

## Pioneer – Develop – Scale

### *Narrative long-term strategy towards 2030*

At FMO, we believe in a world in which, by 2050, more than 9 billion people live well and within planetary boundaries. This is the future we are working towards. This is the world we want to help make a reality. Our vision and our determination have not changed. But the circumstances in which we operate have. Significantly.

Progress towards achieving the Sustainable Development Goals (SDGs) is lagging behind worldwide: inequality is on the rise while the climate crisis continues to unfold. To counter this trend, there is an urgent need for more bankable opportunities. Some of our stakeholders expect us to develop these and other higher-risk investments, while others require us to limit our risk exposure. And while our customers ask for speed and simplicity, we are also committed to complying with increasingly stringent regulatory requirements.

Our contribution focuses on three SDGs that we can most impact through our financing of the private sector in emerging markets: Decent Work & Economic Growth (SDG 8), Reduced Inequalities (SDG 10) and Climate Action (SDG 13). We want to maximize our impact and work closely with our partners to achieve this.

Our Strategy 2030 addresses the above and many other challenges. By building on what we already do; by recognizing what we are capable of; and by challenging ourselves, our customers and our partners to go where many others do not yet dare to go. The essence of our strategy is captured in just three words:

### **Pioneer – Develop – Scale**

This is what we do, across the organization. Through financing solutions, by supporting our customers with technical assistance and capacity development, and by helping customers enhance their capabilities around environmental, social and governance topics. Pioneer, develop and scale are at the heart of our **‘progression model’**, where we move opportunities from market creation and public funds, through our own balance sheet, to commercial mobilization.

With **market creation**, we make unbankable opportunities bankable; through business development, and by developing ecosystems that seed and nurture nascent segments and businesses. We do this by means of collaboration and partnerships.

We make high-impact and high-risk investments possible by leveraging **public funding** to support entrepreneurs working on new business models or operating in low-income countries.

We finance and support proven models through our own **balance sheet**. This is the core of our operations. It is where we provide bankable businesses and projects with e.g., debt, equity, guarantees and capacity development.

We scale our impact by **mobilizing commercial investors** and bringing opportunities into the mainstream - by introducing new fund propositions, leveraging our own balance sheet, and blending public and commercial funding.

Through this progression model of pioneer, develop and scale, we aim to maximize our impact, generate financial returns and grow a diversified portfolio in a balanced manner. It is how we are additional in financing the private sector. By focusing on three sectors - **Agribusiness, Food and Water; Energy; and Financial Institutions** - our portfolio contributes to food security, access to renewable energy and a healthy financial sector. In doing so, it also contributes to Zero Hunger (SDG 2), Gender Equality (SDG 5) and Affordable and Clean Energy (SDG 7).

To help create decent jobs and economic growth (**SDG 8**), we enable entrepreneurs to make local economies more inclusive, productive, resilient and sustainable. We will continue to work towards job creation, and increase our focus on job decency and quality.

To reduce inequalities (**SDG 10**) between countries, we will continue to invest in the world's least developed markets, and in particular look to do more in fragile states. To reduce inequalities within countries, we aim to increase the opportunities and income for people in the 'bottom 40%' of income distribution. We will continue to support the growth of inclusive businesses, such as smallholder farmers, off-grid energy solutions and those owned by female or young entrepreneurs. We will also continue to increase our gender lens investments.

To take climate action (**SDG 13**), we remain committed to the goals of the Paris Agreement and to reach net-zero by 2050 through a just and inclusive transition. We recognize the difficult challenges this poses across sectors and countries, but also see opportunities here. We will engage with our customers and help them move towards a sustainable climate pathway. We will build up a portfolio that supports mitigation, adaptation and resilience, and biodiversity-positive contributions – such as forestry – to achieve our ambitions.

To focus the efforts of our entire organization, we have set ourselves clear ambitions that will challenge us and require us to enhance our capabilities. By 2030, our goal is to have realized ten meaningful innovations, and to have an investment portfolio of at least €10 billion in both SDG 10, and SDG 13. We also expect to have doubled our public and mobilized portfolios. Also by being a **change agent on environmental, social and governance topics**, we will create value with our customers, and together deliver impact in the societies and the local communities where they operate. By helping improve livelihoods, we will continue to contribute indirectly to alleviating poverty.

This is how we will fulfill our **mission**: to enable entrepreneurs to increase inclusive and sustainable prosperity. And how we will live up to our **purpose**: to create development impact by being additional in financing the private sector in low- and middle-income countries.

## OUR VISION, PURPOSE AND MISSION

### ***VISION - where society is heading or should be heading***

We believe in a world in which, by 2050, more than 9 billion people live well and within planetary boundaries.

### ***PURPOSE - why FMO exists (to get society to that vision)***

We create development impact by being additional in financing the private sector in low- and middle-income countries.

### ***MISSION – what FMO wants to achieve (to fulfill its purpose)***

We enable entrepreneurs to increase inclusive and sustainable prosperity.