. Jongeneel remarks that there were only two slides on FMO's team, because in the end customers and markets is what FMO is here for. He shows a picture and hopes that shareholders will recognize it from last year. It shows the core of FMO's Strategy. FMO has been emphasizing the Strategy and has been building on it, and the Management Board tries to get the consistency every year to select a couple of themes of it in the business and take those forward. This is challenging. The ambitions are high. FMO is trying to get financing of € 10 billion in SDG 10 and by 2030 € 10 billion in SDG 13, but also to continue the ten meaningful innovations of which the SDG Loan Fund was one. And FMO has more in the pipeline. So FMO is continuing from 2022 into 2023 and taking this forward this year and the years to come. This is what is called quality of direction. Another important element is indirection, because one can have the direction straight, but if everyone does not cooperate altogether, if the ways of working are not aligned, it is hard to realize these ambitions. So, one thing FMO did last year was to introduce a set of new updated behaviours among four values of Diversity, Making the difference, Quality, and Integrity. These values have not changed. The twelve underlying behaviours were updated and FMO is trying to take those forward. For the current year, two behaviours were selected, because one cannot do twelve at the same time. This was launched in the fourth quarter of last year and is taken forward. FMO also did a new extensive Employee Engagement Survey last year and the outcomes were positive, actually so positive that Effectory, the company conducts these types of surveys, gave FMO the mark of being a worldclass workplace. This is great to hear, but at the same time there is still a lot to further improve, and management will keep embarking on further getting these values and behaviours embedded in the organisation, which is not a thing of just a couple of months and two sessions. Mr. Jongeneel will come back on this in the next AGMs for the years to come. Mr. Jongeneel then hands over to Mrs. Bouaré.

**Mrs. Bouaré** states that FMO is facing some challenges in the world around it. The global macro economy was volatile. Despite that, FMO was able to make some achievements. In terms of new investments, growth was 11% compared to 2022 as a result of significant business development throughout the year. Of course, FMO has been working hard for many years. Despite the pandemic a few years ago, some rebounds can be seen. In the Strategy, FMO focuses mainly on three SDGs: SDG 8, 10 and 13. Starting with SDG 8, in 2023 FMO invested € 2.7 billion compared to € 2.4 billion in 2022. So, there is progress there which is reflected in the 3-year business line that FMO has significantly on its own balance sheet, and it can also be seen in the public funds FMO is managing. FMO reached € 1.9 billion new investments with its own balance sheet compared to € 1.8 billion in 2022, of which € 258 million through the public funds. In 2022 it was € 153 million. In 2023, € 528 million was made through direct mobilized funds compared to € 457 million in 2022. On SDG-10, FMO invested € 1.1 billion towards reducing inequalities compared to € 810 million in 2022. FMO made good progress there. This represented 42% of FMO's total new investment in terms of volume.

The majority, € 822 million, is the contribution from FMO's own balance sheet followed by direct mobilised funds of € 163 million and public funds of € 155 million. The reduced inequality label of new investments increased by 41% compared to 2022. On SDG 13, FMO invested € 1.1 billion in renewable energy projects and the green credit line, but also sustainable agriculture. In 2022 it was € 1 billion. This represented 40% of FMO's total new investments. The majority, € 853 million, was invested through FMO's own balance sheet, € 86 million through public funds and € 152 million from direct mobilised funds.

Mrs. Bouaré states that the picture is different for the total committed portfolio. There, FMO ended the year at € 30.2 billion, the same level as in 2022. FMO made progress on its own balance sheet, moving to € 9.1 billion from € 8.9 billion. The public funds remained at the same level more or less with € 1.4 billion and mobilised funds decreased from € 2.9 billion in 2022 to € 2.7 billion. FMO is at the same level for the total committed portfolio because new investments were mitigated by repayments and exits, but FMO was also heavily impacted by the EUR/USD-rate. The weakening of the US dollar during the year had an impact on FMO's numbers. Shareholders will also see this impact in the financial numbers. Looking at SDG 10, for Reduced Inequalities, FMO ended 2023 at € 4.3 billion compared to € 4.5 billion in 2022. The reason for this decrease in total commitment is the outflow in some countries, for instance the exiting in Myanmar and also the EUR/USD impacted FMO's portfolio. The total committed portfolio for Reduced Inequalities was 33%. Important to mention is that in 2023 FMO did, as it does every year, a customer credit review where FMO assesses whether the labelling is still valid. This resulted in a downgrade of 1% of labelling in Reduced Inequalities, which had an impact of € 150 million. On SDG 13, as a result of the overall growth in Green label total new investments, FMO moved from € 4.4 billion at the end of 2022 to € 4.7 billion at the end of 2023. This represented 36% of FMO's total committed portfolio.

Mrs. Bouaré mentions that FMO is also monitoring some key indicators that show how FMO is evolving, compared to the Business Plan and Strategy. She shows the Key Performance Indicators that FMO is following. FMO has been able to support 990,000 jobs, an improvement compared to the 910,000 in 2022. The majority of these jobs are indirect jobs, whereas 50,000 are direct jobs. It is important to notice that 37% of direct jobs supported were held by women, something that FMO is proud of. Also in 2023, the avoided GHG-emission stood at 2,000 kilotons CO<sub>2</sub>. This is an improvement compared to 1,700 kilotons in 2022. 84% is coming from the Energy sector followed by Agriculture, Food & Water. A significant portion can be attributed to FMO's investments in renewable power projects. For Reduced Inequalities, FMO does not necessarily have a specific KPI, but FMO does have a sub-label. Shareholders can see that the contribution comes from two sides. It is from the FMO's investment in Reduced Inequalities within the countries but also between countries, with the biggest contribution coming from Reduced Inequalities within countries. This is because investing in the least-developed countries can sometimes be challenging. When there is a conflict, it is quite difficult for FMO to increase investments.

Mrs. Bouaré then moves to the financial performance. FMO ended the year with a net profit of € 65 million versus € 1 million in 2022. Despite the challenges in 2023, FMO was able to increase its profit. The figures for 2022 were heavily impacted by the situation in Ukraine. In 2022 the EUR/USD was less of an issue, but the loan provisioning was high because of the situation in Ukraine, but also in some countries like Sri Lanka, where FMO had to take additional impairments. Mrs. Bouaré then looks deeper into the net-profit composition. Regular income is income from the net interest, fees and from dividends or financial

transactions, and decreased from € 310 million in 2022 to € 293 million in 2023. This decrease is mostly coming from the net interest and fee income, which was partly offset by higher dividend income. On the expense side, operating expenses increased by € 26 million and ended 2023 at € 178 million, mostly because of the increase in staff-related costs during 2023. The fair value of FMO's equity portfolio, which was heavily impacted in 2022, saw some positive signs in 2023 and ended the year at € 62 million because of some improvements in the situation in Ukraine, Sri Lanka and a few other countries.

Mrs. Bouaré highlights the loan impairments. In 2023 it was quite low with a € 23 million loss compared to € 175 million in 2022. This is also reflected in the NPL-portfolio that has been reduced which resulted in the NPL-ratio moving from 11.9% to 9.8%. This also was the result of some exits and of recovery of costs. The FX-result on the PE-portfolio shows a loss in 2023 compared to a profit in 2022, mainly driven by the weakening of the USD, because in 2023 the EUR/USD moved from 1.07 to 1.11. This resulted in a € 47 million loss, to which should be added the losses from the local currencies which were € 15 million. Other costs included the results of the derivative portfolio, which were € 22 million. Tax is also booked under other costs. Mrs. Bouaré mentions that in terms of the capital ratio FMO is still in a comfortable position. The CET1-ratio ended at € 22% which is lower than in 2022 but still above the capital requirement.

Mrs. Bouaré gives the floor back to Mr. Jongeneel to conclude the presentation.

Mr. Jongeneel thanks Mrs. Bouaré and continues with the outlook. Looking at the state of the world, the outlook does not look good. Of course, FMO is following the situation in the Middle East closely. That is even more unstable because of the war between Ukraine and Russia. One could say it is relatively stable, but that is not a good thing. Hopefully things will turn for the better, but it is a big question mark. Inflation coming down to some extent, but of course inflation varies wildly around the world, and it is something that needs to be considered in FMO's business. What is not on the picture are all the elections that took place and will take place, which might also change the world around FMO. In The Netherlands, everyone is awaiting a new cabinet. What will happen? What will be the impact for FMO? The Management Board has made its scenarios and is having discussions, but all are awaiting what will happen. On European level there will be elections in June, but of course quite important are the US elections later this year. Mr. Jongeneel was told that it is the year with the most people in the world voting ever. So, it is going to be turbulent. Where is it going to take FMO? This is unknown. Mr. Jongeneel invites the shareholders who think they know what is going to happen, to please tell. It is clear it is going to be difficult. Mr. Jongeneel mentions that the title of FMO's Annual Report is Staying the Course, because FMO has a long-term business, a long-term mission, and a long-term goal. So, basically FMO will keep on going. Management is not ignoring developments but takes these into account and tries to work with them. FMO is also staying the course versus the priorities that were set last year. First, it is about growing the impactful business. That is what FMO is about: Reducing Inequalities, looking at Climate Action to further invest in Green. Shareholders saw an uptick in Reducing Inequalities in the new investments, but in the total committed portfolio it was a bit the other way around. So, there is still a lot of work to do. On the Market Creation, on which Mr. Jongeneel elaborated last year, the organisation is now moving from design to the first elements of execution, but there is still a long way to go. Mr. Jongeneel explains that Market Creation is all about making unbankable business bankable, because in the end: when the money is there, the question is whether there will be enough interesting and attractive opportunities to deploy the capital.

Mr. Jongeneel moves to improving FMO's capabilities, realising efficiency gains. The organisation has levelled up. As Mrs. Bouaré explained, the operating expenses grew quite a lot. The Management Board is very much aware that this is a trend that will need to stop. That is also on the radar of the whole leadership team, and they have been beefing up their capabilities on realising efficiency gains, both in digitalization which is ongoing, but also on productivity and lean type of items within and across teams. That is relevant as well for progressing on people and needed skillsets. That has to do with those types of capabilities, but also with the values and updated behaviours to really become good and even better in how they work together towards that future. Mr. Jongeneel mentions impact management and monitoring. That is from a regulatory but also from a business perspective a field that is much in motion, and something FMO will keep investing in to keep up with all the requirements and its own desire to measure impact.

At least as important as the other themes Mr. Jongeneel has mentioned, is ensuring that FMO's foundation is solid. On risk awareness, shareholders saw FMO's NPLs going in the right direction, but that is volatile. FMO wants to realize sustainable finance and performance. The Management Board is much aware of the growth of costs versus income. The Management Board also wants to safeguard FMO's regulatory compliance in all processes, whether it is banking or sustainability regulations or otherwise, because a lot is coming at FMO.

Mr. Jongeneel concludes that those are the key themes the Management Board sees in 2024. He summarizes that FMO continues to build on what it did in 2023 and all is part of the 2030 Strategy. Mr. Jongeneel ends his presentation with the key takeaways. 2023 was a volatile year and still it makes FMO even more relevant on maximising its impact. FMO's customers and employees luckily continue to persevere in this tough environment, but also keep innovating, with the SDG Loan Fund among others. The Management Board is pleased that net profit is up versus last year, however, the net profit remains under pressure. This is known and receives attention. The total portfolio remained the same. The total portfolio remained the same, which is not in line with the ambition. So, this is going to be increased as well, and those elements come back in FMO's Business Plan for this year with the themes that he set out, and all in service of the Pioneer-Develop-Scale Strategy. Mr. Jongeneel thanks the shareholders for listening and hands the floor back to the Chair.

**The Chairman** thanks Mr. Jongeneel and Mrs. Bouaré for their presentations and opens the floor for questions regarding the Annual Report. He requests shareholders to keep their questions about the Annual Accounts or the Financial Statements for agenda item 4. He reminds the shareholders to use the microphone and state their name. Before giving the floor to the first shareholder, he asks the Secretary to inform the meeting about the number of shares present or represented.

**Mrs. Oosterbaan** states that she has positive news regarding the presence. 14 shareholders are present or represented, jointly entitled to cast 374,316 votes, representing 93.5% of the issued capital.

**The Chairman** opens the floor to questions.

**Mr. Idzenga** thanks Mr. Jongeneel and Mrs. Bouaré for their presentation. Mr. Idzenga introduces himself as head of state-owned enterprises at the Dutch Ministry of Finance. On behalf of the State, and also on behalf of the colleagues of the Ministry of Foreign Affairs, he would like to share a short reflection on the past year. From the Ministry's perspective, a major achievement was the conclusion of the multi-year revision process of the Dutch state guarantee in July 2023. The Dutch state guarantee is key to the business model of FMO. The Ministries are pleased that this solid basis has been reconfirmed again for the future. This is an important step, which the State and FMO made together. Another highlight was the joint visit to Kenya which enabled them to see for themselves the good work FMO does and how this is done in sometimes difficult circumstances. That really helped them to appreciate the work FMO does in the right way. Furthermore, the Annual Report shows consistent progress on the SDGs, such as Job creation, Reducing Inequalities and Climate Action in the past year. This achievement is notable given the challenges that FMO has encountered as management also pointed out. External events like the war in Ukraine and the Middle East were of course impacting FMO, the partners and investments. FMO indeed has stayed the course in these turbulent times, and in parallel managed to strengthen its organisation, with also a positive outcome of FMO's employee review which is good to see. With regard to Ukraine specifically, Mr. Idzenga compliments FMO on how it stood with its clients and partners and how it tried to find solutions for the challenges they are facing. This provides a good basis for further cooperation in the future in Ukraine. Market Creation, as Mr. Jongeneel mentioned, last year was still mostly preparational, however, important steps have been taken to strengthen this crucial part of the progression model. The next year will be interesting. The pilot should show what is needed to make Market Creation a real success and how FMO can partner with others to achieve this ambition. With respect to ESG-matters, FMO made big improvements over the years and FMO is now better equipped to ensure investments are impactful and responsible. FMO's enhanced cooperation with embassies, NGOs and other local stakeholders have been instrumental in these improvements. Mr. Idzenga recognizes two points of attention that Mr. Jongeneel also mentioned in his presentation. One is profitability. Notwithstanding the improvement in 2023 compared to 2022, for the second year in a row profitability is below what the Ministry would like to see. In itself this is a cause for concern, but given the high ambitions for growth, this needs extra attention. Another point of attention is KYC-compliance. The regulator is critical. Banks, including FMO, have an important gatekeeper role in preventing money laundering and terrorist financing, and the Ministry expects FMO to take this role seriously, fulfil it properly and act in accordance with applicable laws and regulations. Looking forward, as Mr. Jongeneel mentioned, 2024 will probably be a challenging year. Mr. Idzenga hopes that FMO can resolve the KYC-issues and improve profitability, however, the Ministry relies on FMO and, fortunately, FMO's Supervisory Board and Management Board are solid. FMO's work force is engaged and FMO has strong partners. Therefore, Mr. Idzenga says he is confident that FMO can take on these challenges in an adequate manner.

**The Chairman** thanks Mr. Idzenga for sharing his constructive and supporting remarks. He asks the Management Board to respond to the two valid questions on profitability and KYC.

**Mr. Jongeneel** thanks Mr. Idzenga for his kind words. As with regard to the profitability, the Management Board is aware of the situation, and in the first half of 2024 some additional analysis will be done, on top of what is normally done for the Business Plan 2025, to see how this can further be strengthened. That is top of mind. Also, for the rest of the audience, he would like to make clear that it is good, because it strengthens FMO's own ability to grow and make more impact. As to KYC, FMO takes its role very seriously. The last

thing FMO wants to do is business that is not impeccable. There should not be any link to money laundering or fraud. It is not easy. It is a timely and costly exercise, as FMO works in the most difficult geographies around the globe, which drives up FMO's costs and impacts profitability. However, this will need to be managed it and it receives attention. FMO is not there yet, however, it is absolutely on the radar.

**Mr. Idzenga** thanks Mr. Jongeneel for his response and states that the Ministry and FMO are on the same page on these points.

**Mr. Jongeneel** thanks Mr. Idzenga.

**The Chairman** gives the floor to Mr. Bakker.

**Mr. Bakker** asks his questions in Dutch. He indicates that he does not see the Works Council, however, assumes that the Works Council is present. They were not specifically welcomed this morning; however, he would still like to welcome them. Unfortunately, he has not had much time to prepare, however, Mr. Bakker says he does have a few questions. Mr. Bakker refers to the overviews and graphs on page 65 of the Annual Report, comparing 2023 with the previous year. He would like to see that from now on, the past financial year is compared with the previous four years to gain a little more insight into the developments. He would like to see management commit itself to do so from now on. He is also curious what the graphs look like over the past five years. Mr. Bakker then asks to what extent DORA was covered within FMO, such as ICT risk management, ICT incident testing, sharing of information, and ICT third parties. What does this look like and what has been realized? How is it handled when a hired third party has hired another party to do their job. Is that covered in case of a hack? How many IT people work within FMO? How many of them are internal and external? Are there also activities or applications outsourced or managed by third parties? Has that changed compared to 2022? Have the costs remained the same or increased compared to 2022? What does this look like per hour over the past five years? He would like to hear a bit more about internal and external costs. Mr. Bakker sees a significant difference in costs between FMO and a similar company like KfW. Can management say something about that? Mr. Bakker notes that staff costs have increased by almost 18%, while administrative costs have increased by almost 24%. Total operating costs increased by 16.5%. That is an increase of almost € 25 million. This seems to be an annual trend. Net profit needs to improve. What is being done about this? Is there also work in the organization that does not make a direct financial contribution? Mr. Bakker is concerned that if the company continues like this, there might soon be no company anymore to take care of what FMO stands for. He asks management for comments, substantiations, and expectations for the coming years. Mr. Bakker notes that the budget for 2024 has increased compared to 2023. Which budgets increased by more than 5% compared to the budgets and realizations in 2023, and what was the basis for this? Mr. Bakker then notes that market interest rates have risen in the past period, which normally leads to more margin for a bank, but at FMO he sees a decrease in interest income from € 234 million to € 221 million. He asks to explain this. Mr. Bakker also asks to explain the turnaround in the results of equity investments from € 40 million negative to € 50 million positive. Mr. Bakker asks why fee and commission income have fallen sharply while expenditure increased. What is covered on these items and when will it be booked? On balance, this is becoming a pretty negative item. He says he would expect a positive return. Mr. Bakker notes that impairments are heading in the right direction, but he wonders if something that was written off in 2022, but still turns out to be worth something in 2023,

will be credited. To what extent does the EUR/USD rate have an effect on this? Are there any special things to report? Are there also matters in which the contacts have been established in the past two years?

Mr. Bakker notes that the EUR/USD rate at year-end 2023 is almost the same as at year-end 2022, but still has a negative impact. He assumes that FMO matches lending and borrowing in USD. With equity this could happen in much the same way. Mr. Bakker wonders what the result would have been at a EUR/USD rate of 1.12 or 1.02. He then asks about SFDR and the various funds. Is this audited externally? With a fund that invests outside Europe, there is a problem that it is not covered by the regulation. Should FMO not enforce that everything is covered by this regulation? Are the proceeds from each managed fund positive? What about KYC? What does De Nederlandsche Bank think of how FMO does this? Could FMO expect a fine or something else from regulators or other institutions? And the EMIR Refit, how far has this been realised within FMO? He thinks that will go live on April 29. What is the status? Which regulations will have an impact on FMO in the near future? Why was there a changing of the guard at FMO Investment Management B.V.? Yvonne Bakkum ran the show for many years. What is the financial contribution of this part? Does FMO still keep it at a distance? What does the future of this part look like? Mr. Bakker refers to the text on minimized negative impact and asks whether FMO discussed this with customers last year. Have relationships ended for this reason and has this had a positive effect on customer relationships in FMO? How is it tested whether the customer adheres to this? Mr. Bakker asks whether new complaints were added in 2023 with regard to the Independent Complaints Mechanism. How do the petitioners experience this procedure? Is their feedback also requested? What is FMO's opinion about this process? Are there situations where FMO thinks it could have done better? Mr. Bakker notes that there are 16.7% more employees. External employees increased by 17.5%. One in five is external. He personally thinks this is quite a lot of external personnel. What is FMO's policy and vision on this topic? On balance, what are the additional costs for the group of external employees? Sometimes it seems as if FMO is trying to be the employer in The Netherlands with the most different nationalities. He says he would expect the aim to have the best person in the right position. Are there also ongoing labour disputes? Did such disputes occur in 2023? Is the sales process now automated? Are automatic checks also done? How long is someone busy from the moment of receiving the application up to and including the processing and up to and including the money being disbursed? How many applications arrive quarterly? How many reach the finish line, and why do some not qualify? Mr. Bakker wonders whether Investment International B.V., of which FMO is a 49% shareholder, already contributes to FMO's results. Mr. Bakker asks whether FMO leaves it to customers if they need something, such as cold storages, or whether FMO helps them with this. With regard to KYC, Mr. Bakker wonders whether FMO sometimes detects fraud or abuse.

**The Chairman** thanks Mr. Bakker for his questions. He notes that Mr. Bakker read a list of questions and asks Mr. Bakker if FMO could have that list, so that management can make sure that they address all of Mr. Bakker's topics, because for the proceedings of this meeting he would like to group Mr. Bakker's questions and he is not sure they will really capture all of it. The Chairman asks management first to respond to the issue of how to present the numbers of FMO, whether they could have a bit more of length of time to have a better overview of how things are actually developing.

**Mrs. Bouaré** understands Mr. Bakker's wish to show a five-years' trend. She takes this comment as a proposal and points out that for some elements there are changes of methodology that happened over the years. Therefore, the comparison might not be meaningful for all situations. For instance, the financial data

like the P&L is quite stable, but in the impact domain it is different. For example, on Job creation, FMO has adjusted the definition in the past five years already three times and is looking for a new methodology because there is a need for harmonization in this domain. That will make it quite difficult to compare every year and also to have FMO's auditor validate all those numbers. Mrs. Bouaré could share some of the numbers, but Mr. Bakker should keep in mind that it is not necessarily something he could compare easily.

**The Chairman** states that the second set of questions related very much to IT and cybersecurity risk and also how much investment FMO must do in IT and the numbers regarding HR on staff costs and external hiring.

**Mrs. Bouaré** remarks that there was also a specific question on DORA which is a new requirement FMO has to comply with by the end of the year. Mrs. Bouaré explains that a project has been set up. Multiple departments in the organization are working on this project to ensure that FMO can comply with this towards the end of the year, and it will include the broader area of governance, cybersecurity, controls et cetera.

**Mr. Jongeneel** mentions that there were also a couple of questions on IT costs and how this change. He asks Mrs. Bouaré to say something about that as well.

**Mrs. Bouaré** states that there have been a lot of requirements. Therefore, management had to increase the number of FTEs in IT. FMO increased the FTEs with ten compared to 2022. That is not a huge increase, however, when software and applications are developed, it also increases maintenance costs in IT. This is going into the overall costs for IT. Therefore, there has been an increase there as well.

**Mr. Jongeneel** adds to the point of externals that, especially on the IT-side, FMO like many banks and other organizations, works quite a lot with externals. Luckily, some of those externals can be converted to internals. On the other hand, one does not want to convert all the externals to internals, because some of the knowledge FMO needs is temporary. Mr. Jongeneel does not think that the number of externals FMO hires is much larger than the market average. Also, in The Netherlands in general, around 20% of the population is currently self-employed. That is also something one needs to consider. Also, on the KYC-side, FMO is hiring more people that in first instance, worked at FMO temporarily. FMO is a good place to work and with a great mission. Subsequently, people sign a contract with FMO to become an employee. FMO has a view that it wants to increase that and decrease the flexible part, however, it will remain over 10% anyway, however, that is a choice and FMO is now below 20%.

**The Chairman** turns to the third set of questions regarding the developments in the operational costs and how this will affect FMO's profitability in the coming years.

**Mrs. Bouaré** states that this was alluded to before. Expenses have been growing faster than income. The Management Board wants to bend the expense curve and therefore a deeper analysis of the reasons behind the trend is currently being done. The Business Plan 2025 will show insights on how to increase income and bend the curve on the expenses side.

**Mr. Jongeneel** remarks with respect to the funds that Mr. Bakker referred to, that typically FMO wants the funds to contribute to the financial performance and not to drag it. In some cases that is a challenge. In the first half year, the Management Board will be looking at a couple of additional analyses to build the Business Plan 2025 on. One of those is exactly in that area, to make sure that all the funds FMO works with are contributing to net profit in a positive way.

**The Chairman** remarks that there was also a set of questions on how the results of FMO interact with development of interest rates and currencies.

**Mrs. Bouaré** mentions that interest rates increased in 2023, which has two types of impact. Funding costs increase, and interest income increases. Part of the funding and the loan portfolio is based on fixed rates. On this part of the loan portfolio there is no immediate effect, however, the effect will come when tenors are renewed. Therefore, shareholders will not see the direct impact on the loan portfolio, however, for the funding they will immediately see the impact. Hence the decrease in the numbers. Currencies have impacted the PE-portfolio, because 80% of FMO's PE-portfolio is denominated in USD or local currencies, whereas FMO is reporting in euro. Therefore, this part is very sensitive to the EUR-USD rate. In 2020 the EUR/USD rate was 1.14 at the beginning of the year and it ended at 1.07. Then the dollar strengthened, which had a positive impact on FMO's P&L, however, in 2023 it was the other way around. The EUR/USD moved from 1.07 to 1.11. A 1% movement of EUR/USD has an impact of roughly € 15 million.

**The Chairman** states that there was a set of questions around what developments are expected in the regulatory environment. He also asks to discuss KYC.

**Mrs. Vossen** states that quite some regulations are coming FMO's way in the near future. One is DORA and there are a couple more coming into effect, at the end of this year or at the beginning of next year. Besides DORA, there is for example Basel IV. There is also an ECB Guide on climate-related and environmental risks. There are EBA-guidelines on internal policies, procedures, and controls to ensure the implementation of the union and national restrictive measures, which come into effect at the end of the year. Furthermore, there are the Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards, that also come into effect for the first time for FMO in 2025 over the year 2024. Then there is the EU Taxonomy and the EU AML/CFT legislative package. Regarding KYC, FMO has done quite a lot. Mr. Bakker might be familiar with FMO's KYC enhancement program, which started a couple of years ago and was focused on continuous improvement on the policies and procedures. The program was finalized in 2021, however, that does not mean FMO stopped there, because it is about continuous improvement of the FEC framework and that is what FMO focused on during 2022 and 2023, for example via periodic review of policies and procedures. Since that period, DNB has not performed a formal investigation related to KYC. However, as part of an initial review done in 2022 on a limited number of files, DNB acknowledged the improvements made. In August of 2023, FMO reported that, as a result of a late notification of unusual transactions to the Financial Intelligence Unit (FIU) in 2021 and 2022, DNB decided on enforcement measures. DNB is currently reassessing these measures upon request of FMO by means of objection. Mrs. Vossen explains that the Profit and Loss charge on impairments over 2022 and 2023 is the net impact of increases and decreases (releases). A change in impairments which results from a change in the USD

exchange rate will be booked as forex movement. Mr. Vossen is not aware of any particularities to mention. There were two customers with impairments, for which a new facility was contracted in 2022 or 2023.

**The Chairman** thanks Mrs. Vossen. He turns to the questions on how HR policies are developing and on the balance between cultural backgrounds and people hired externally.

**Mr. Jongeneel** mentions that the current chair of the Works Council, Mr. Alexander van de Water, is present and thanks him for joining. Shareholders could speak to him after the meeting. HR policies are of course a continuous development. Mr. Jongeneel fully agrees with Mr. Bakker that for every vacancy HR should try to get the right person for the job. At the same time FMO really believes in the power of diversity and inclusion. FMO does not have a target for a certain number of nationalities, however, because of FMO's work in many different countries, there is definitely value in diversity, but always with the notion of getting the right person at the right place. Mr. Jongeneel remarks that he already alluded to the topic of internals versus externals. He will be pleased to take any follow-up questions. On Mr. Bakker's questions about labour conflicts, Mr. Jongeneel replies that every company has those, and Mr. Bakker will understand that also from a GDPR point of view he cannot say too much about these.

**The Chairman** mentions that the last set of questions was about the funds and the participation of FMO, and more specifically Invest International. He asks management to comment on this as well.

**Mr. Jongeneel** comments that FMO is a proud co-shareholder of Invest International with a 49% share. The State has the other 51%. It is important that Invest International has been standing on its own feet for 2.5 years, joining parts of the government from RVO and parts of FMO. The Management Board of FMO is pleased with how Invest International is developing. There is a contribution in many areas, from cooperation and businesswise. Financially one could say that Invest International is not there yet, however, FMO is quite pleased that it has shown profits at all, which is not easy for a starting company. But further development is definitely needed. Mr. Jongeneel would also like to address the question about the big differences with KfW. KfW is another partner FMO works a lot with. However, that is more with DEG. DEG is the private sector branch of KfW, and that is also a reason why there are so many differences between KfW and FMO, because the mandate of KfW is different from FMO's mandate. It is therefore better to compare DEG and FMO.

**The Chairman** asks the Management Board if there are any other questions they would like to address.

**Mr. Jongeneel** states that there was a question on the Independent Complaints Mechanism. This is again something they run together with DEG and Proparco. The question was whether there have been new complaints. Mr. Jongeneel confirms that there have been a number of new complaints, but not a lot and several were not admissible. There is no reason for concerns on this front. FMO evaluates these and there is an Independent Complaints Panel, run by people that are not on the payroll of FMO, DEG or Proparco. They take up these cases, but of course FMO discusses the complaints with them and tries to learn continuously. An evaluation of the mechanism has also been taking place and FMO is in the process of improving the number of policies. FMO's head of the Independent Complaints Mechanism is present. This is Dieter Hoenke, FMO's head of Internal Audit.

If there are further questions in that area, Mr. Hoenke will be available at lunch to answer more questions.

**The Chairman** notes there were no further questions and turns to item 3 of the agenda.

### 3. PRESENTATION AND Q&A EXTERNAL AUDITOR

**The Chairman** states that the Annual Accounts were prepared by the Management Board and were audited by Ernst & Young Accountants. The extensive Auditors' Report can be found at the back of the Annual Report on FMO's website. Mr. Jasper Kolsters and Mr. Klaas-Jan Schoppink of EY are present. The obligation of EY to observe confidentiality has been lifted for the purpose of the AGM. He gives the floor to Mr. Kolsters.

**Mr. Kolsters** thanks the Chairman for the opportunity to discuss EY's audit approach. Mr. Kolsters explains that he has been the auditor of FMO for the last five years, which means that this is the last time that he will be addressing the Annual Meeting. His colleague Mr. Paul Nijssen will take over for 2024. Mr. Kolsters states that he will briefly discuss EY's audit approach and areas of audit focus. He will talk about the key audit matters. He will also address ESG and have a quick look forward to 2024. Lastly, he will briefly talk about communication and the way they work with the Management Board and Supervisory Board.

Mr. Kolsters explains that doing the audit takes a lot of time and that EY works on it for most of the year. He would first like to talk about the audit scope. EY audited the Financial Statements that consist of the consolidated Financial Statements, but also the parent-only Financial Statements. EY has done a few other engagements as well. EY has done an interim review of the numbers on June 30. EY also does the regulatory reporting that for 2023 they are currently working on. EY has done an additional assurance engagement that relates to a number of ESG-related KPIs. EY's assurance report can be found at the back of the annual Financial Statements.

Mr. Kolsters briefly comments on the strategy as external auditor. It is his responsibility to gather an audit team, to make choices on the areas of audit focus. Auditing a bank, and especially a development bank, is quite a task. EY has a large team with a number of auditors but also a number of specialists with knowledge of IT, income tax, the valuation of financial instruments, regulatory reporting and compliance. First, materiality is determined. An amount of € 35 million was used, which is similar to the amount used in the previous year. It is based on 1% of equity. EY feels this number is fair for the audit of FMO. Using that materiality, EY performs the risk assessment. EY identifies and focusses on those areas where a misstatement might occur.

Mr. Kolsters mentions that as part of the audit EY also addresses a number of other topics such as the going concern assessment, which is an important assumption when preparing Financial Statements, but also performs procedures in respect of fraud assessments and compliance with laws and regulations. The conclusion of the work was an unqualified auditor's report, meaning that the Financial Statements give a true and fair view and are conform the IFRS requirements as adopted by the EU. EY also concluded that the Board report aligns with the Financial Statements.

Mr. Kolsters states that three key audit matters were identified, which are the same as in the prior year. Those are the impairments of loans to the private sector, the valuation of equity investments at fair value and the reliability and continuity of IT and related systems. On the impairment of loans to the private sector the provision and performed procedures in that respect were specifically assessed. Normally when an audit is started, the internal control environment will be assessed, meaning which processes and controls have been implemented to ensure that those numbers are actually correct. In addition to that, lot of substantive procedures are performed, for example looking at the model that is being used but also the data that is addressed. In addition to that, quite an extensive assessment of stage-3 loans is performed. These are loans in the highest risk category whereby it is assessed whether management assessment is appropriate. The next key audit matter of the valuation of the equity investments is quite a judgmental area, as the investments are not listed on a stock exchange. Therefore, EY performs specific procedures assessing the accounting policies used but also the processes and controls ensuring that their fair value is reasonable. As part of that process, quite an extensive sample is taken, together with specialists, where it is assessed whether the judgements of management are appropriate. That highly depends on the investment because there are direct investments, but also fund investments. Together with specialists the team challenges the valuation by management by looking in great detail at the assumptions. On these two key audit matters, EY believes that the provision or ECL recorded in respect of loans and the valuation of equity investments is reasonable.

Mr. Kolsters states with respect to the IT element that EY assesses the IT systems purely in respect of the audit that it performs. The team does not look at every system, but specifically at systems that at the end of the day impact the Financial Statements. The team believes that they gathered sufficient evidence to rely on the system as part of the audit.

Mr. Kolsters says that for 2023, EY performed an assurance engagement on ESG. On specific topics EY provided limited assurance, whereas on other topics, for example diversity, EY provided reasonable assurance. EY had no specific concerns.

Mr. Kolsters states that Mr. Nijssen will take over, but that he would like to give some insights into what they expect will happen. From an auditing perspective they do not expect significant changes, but a number of regulatory developments will require attention and the CSRD is a very important one. They will work with management as part of the audit to make sure that the requirements are met for the year 2024.

Lastly, Mr. Kolsters spoke about how EY works with management. EY starts with presenting an audit plan to the Audit & Risk Committee and later to the Supervisory Board. EY issues a review results report with a number of observations on the interim Financial Statements. Both documents are presented in the middle of the year. EY issues a management letter at the end of the year and provides a long-form auditor's report as part of the Financial Statements. During the year EY has lots of meetings with management, the Management Board and the Supervisory Board. Those meetings are open, transparent and cooperative. The working relationship between the auditor and management is good. Mr. Kolsters hands the floor back to the Chairman.

**The Chairman** thanks Mr. Kolsters for his presentation and asks the shareholders whether they have any questions for the accountant.

**Mr. Bakker** asks his questions in Dutch. He has two questions. Firstly, one can read in the newspaper that anything and everything happens at the various accounting firms. Did the employees involved in the audit have something to do with this? Secondly, he notes that there were observations. He asks whether he can hear a little more about this.

**The Chairman** passes these questions on to the accountant and asks him to rephrase these questions in English.

**Mr. Kolsters** thanks Mr. Bakker for his questions. There is indeed a lot to do about the audit profession in The Netherlands. Especially in the last few weeks there was a settlement reported with one of the other audit firms. The only thing Mr. Kolsters could say about that at this moment in time is that all audit firms have been asked to do an internal investigation and the investigation relates to exam cheating, which is of course rather unethical, especially given the role accountants have in society. The only thing he could say now is that the process is still ongoing. He is not aware of any of his team members participating in exam cheating. On observations, EY presents a management letter in December. Those are observations on internal control but also general observations on how the company is doing. This mainly relates to comments on the key audit matters because EY assesses internal processes and controls and, where it sees room for improvement, it brings that to the attention of management. EY also comments, for example, on the preparation for the CSRD-implementation for next year. These are quite high-level comments on how things can be further improved. Mr. Kolsters states that perhaps management could further comment on that.

**Mr. Jongeneel** says he would like to help Mr. Bakker a bit, because if he were Mr. Bakker, he would be interested to see whether EY had more observations than in the previous year and to hear about the quantity and quality of those observations. He asks Mr. Kolsters to give some colour to his answer.

**Mr. Kolsters** comments that number-wise EY did not make significantly more comments than in the previous year. Some of the comments relate to topics that take time to implement. They were not more severe than last year. They were ideas for further improvement. The quality of EY's comments is something for management to comment on. For EY, most important is that its comments are taken seriously and that FMO tries to act and further improve processes.

**Mr. Jongeneel** mentions that with quality he meant severity and Mr. Kolsters already commented on that.

**Mr. Bakker** asks his question in Dutch. He asks whether the organization has improved administratively compared to 2022.

**Mr. Jongeneel** states, because the question might not have been completely audible, that Mr. Bakker's question is whether the organization improved versus 2022, from an administrative perspective.

**Mr. Kolsters** believes that to be the case. It is not a step change, but rather something that evolves. He would certainly think that the company is working hard to strengthen the internal organization.

**The Chairman** asks whether shareholders would like to address other questions to the auditor. He notes there are no further questions and thanks Mr. Kolsters for his presentation and answering of the questions. He also thanks him very much for his constructive and professional cooperation in the past years.

**Mr. Kolsters** says that this is much appreciated.

**The Chairman** moves to item 4 of the agenda, adoption of the Audited Annual Accounts 2023.

#### **4. ADOPTION OF THE AUDITION ANNUAL ACCOUNTS 2023**

**The Chairman** states that the Supervisory Board discussed the Annual Accounts in detail on the 18<sup>th</sup> of March. All members of the Management Board and Supervisory Board signed the Annual Accounts. The Supervisory Board recommends that the shareholders adopt the Annual Accounts.

The Chairman gives the shareholders the opportunity to ask questions. He notes there are no questions and asks the shareholders whether they could agree with the proposal to adopt the 2023 Annual Accounts. He notes that the shareholders agreed with the proposal and concludes that the meeting adopted the Annual Accounts. The Chairman then moves to agenda item 5, the dividend policy and profit appropriation.

#### **5. DIVIDEND POLICY / PROFIT APPROPRIATION**

##### **a. Reservation and Dividend policy**

**The Chairman** states that the reservation and dividend policy is on the agenda for discussion to implement article 18 paragraph 4 sub b of the Articles of Association. The current policy was adopted at the General Meeting of Shareholders on 8 May 2013 and is summarized in the annotated agenda sent to the shareholders. The Chairman explains that the current pattern could be summarized as follows: in accordance with the 1998 Agreement with the State, FMO reserves part of the annual profit and adds it to the Contractual Reserve. The profit remaining after this reservation is distributable. It has been decided in 2013, that 100% of the distributable profit will be used as the payout ratio. It has been noted in the policy that it may be proposed in the future not to pay a dividend if this cannot reasonably be expected, for example if this does not fit the circumstances within FMO's capital management policy. The Chairman notes that this policy applies to the year 2023. The Chairman remarks that the revision of the Agreement with the State in 2023 did not modify the determination of the dividend, nor the appropriation of the dividends. The idea is that the wording of the policy will be updated at a subsequent shareholders' meeting. He then turns to questions about the dividend policy. He notes that there are no questions and turns to agenda item 5.b.

## **b. Determination of the profit appropriation and dividend 2023**

**The Chairman** states that in 2023 a net profit of € 64.9 million has been realized. Based on the allocation method, as described in the Agreement between FMO and the Dutch State dated 1998, it is established that € 62.8 million is to be added to the Contractual Reserve. As a result, the distributable part of the net result to shareholders amounts to a little over € 2.1 million. It is proposed to pay out the full amount of the distributable part of the net result to shareholders in the form of a cash dividend which amounts to € 5.38 per share.

The Chairman asks whether there are any questions or comments. The Chairman notes that there are no further questions and comments and asks whether the shareholders can agree with the proposal to pay out the full amount of the distributable part of the net result to the shareholders in the form of cash dividend which amounts to € 5.38 per share. He concludes that this proposal is supported. The Chairman asks the shareholders to check the IBAN account number stated on the form sent to them. The dividend will be transferred to this account number. The Shareholders do not have to do anything unless they indicate otherwise to Mrs. Oosterbaan. He asks shareholders who need to change the number to do so by Wednesday, 1 May at the latest. The Chairman then turns to agenda item 6.

## **6. DISCHARGE MANAGEMENT BOARD**

**The Chairman** states that it is proposed to discharge each member of the Management Board in office during the Financial Year 2023 for the performance of his or her duties during 2023. He asks whether there are any remarks. He notes there are no further questions or comments. He asks whether the shareholders approve the proposal. He notes that this is the case. The Chairman then moves to agenda item 7.

## **7. DISCHARGE SUPERVISORY BOARD**

**The Chairman** states that it is proposed to discharge each member of the Supervisory Board in office during the Financial Year 2023 for the performance of his or her duties during 2023. The Chairman asks whether there are any comments on this proposal. He asks whether the shareholders approve the proposal. He notes that this is the case. The Chairman then moves to agenda item 8.

## **8. SUPERVISORY BOARD APPOINTMENT AND REAPPOINTMENTS**

**The Chairman** continues with the appointment, and three reappointments, of Supervisory Board members. None of the candidates for appointment or reappointment are shareholders of FMO. Their candidacy has been approved by the Dutch Central Bank and the Works Council has given a positive advice regarding all candidates.

### **a. Appointment Mrs. E.M. (Eme) Essien Lore MA MBA BA**

**The Chairman** starts with agenda item 8.a., the appointment of a new Supervisory Board member. There has been a vacancy for some time. Therefore, the Supervisory Board is pleased to present the shareholders with a candidate who will reinforce the Supervisory Board and two of its committees. This appointment will

bring the Supervisory Board to the desired number of six members. To come to this nomination, the Selection, Appointment and Remuneration Committee looked at many aspects, such as diversity in the Board in terms of, amongst others, gender, age, background and, of course, the desired knowledge and experience. Also, some suggestions of stakeholders were taken into account in the job profile. As shareholders might know, the Appointment Policy State Participations applies. The Supervisory Board, on the advice of the Selection, Appointment and Remuneration Committee, nominates for appointment as Supervisory Board member: Mrs. Eme Essien Lore, for the duration of four years, starting immediately after this meeting. She has over 24 years of practical and comprehensive development banking, finance, management, and impact investing experience. She worked for many years at, amongst others, the International Finance Corporation/World Bank Group. She will fulfil the profile regarding, amongst others, a high level of relevant banking/impact investment expertise, financial and economic expertise, and specifically related risk matters in emerging markets and economies. Mrs. Essien Lore will take seat in the Audit & Risk Committee and in the Impact Committee. The resume of the candidate was included in the documents for this meeting. The Chairman then invites Mrs. Essien Lore to come forward and to introduce herself.

**Mrs. Essien Lore** thanks the Chairman. She expresses her gratitude for the opportunity to hear the concerns of shareholders and the commitment of shareholders of FMO for achieving the strategy. That is confirming from her perspective. She is also grateful for the opportunity to introduce herself and why this role was of such interest to her. She has spent her entire career based on the belief that the private sector in developing economies can be the engine of inclusive growth and of sustainable job creation. She spent the majority of time working at IFC, an organization with whom FMO collaborates. She also worked there as an investment officer and therefore understood through the ranks what it means to identify clients and take them through the process of delivering sustainable finance to them. That journey she appreciates closely. Obviously, FMO has many investment officers as well as other staff working on the frontline with clients around the world. She has worked on both the investment and the non-investment side. On the non-investment side she worked on strategy, on initiatives to support SMEs, really the range of options. That is important. Often times, when one thinks of DFIs, one focuses just on the financial part of how they are delivering finance to clients, but there is a whole engine of efforts behind that, and she worked across those different areas. Her most recent role at IFC was to head the Nigeria office, where she was in charge of strategy execution. She has a very strong belief in the role of investing for impact, meaning being intentional about the impact DFIs want to have and measuring their success. When working at the Rockefeller Foundation, she focused on enhancing the role of investment impact globally. This concept of being intentional about impact is why she spent her entire career in the space of development finance. For the last three years, she has been wearing several hats all with the same goal in mind. In addition to investing for impact, she also holds a strong conviction in the role of good governance and organizational health in ensuring that the private sector can actually deliver on inclusive economic growth and on sustainable job creation. In fact, she believes that without those two elements one will struggle to really achieve impact. Today she works as an adviser, as a consultant and as a board director with all of this in mind, that good governance and organizational health is at the centre of development and impact. That is what attracted her to FMO. She came across FMO many times in her role at IFC as a co-investor, but what really intrigued her over the years was that her clients had very positive reflections on their collaboration with FMO and that FMO was able to do that without having a strong footprint on the ground, without having lots of offices. This was a signal to her that there are ways to do effective development finance and do it well. As a result, FMO

is highly respected amongst its peers. She also notes FMO's strong focus on ESG, in particular on corporate governance. This focus resonates strongly with her and aligns with her own view on how to achieve private sector development. She hopes to bring in this role her understanding of how DFIs can work effectively. She lives in one of FMO's geographic areas of focus, Kenya. She is experienced with implementing an ambitious global strategy, something she has spent quite a bit of time doing. She also has a real passion for diversity and inclusion, and actually achieving a high-performance workplace culture, which is critical for an organization with really big lofty goals. In short, she is very pleased to be at the meeting and is honoured to be considered for this important role, which is helping support and steer FMO to deliver on its ambitious strategy for the next few years.

**The Chairman** thanks Mrs. Essien Lore for her presentation. He asks whether shareholders would like to ask her a question.

**Mr. Bakker** states that he has one question and one remark. He says that Mrs Essien Lore told the shareholders a lot of what she did professionally, however, he would like to know about her life and hobbies. He hopes that Mrs. Essien Lore will work well with the staff at FMO, and the colleagues of the Supervisory Board, and that it will be profitable for everyone.

**Mrs. Essien Lore** thanks Mr. Bakker and explains that she is a mother of two boys and that she has been living on and off in Kenya for the last twenty years. She first went to Kenya for work. She was planning to leave and did leave; however, she came back because she got married there, and she has now made Kenya her home. Outside of work, her children take up quite a bit of her time. They are 13 and 10. Living in Kenya has been a wonderful opportunity to see all of Africa, because Kenya is important for a lot of what happens in Africa. She now views herself as an adopted Kenyan. In her spare time, she does a whole range of different things. Kenya offers a lot of that. Those who visited Kenya know that it is a bastion of people who love nature. Being able to experience the great diversity of the Kenyan landscape is amazing. It is special in that regard. Her background is partly Nigerian, with her parents being Nigerian. She grew up in the United States. She therefore has a range of perspectives that she brings to what she does. She considers herself Pan African in that respect. She used to play quite a bit of tennis. She would like to go back to that and invites anyone on the Supervisory Board who wants to play. She also plays paddle ball. In terms of working with this team, she has been interacting with them for the past several months just getting to know them. She observed an incredible amount of collaboration but also constructive tension, which is exactly what she prefers to see on a Board. People who come from issues with different perspectives are able to have the discussion, have constructive conflict and get to a point where everybody has a different perspective, but everybody is listening, and they get to a place where everybody can agree on a way forward. This is what she heard and observed in her interactions with the Supervisory Board and the Management Board. There must be some tension in order for growth. That is the kind of collaboration she would like to be part of. Ultimately, if people are feeling heard, they can get through difficult issues. There is no perfect solution for any problem, but the aim is to get an optimal output in case of difficult circumstances.

**The Chairman** thanks Mrs. Essien Lore and notes that there are no further questions. He sincerely hopes that the shareholders will share their enthusiasm to take Mrs. Essien Lore on board and that they will support to appoint her as member of the Supervisory Board as proposed. He notes that this is indeed the case and congratulates Mrs. Essien Lore with her appointment.

The Chairman then continues with the nominations for the re-appointments. He explains that three Supervisory Board are willing to take on a second term. They all started their position in 2020, at the beginning of the Covid period, and they started their work at FMO via the computer screen. That was obviously not an easy start, so the other Supervisory Board members are pleased that they are still with them and that they are willing to continue. The Supervisory Board is aware that the three proposed appointments could result in a continuity issue in the future. They discussed this and they are of the opinion that one cannot always predict the future. In the past, FMO had Supervisory Board members leaving mid-term, due to other opportunities, and search processes can be quite labour-intensive. Therefore, they decided to deal with this issue at a later stage, in consultation with the majority shareholder.

## **b. Reappointment of Dr. D.K. (Dugald) Agble**

The Chairman states that the Supervisory Board, on the advice of the Selection, Appointment and Remuneration Committee, nominates for reappointment as Supervisory Board member Mr. Dugald Agble, for a second term of four years, starting the 24<sup>th</sup> of April 2024. Although most of the shareholders know Mr. Agble, he invites him to say a few words, nevertheless.

**Mr. Agble** thanks the Chairman. He states that he is based in the UK, is 53 years old and father of two children, a boy and a girl. He is from Ghana originally, but has been in the UK for 37 years. In his spare time, he loves tennis and photography. He is an avid Arsenal fan. His colleague Mr. Timmermans is a passionate fan of another football club. They talk about football outside of Board discussions. They are both excited this season. On the professional side, Mr. Agble says he has spent his entire career in private equity, initially doing European private equity, large buy-out transactions, deals in the size of € 3 to 5 billion, and the last 18 years in the African space, in different countries across north, south, east, and west. He knows the African continent well and he has a good understanding of the private investment space, which is about one third of FMO's portfolio. His day job is to run a small investment firm focused on a few countries in Africa, Ghana and Nigeria on the western side, and Ethiopia and Uganda on the eastern side. During Covid they did not travel, but in a normal year he is eight times a year in the continent and is therefore in touch with developments. It is always good to compare notes with the Management Board from their stories and also what he is picking up on the ground. He also sits on a European private equity trust in the UK, which is listed on the London Stock Exchange with roughly € 1.5 billion net asset value. This has the benefit of keeping him in touch with the private equity trends in the more mature markets and often times those give a signal of what is going to happen or cascade down into developing markets later on. He is grateful to be invited to serve a second term at FMO. It has been a fascinating four years. They have flown by. It is a very interesting organization, and it is one of the pioneers in the field. Among the DFIs it is considered to be innovative, nimble, and flexible. It is a good set of people to work with. He will be happy to answer any questions shareholders have.

**The Chairman** asks if shareholders have questions for Mr. Agble. He notes that there are no questions and asks whether the shareholders agree with the reappointment of Mr. Agble for another four years to the Supervisory Board as proposed. He notes that this is the case and congratulates Mr. Agble.

## c. Reappointment Ir. M. (Marjolein) Demmers MBA

**The Chairman** states that the Supervisory Board, on the advice of the Selection, Appointment and Remuneration Committee, nominates for reappointment as Supervisory Board member Mrs. Marjolein Demmers for a second term of four years, starting the 24<sup>th</sup> of April 2024. He invites her to say a few words.

**Mrs. Demmers** thanks the Chairman. She states that she is pleased to share some of her hobbies with the shareholders besides her professional contribution. She lives in Amersfoort. She has two children. Both are studying and not at home anymore. That gives her lots of time to spend on other activities, most on sustainability where she has been working on for the past 30 years, which is a passion to her. She cannot stop being engaged in that even in her private time, advising for example her local municipality on improving the sustainability of Amersfoort. She is a bit of a nuisance to them; however, they invite her to do so. She has worked on sustainability since her studies, first in eco-design, in lifecycle assessment. She has been working in consultancy. She ran a sustainable energy business for Essent, a utility company, and she worked as a director for a consultancy business unit for quite a while on sustainability consultancy towards businesses and municipalities and other governments. Her daily job is running a Dutch NGO, Natuur en Milieu, focusing on climate change and biodiversity. She has always followed especially the knowledge development on climate change internationally and within the consultancy firm where she worked as a sustainability officer and integrity officer for 30 countries across the world. She has been engaged in the same countries FMO is engaging in, and she strongly believes in the business proposition of FMO. FMO is quite in a hurry to meet the ambitions on stopping climate change in time to avoid many crises that are already in front of humanity today. She is glad to help FMO in the fields of climate change and biodiversity. She is pleased to be invited to continue doing so for the next years and looks forward to getting FMO to fulfil its strategy and ambitions.

**The Chairman** asks whether there are shareholders who would like to ask questions to Mrs. Demmers. He notes that there are no questions and asks if the meeting supports as proposed, the second term of Mrs. Demmers as Supervisory Board member of FMO. He concludes that this is the case and congratulates Mrs. Demmers.

## d. Reappointment Ir. R.P.F. (Reintje) van Haeringen

**The Chairman** states that the Supervisory Board, on the advice of the Selection, Appointment and Remuneration Committee, nominates for reappointment as Supervisory Board member Mrs. Reintje van Haeringen for a second term of four years, starting the 24<sup>th</sup> of April 2024. He invites Mrs. Van Haeringen to say a few words.

**Mrs. Van Haeringen** thanks the Chairman. She states that her day job is CEO of CARE Nederland, part of CARE International which is one of the larger humanitarian and development organisations globally. Running up to that position, she spent most of her life living outside of the Netherlands, living mostly in Latin America where she also had her two children, who then came back with her to The Netherlands and who have the privilege of living the Dutch life, where they can compare the differences between growing up in less developed countries and The Netherlands. Since CARE works across countries in Latin America, Africa, the Middle East and Southeast Asia, she has now the opportunity to get herself familiar with many different contacts and do work in humanitarian responses in crisis situations, but also sustainable development, focusing a lot on climate change adaptation and gender equality. These topics also allow her to understand

FMO's work better. She has been the chair of the Selection, Appointment and Remuneration Committee for the past four years. The years have flown by because there was a lot to do in that committee. The committee members started with the recruitment of Mr. Jongeneel and then moved on to the expansion of the Management Board with two new members, and recently with filling the Supervisory Board vacancy, resulting in the appointment of Mrs. Essien Lore. The committee will be continuing amongst others with looking for a new Chairperson for the Supervisory Board within the next year. At the same time, she is privileged to be part of the Impact Committee, because it allows them to really focus together with the Management Board on the purpose of the organization and to look at how to maximize impact without compromising financial returns and risks.

In doing all that work over the past years, she is mostly pleased with the quality, depth, and transparency in the conversations with her colleagues in the Supervisory Board, with Management Board members and other colleagues she occasionally gets the chance to meet with. That transparency, also of opening up the organization and for them to be able to understand what is going on within the teams, allows the Supervisory Board to have the quality of conversations they have. She hopes to be able to continue to contribute to FMO's success in the future.

**The Chairman** asks whether there are any shareholders who would like to ask a question to Mrs. Van Haeringen. He asks if the shareholders could support as proposed, to reappoint Mrs. Van Haeringen for a second term in the Supervisory Board. He notes that this is the case and congratulates Mrs. Van Haeringen.

## 9. APPOINTMENT PWC AS EXTERNAL AUDITOR

**The Chairman** states that the time has come that the external auditor must be rotated. This year, 2024, is the last Financial Year which EY will audit. The nomination of a new firm by the Supervisory Board is the result of an audit tender, and an assessment performed by the Audit & Risk Committee of the Supervisory Board. This was an extensive process of several months. More than a few meetings and interviews were held, and the proposals of multiple firms were thoroughly studied. After careful consideration, the Audit & Risk Committee has advised positively on the appointment of PwC, after considering amongst others independence, quality, culture, team composition, terms of engagement, and the fee. The Chairman asks Mr. Timmermans if he likes to add something.

**Mr. Timmermans** mentions that selecting a new external auditor was an extensive process. The Audit & Risk Committee was involved. There was a project team who took care of the various steps of the process. Procurement, finance, risk, and impact committees were involved. The process went to agreeing on a request for information. The Audit & Risk Committee had sessions with the different candidate audit firms and in those sessions, the committee members looked at the firm itself, how the team is doing, how the team will connect with them and what their audit approach is. They also looked at whether the auditor will have enough experience to deal with the technical aspects, because some of the things FMO does are quite technical. They looked at communication, because in the end they want a certain pro-activeness, their quality assurance as well as the fees. After having the firms fill in questionnaires and having the meetings, the ARC unanimously concluded that to advise to continue with PwC.

**The Chairman** thanks Mr. Timmermans and requests the General Meeting of Shareholders to appoint PwC as the auditor of FMO to audit the Annual Accounts as of the Financial Year 2025, as successor to Ernst &

Young Accountants LLP. This in accordance with article 393 Book 2 of the Dutch Civil Code, to report about the outcome of the audits to the Management Board and the Supervisory Board, and to issue the auditor's reports for these Financial Years about the true and fair view of the Annual Accounts.

The Chairman asks whether the shareholders have any questions. He notes that this is not the case, and concludes that the meeting has appointed PwC as the new external auditor as proposed.

## 10. ANY OTHER BUSINESS

**The Chairman** mentions that most likely another General Meeting of Shareholders will be held within the next few months, among other reasons because of his own second four-year term coming to an end at the end of September. The Selection, Appointment and Remuneration Committee is currently working on finding his successor. This is an external search, which might not be completed before this time. As shareholders know these are long processes and availability is sometimes a factor. Therefore, if it is deemed necessary for reasons of continuity, he expresses a readiness to continue his role as Chair of the Supervisory Board until his successor takes over. The Chairman asks whether there are any other questions.

**Mr. Bakker** says in Dutch he appreciates that the candidates for the Supervisory Board were open about themselves. In the past their statements were quite brief. He mentions that in the past year everyone at FMO worked hard. 2024 will be another year of hard work. He wishes all a successful 2024.

**The Chairman** thanks Mr. Bakker for his inspiring encouragement for 2024, and beyond 2024, of course.

## 11. CLOSING

**The Chairman** notes that there are no further questions. He invites all attendees to lunch. He thanks everyone for their attendance and closes the meeting.

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D.J. van den Berg, Chairman

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Catharina E.M. Oosterbaan, Secretary