

**EGM 10 December 2020**

**DRAFT Minutes**

Of the **Extraordinary General Meeting of Shareholders** of the Nederlandse Financierings-maatschappij voor Ontwikkelingslanden N.V. ("FMO") held on **Thursday 10 December 2020** at **15:00** hours by video conference.

**1. OPENING**

Mr. D.J. van den Berg, Chairman of the Supervisory Board, is chairing the meeting.

The **Chairman** opens the Extraordinary General Meeting of Shareholders of FMO. Shareholders' meetings normally must be held in one of the places specified in the Articles of Association. Today however the emergency law, which came into force due to COVID-19, will be used, making it possible to hold a completely virtual shareholders meeting. The meeting has been convened in accordance with all legal and statutory requirements.

The **Chairman** informs the meeting that he did not yet receive the exact numbers on shareholders present or represented and that he will come back on that at the end of the announcements.

The **Chairman** welcomes the shareholders and other attendees and in particular the representatives of the Ministry of Finance, Mr. W.J. Vossers, Mr. M. Mudde, Mrs. G.A.J. Jansen and Mr. A. van Andel on behalf of the State as a holder of the A shares and Mr. M. Sarfo as representative of the Department of Sustainable Economic Development of the Ministry of Foreign Affairs.

The **Chairman** makes some detailed comments on how to proceed in the virtual context. He is pleased that everyone seems to have been able to connect in this virtual way. The full session is in English, but a translation in Dutch is provided by interpreters. The meeting set up allows all SB and MB members to speak during the meeting. They should mute when they do not speak to avoid background noise. The chat will be monitored. However, for questions the 'raise your hand' feature should be used, after which permission will be granted to unmute. It is highly preferred to raise a question or make a comment in English. If this is not possible, the Chairman will summarize the question in English. In case of unanswered questions, the response will be shared afterwards. Voting instructions have in principle already been given by means of the proxy that was returned. This was done this way for technical reasons. The opportunity will be provided to change the voting instruction, if after hearing the discussion, shareholders come to a different conclusion. This was mentioned at the bottom of the proxy. The Chairman will give instructions at the specific agenda items.

The **Chairman** mentions that the session is recorded for internal use only and there is no break scheduled in the program.

The **Chairman** welcomes and introduces the other Supervisory Board members who joined online: Mr. J.V. Timmermans, the Vice-Chairman of the Supervisory Board and Chair of the Audit and Risk Committee, Ms. T. Menssen, Chair of the Impact Committee and member of the Audit and Risk Committee, Mr. D.K. Agble, member of the Audit and Risk committee, Ms. M. Demmers, member of the Impact Committee and member of the Selection, Appointment and Remuneration Committee and Ms. R.P.F. van Haeringen, member of the Impact Committee and Chair of the Selection, Appointment and Remuneration Committee.

The **Chairman** further welcomes the members of the Management Board: Ms. L.G. Broekhuizen, Chief Executive Officer ad interim, Ms. F. Bouaré, Chief Risk & Finance Officer and Mr. H.J. De Ruijter, Chief Investment Officer ad interim. Also online is Ms. C.E.M. Oosterbaan, Corporate Secretary of FMO. The Chairman appoints her as Secretary of the meeting. Also present are the interpreters, Mr. H. Bos and Ms. S. van Hal to translate the meeting for those who would like to follow the meeting in Dutch.

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

The Chairman asks the Secretary to provide the information on the number of shareholders present in the meeting.

The **Secretary** states that eighteen shareholders are present or represented, representing 374,936 votes, which is 93.7% of the issued capital.

## **2. DIVIDEND**

### **a. Reservation and Dividend Policy**

The **Chairman** remarks 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 and to give a broader perspective with regard to agenda item 2.b. The current policy was adopted at the General Meeting of Shareholders on 8 May 2013 as summarized in the annotated agenda. The current policy can 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 was decided in 2013 that 100% of the distributable profit will be used as the pay-out ratio. It has been noted in the policy that it may be proposed in the future not to pay dividend, if this cannot reasonably be expected, for example if this does not fit within FMO's capital management policy due to the circumstances. The **Chairman** notes that this reservation and dividend policy applies to the year 2019. The **Chairman** asks if there are any questions on the dividend policy.

Mr. **Bakker** wonders whether the current financial situation of FMO is so serious that the distributable part of the dividend, of € 2.7 million, cannot be paid out.

Ms. **Broekhuizen** replies that the main reason is that FMO made a considerable loss already in the first half of the year of € 285 million.<sup>1</sup> That is a historical number for FMO. At the same time, the market situation is very unstable at the moment. It is hard to predict what is going to happen. COVID-19 is still very active in FMO's markets and FMO also needs to be prudent in making sure to remain conservative in its financial and business planning.

The **Chairman** concludes that it is a decision of caution.

Ms. **Bouaré** adds that the main two reasons are indeed COVID-19 and the uncertainty, and what is happening in the market where FMO is operating and where FMO may have an issue with creditworthiness. The decision was taken based on the information that FMO has so far.

#### **b. Cancellation of dividend payment 2019 <sup>2</sup>**

The **Chairman** states that on 27 March 2020, the European Central Bank (ECB) strongly recommended banks to either suspend the dividend payment until at least 1 October 2020, or to completely cancel the dividend payment for 2019. This was discussed during the Annual Shareholders Meeting in April 2020. On 28 July 2020, the ECB extended this recommendation until 1 January 2021. These recommendations are supported by DNB, given the significant shock that the Corona pandemic is inflicting on the economy and the role that is envisaged for banks to mitigate the effects as much as possible. The Supervisory Board and the Management Board propose to cancel the payment of the 2019 dividend completely and to add the distributable part of the profit of € 2.7 million to the Contractual Reserve. Given the substantial loss recorded as per 30 June 2020 and the continuing and unpredictable impact of COVID-19 pandemic on FMO's activities, combined with the high market uncertainty with regard to the creditworthiness, the Supervisory Board and Management Board believe that FMO should exercise caution. The Chairman asks whether there are any questions or comments.

Mr. **Bakker** asks whether the Contractual Reserve is the correct place to add the € 2.7 million. Is it in the future still possible to pay it as a dividend to the shareholders? Secondly, shareholders still need to pay income tax on their position in FMO. This means shareholders do not receive anything, but need to pay for it. Is there a solution to it?

The **Chairman** replies on the second question that FMO cannot influence Dutch tax policy. Therefore, he does not believe there is a solution to that issue.

Ms. **Bouaré** answers to Mr. Bakker's first question. She explains that a loss is recorded in the Contractual Reserve and a profit as well. Paying out a dividend in the future is a possibility, but the decision will be taken in the shareholders meeting. FMO will apply the policy on the dividend every year.

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<sup>1</sup> Addition Corporate Secretary (post-meeting): the correct number of the half year loss is € 280 million.

<sup>2</sup> Remark Corporate Secretary (post-meeting): please also refer to the proposal on this subject to the AGM of 22 April 2021.

The **Chairman** asks, to do just to Mr. Bakker's question, whether it is possible to take into account the fact when shareholders decide on the dividend policy, in one of the coming years, that there was one year where no dividend was distributed, and it was all added to the Contractual Reserve.

Ms. **Bouaré** replies that it is possible. In the past, when FMO implemented IFRS-9, it was approved to have extraordinary pay-out of dividends.

The **Chairman** concludes that the answer is that it is possible, but that it is a decision the shareholders will have to take later.

The **Chairman** proceeds with voting. He refers to the proxy with voting instructions and asks if shareholders would like to change their voting instructions. He explains the technical procedure by which shareholders can change their voting instructions and opens the vote. Following the voting period, the Chairman turns to the Secretary for the results.

The **Secretary** can report that 98.6% of the votes are in favour of the proposal to cancel the payment of the 2019 dividend completely and to add the distributable part of the profit of € 2.7 million to the Contractual Reserve.

The **Chairman** establishes that the proposal has been adopted.

### 3. INVEST INTERNATIONAL

The **Chairman** says that FMO has been in preparations to acquire a shareholding in Invest International B.V. on, or about, the date of Invest International B.V.'s incorporation, and to provide certain services to Invest International B.V. (and its subsidiaries) for a period of time. Therefore, FMO will enter into a long-term cooperation with the Dutch State and Invest International B.V. and its subsidiaries. In accordance with article 9.2 paragraph (a) under (ii) of the articles of association of FMO a contemplated Management Board resolution requires prior approval of both the Supervisory Board and the General Meeting of Shareholders of FMO. The shareholders received a memo of four pages which sets out the details of the intended acquisition of shares and long-term cooperation. In that document there was a link to the documents on the website of the Dutch House of Representatives for those who would like to do some more in-depth reading. The Supervisory Board and Management Board have endorsed the objective of Invest International, which is to support international activities of companies and international projects that contribute to the Dutch economy by improving the international competitive position and earning capacity including international projects that provide solutions to global issues such as contributing to sustainable economic development. FMO would like to contribute its knowledge, network and NL business portfolio to back the Invest International initiatives. Invest International develops its activities in addition to the market by means of financing and project development. Invest International will work in addition to existing market parties, for example commercial banks and FMO. FMO looks forward to the collaboration with the RVO and the Ministries of Finance and Foreign Affairs. The Supervisory Board has granted its approval. The same goes for the Management Board. The approval is now up to the General Meeting of Shareholders. The Chairman asks whether there are any questions or comments.

Mr. **Bakker** remarks that staff of FMO will be able to use their knowledge even better and that they will enjoy their job even more through this cooperation. FMO's knowledge in this area is large and he misses this in the proposal. He asks whether FMO's knowledge is sufficiently valued in the proposed participation.

The **Chairman** replies that the FMO staff should be quite pleased with making good use of their experiences and knowledge. He asks Ms. Broekhuizen to elaborate on the question of whether FMO's knowledge is sufficiently valued in the proposal.

Ms. **Broekhuizen** states that it is of course hard to put a financial value to knowledge and network. At the same time, the structure of the set-up of Invest International is comparable to FMO's and to FMO's capital structure and the governance. This works quite well in FMO. This approach has been kind of mirrored. From that perspective, management feels this is a good comparable valuation for everything that FMO contributes in kind to Invest International together with the Ministries. FMO staff are indeed happy to share knowledge and network for Dutch companies investing abroad.

The **Chairman** proceeds with voting. He gives the shareholders the opportunity to change their previously provided voting instructions.

The **Secretary** notes that one shareholder abstained from voting. According to the Articles of Association this means that this vote has not been cast. Therefore, the proposal was approved by 100% of the votes cast.

The **Chairman** establishes that the proposal has been adopted.

#### **4. REMUNERATION IMPACT COMMITTEE**

The **Chairman** states that it is proposed to provide the members of the Impact Committee of the Supervisory Board the same remuneration as the members of the Audit and Risk Committee and the Selection, Appointment and Remuneration Committee. This is requested with retroactive effect, as the committee is already active. It concerns for 2020 a yearly amount of € 3,809 for the Chair of the Committee and € 2,722 for other members of the Committee. The **Chairman** asks whether there are any questions or comments. He notes that there are no questions or comments and proceeds with voting. He gives the shareholders the opportunity to change their previously provided voting instructions.

The **Secretary** states that 100% of the votes were cast in favour of this proposal.

The **Chairman** establishes that the proposal has been adopted.

#### **5. INTERIM APPOINTMENTS**

The **Chairman** states that there is a vacancy in the Management Board for the position of Chief Executive Officer. The **Chairman** would like to say a little bit more about how this situation came about. Two years ago, everyone was extremely glad to have Mr. Van Mierlo as the new CEO of FMO. His start at FMO was a start of someone very focused, very motivated, to really do a good job for FMO. He personally worked very hard on a strong transition agenda full of content for FMO. However, during the process of implementation of this transition agenda - which has by the way very broad support within the FMO organisation - frictions between the leadership of FMO and Mr. Van Mierlo in particular, and the FMO staff occurred. This was not on the

content of the programme being executed. It had to do with the style of leadership. And the unfortunate thing happened that on the one hand there was support for the course to take and on the other hand there was friction on the leadership style implementing that course. This process made Mr. Van Mierlo come to the conclusion that he could no longer be effective in the organization of FMO and of course this was also partly due to the fact that unfortunately some FMO staff members sought external channels to air their discontent with the implementation of the programme. Mr. Van Mierlo decided to end his cooperation with FMO. This was a very tragic event, but it needs to be accepted. In the meantime, the Supervisory Board has been addressing issues that became manifest in the organisation of FMO as well as filling in the interim management and to work on a succession of Mr. Van Mierlo. Currently, the Supervisory Board is conducting a search and follow a further process on that, which takes time. The Supervisory Board expects to bring news to the shareholders on this issue in the second quarter of next year. However, the Supervisory Board felt that a Management Board of two members, whereas it normally consists of three members, is too fragile, also given the COVID-19 pandemic. Therefore, the Supervisory Board deemed it necessary to appoint an interim CEO, as well as a third member of the Management Board, also on an interim basis. If their email address is known, shareholders already will have received a press release about the interim appointments. The interim appointments are Ms. Broekhuizen as Chief Executive Officer ad interim. Most of the attendees will know her, as she has served as Chief Investment Officer as of January 2014. The second interim member is Mr. De Ruijter as Chief Investment Officer ad interim, who has worked at FMO for about twelve years and since 2015 as Director Financial Institutions. Their resumes can be found on the website. These appointments were approved by the Dutch Central Bank. Also, the Works Council supports both appointments.

The Chairman observes that there are no questions or comments.

## **6. ANY OTHER BUSINESS**

The **Chairman** notes that no points are brought to the table under this agenda item.

## **7. CLOSING**

The **Chairman** closes the meeting and thanks all for attending the virtual meeting. He hopes to see all back at the Annual General Meeting in 2021 in good health and hopefully in person.

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Mr. **D.J van den Berg**, Chairman

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Ms. **Catharina E.M. Oosterbaan**, Secretary