

## STANDING RULES OF THE MANAGEMENT BOARD

OF

### NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN N.V.

#### **Article 1. Preliminary provisions**

- 1.1 Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (“FMO”) is a Dutch public limited company established in The Hague.
- 1.2 These standing rules have been drawn up by the Management Board of FMO in accordance with the provisions of article 7 paragraph 7 of FMO’s Articles of Association to supplement the rules contained in the legislation and in FMO’s Articles of Association.
- 1.3 These standing rules may be supplemented and amended as set out in article 7 paragraph 7 of FMO’s Articles of Association.
- 1.4 The text of these standing rules has been approved by the Supervisory Board and has been brought to the attention of the Works Council.
- 1.5 Where these standing rules (including a schedule hereto) refer to “the Management Board”, this means “the Statutory Management Board” (“de statutaire directie”), unless expressly stated otherwise.

#### **Article 2. Composition, duties and responsibilities**

- 2.1 The Management Board shall be composed in such a way that it is able to perform its tasks properly. Complementarity and a collegial board are preconditions for the executive board to perform its tasks properly. Currently the Management Board consists of the Chief Executive Officer, the Chief Risk & Finance Officer and the Chief Investment Officer.  
Diversity, like gender, age, experience and education, is strived for in the composition of the Management Board.
- 2.2 Each member of the Management Board shall possess a thorough knowledge of the financial sector in general and the banking sector in particular. Each member of the Management Board shall have thorough knowledge of the bank’s functions in society and of the interests of all parties involved in the bank. In addition, each member of the Management Board shall possess thorough knowledge so that he or she is able to assess and determine the main aspects of the bank’s overall policy and then form a balanced and independent opinion about the risks involved.
- 2.3 The members of the Management Board shall perform their tasks in a meticulous, expert and fair manner, taking into account the applicable laws, codes of conduct and regulations. Each member of the Management Board shall sign a moral and ethical conduct declaration. The principles of the declaration

shall be translated into principles that form guidelines for the behaviour of all of the bank's employees.

- 2.4 The Management Board is charged with the management of FMO subject to restrictions laid down by law or in the Articles of Association and without prejudice to the distribution of duties included in article 3 of these standing rules. In addition, the law and the Articles of Association cover various other powers and responsibilities of the Management Board. The Management Board shall also act in accordance with the Dutch Corporate Governance Code, as amended from time to time.
- 2.5 In all of its actions, the Management Board shall ensure that it carefully considers the interests of all of the parties involved in the bank, such as the bank's clients, its shareholders and its employees. With these considerations it shall take into account the continuity of the bank, the social environment in which the bank operates and legislation, regulations and codes that apply to the bank. As a precondition for its continuity the bank shall maintain a continued focus on the clients' interest. The Management Board shall see to it that the bank treats its clients with due care and that the duty of care for the client is embedded in the bank's culture.
- 2.6 The Management Board shall ensure that risk management is arranged adequately so that the Management Board is aware in good time of any material risks run by the bank so that these risks can be managed properly.
- 2.7 Taking into account the risk appetite approved by the Supervisory Board, the Management Board shall ensure a balanced assessment between the commercial interests of the bank and the risks to be taken. The Management Board is responsible for the implementation and maintenance of an internal risk management and auditing system, the management of the risks associated with the enterprise's activities and the financing of FMO.
- 2.8 The Management Board shall ensure that a systematic audit is conducted of the management of the risks related to the bank's business activities.
- 2.9 The Management Board has set up a so-called "whistleblowers' scheme" under which employees have the possibility to report suspicions of irregularities of a general, operational or financial nature within FMO and its subsidiary companies without any danger to their legal position.
- 2.10 The Chief Executive Officer ("*Algemeen Directeur*") acts as chairman of the Management Board and primus inter pares of the Management Board, which shall operate as a body of colleagues and is collectively responsible for the overall management of FMO and the general course of business of FMO.

### **Article 3. Distribution of duties**

- 3.1 The Management Board determines the distribution of the duties among the Management Board members and major changes in this distribution in consultation with the Supervisory Board.
- 3.2 In principle, primary responsibility for matters falling within a Management Board member's specific working area rests with that Management Board member. A Management Board member shall specifically bring to the notice of the other members of the Management Board matters falling within the Management Board member's working area which are of major importance for the company as a whole. The full Management Board shall bear the final responsibility for such matters.

- 3.3 The Management Board – and primarily the chairman of the Management Board – shall be responsible for adopting, implementing, monitoring and, where necessary, adjusting the bank’s overall risk policy.
- 3.4 The Chief Risk & Finance Officer is responsible for preparing the decision-making with regard to risk management. He shall be involved, in a timely manner, in the preparation of decisions that are of material significance for FMO as regards the risk profile, especially where these decisions may result in deviating from the risk appetite approved by the Supervisory Board. Risk management shall also include a focus on the interests of financial stability and on the impact that systemic risk could have on the risk profile of the bank.  
The Chief Risk & Finance Officer shall not bear any individual commercial responsibility for the commercial task areas and operates independently from those areas.

#### **Article 4. Outside posts**

- 4.1 A Management Board member shall not accept a position:
- a. as chairman of the supervisory board of a listed company or a position with a similar responsibility or time spent;
  - b. in respect of which the responsibility or time spent together with his other outside posts exceeds the responsibility or time spent of the membership of the supervisory boards of two listed companies.
- 4.2 The prior approval of the Supervisory Board shall be required in respect of a Management Board member’s acceptance of a position on the supervisory board of a listed company or a position with a similar responsibility or time spent.
- 4.3 Prior to accepting an outside post, a Management Board member shall notify the chairman of the Supervisory Board thereof. The chairman of the Supervisory Board may submit to the Supervisory Board an outside post notified to him in order to assess whether such position meets the criteria set out in paragraphs 1 and 2 and shall notify the Management Board member thereof. The Management Board member shall not accept an outside post until the Supervisory Board has made the assessment referred to in the preceding sentence.

#### **Article 5. Meetings**

- 5.1 The Management Board meets weekly and also whenever one of the Management Board members considers a meeting necessary. Any Management Board member may place items on the agenda of the board meeting.
- 5.2 The meetings of the Management Board are chaired by the chief executive officer, and in the absence of the chief executive officer they are chaired by his or her deputy from the Management Board.
- 5.3 Of each meeting minutes are kept which are adopted at the next meeting.
- 5.4 The following items inter alia must be dealt with in a meeting of the Management Board:
- all decisions which are subject to approval by the Supervisory Board of FMO by law, under FMO’s Articles of Association, these rules or under other agreements;
  - the financial statements, the annual report, quarterly and half-yearly figures, and risk reports for the past quarter, together with press releases and presentations relating to them;

- the determination of the annual budget;
- all decisions that are of material significance for the risk profile, the capital allocation or the liquidity;
- all decisions concerning strategy and policy;
- changes to the legal structure and/or organisation of FMO and/or its subsidiaries;
- the engagement and appointment of external consultants (including the external auditor who audits the financial statements) at FMO's expense, except in the case of a single assignment involving a sum of no more than €50,000.

## **Article 6. Decision-making**

- 6.1 The Management Board adopts resolutions by an absolute majority of the votes cast except as otherwise specified in these standing rules.
- 6.2 The Management Board can take valid decisions if at least two Management Board members are present at the relevant meeting. If a decision cannot be postponed and it is impossible to reach another member of the Management Board for a telephone conference one sole member of the Management Board, holding a meeting, can take a Management Board's decision if a general proxy holder attends the meeting and agrees with the decision taken. The relevant decision shall be discussed and ratified in the next meeting of the Management Board.
- 6.3 The Management Board shall not take decisions in a Management Board member's special area as referred to in article 3 of these standing rules if the Management Board member in question cannot take part in the decision-making, except in the case of an urgent situation where it is not possible to consult the relevant Management Board member.
- 6.4 Where necessary, every Management Board member will provide cooperation and assistance in the implementation of decisions taken by the Management Board.
- 6.5 In respect of the following Management Board resolutions set out in article 9, paragraph 1 of FMO's Articles of Association which require the approval of the Supervisory Board, the following amounts have been determined:
- a. in 9.1.d. (acquiring a participating interest): EUR 270 million;
  - b. in 9.1.e. (investments): EUR 270 million;
  - c. in 9.1.o. (financing third parties): EUR 270 million;
  - d. with respect to 9.1.p. up to and including v. (entering into miscellaneous obligations, encumbering shares in a group company, acquiring, disposing of and other acts in respect of real property and other property subject to registration, entering into settlement agreements, bringing cases before a court, establishing a collective pension scheme): EUR 135 million;
  - e. in 9.1.w. (entering into loans): EUR 270 million;
  - f. in 9.1.x. (entering into derivative transactions in the ordinary course of business): EUR 270 million,
- or such lower amounts as the Supervisory Board in its sole discretion shall determine and shall notify to the Management Board in writing.
- 6.6 In respect of the following Management Board resolutions set out in article 9, paragraph 2 of FMO's Articles of Association which require the approval of the Supervisory Board and the General Meeting of Shareholders, the following amounts have been determined:
- a. in 9.2.a. (iii) (acquiring, disposing, increasing or decreasing of a participating interest): EUR 360 million;

- b. in 9.2.a. (iv) (investments or divestments): EUR 360 million;
- c. in 9.2.c. (legal acts other than those which require approval of the Supervisory Board or the General Meeting of Shareholders): EUR 360 million.

## **Article 7. Communication with the Supervisory Board**

- 7.1 All the Management Board members attend the meetings with the Supervisory Board and where applicable the meetings of the various committees of the Supervisory Board (with the exception of the meetings of the Selection, Appointment and Remuneration Committee), unless the Supervisory Board or as appropriate the relevant committee specifies otherwise.
- 7.2 The Management Board shall provide the Supervisory Board promptly with such information on facts and circumstances concerning FMO as the Supervisory Board may need for the proper performance of its task.
- 7.3 Without prejudice to the provisions in paragraph 2, the Management Board shall provide the Supervisory Board each year with (i) a recent version of the main outlines of strategic policy, (ii) the operational plan for the coming financial year, (iii) the company's budget for the coming financial year, (iv) a summary of the general and financial risks, (v) a description of the risk appetite and any material changes thereto (vi) an assessment of the organisation and performance of the risk management and control systems, together with any significant changes thereto, and (vii) relevant information to enable the Supervisory Board to assess on strategic level if the conducted business activities in general fit in the risk appetite of FMO. The Supervisory Board and the Management Board shall discuss those subjects jointly each year. The risk appetite or material changes thereto, the operational plan and the proposed budget require approval of the Supervisory Board. The holding of the relevant discussions shall be noted in the Supervisory Board report in the annual report.
- 7.4 The Management Board reports to the Supervisory Board on compliance with all relevant legislation and regulations, the management of the risks associated with the enterprise's activities and the financing of FMO.
- 7.5 The Management Board shall provide the Supervisory Board promptly with a copy of the management letter from the external auditor.
- 7.6 If FMO undergoes a rating process by a rating organisation on request or otherwise, the Management Board must pass the report to the Supervisory Board and the report will be discussed by the Supervisory Board.
- 7.7 Prior to making a request for the approval by the Supervisory Board of a resolution of the Management Board to file for bankruptcy or to request a moratorium of payments, the Management Board shall discuss with the Supervisory Board the consequences of such a resolution and any alternatives.
- 7.8 In addition to the decisions specified in article 9 paragraphs 1, 2 and 3 of the Articles of Association, the Management Board shall also submit the following matters to the Supervisory Board for approval:
  - the company's operational and financial objectives;
  - the strategy that is intended to lead to the achievement of those objectives;

- the constraints applied in the strategy, for example in respect of the financial ratios;
- the corporate social responsibility aspects that are relevant to FMO's business.

7.9 The Chief Executive Officer maintains the contact with the chairman of the Supervisory Board.

## **Article 8. Conflict of interests**

Management Board members shall adhere to and shall act in accordance with the principles and best practice provisions with respect to conflicts of interests of Management Board members set out in the code of conduct designated from time to time pursuant to section 2:391 subsection 5 Dutch Civil Code. An overview of applicable provisions as of the date of amendment of these standing rules has been attached as a schedule.

## **Article 9. Private investment transactions**

Without prejudice to the applicable statutory provisions, each member of the Management Board shall declare in writing that he or she has taken note of the "Regulations regarding Private Investment Transactions by Supervisory Board members and Management Board members" which were adopted by the Supervisory Board on 11 December 2007 with effect as per 14 March 2008, and that he or she will behave in accordance with these Regulations.

## **Article 10. Annual report**

10.1 In its annual report, the Management Board shall make mention of the main points of FMO's operational and financial objectives, the strategy and the constraints as referred to in article 7 paragraph 9 of these standing rules, and the holding of the discussions referred to in article 7 paragraph 3 of these standing rules.

10.2 In its annual report, the Management Board shall provide a:

- a. description of the most relevant risks pertaining to the strategy of the company;
- b. description of the set up and the operation of the internal risk management and control systems in the relevant financial year; and
- c. description of any important shortcomings in the internal risk management and control systems that were detected in the relevant financial year, and a description of any significant amendments to those systems that were made or that are planned to be made, , noting that the relevant details have been discussed with the Audit Committee and the Supervisory Board.

10.3 The Management Board shall report in its annual report on the extent to which FMO's results are sensitive to external circumstances and variables.

10.4 As regards financial reporting risks the Management Board states in the annual report that the internal risk management and control systems provide a reasonable assurance that the financial reporting does not contain any errors of material importance and that the risk management and control systems worked properly in the year under review. The Management Board shall provide clear substantiation of this.

10.5 Further the Management Board shall include in its annual report how the Management Board

programme for permanent education, to be mentioned hereafter, was implemented.

## **Article 11. Permanent education**

- 11.1 The Chief Executive Officer shall organise a programme of permanent education, with the aim of maintaining the expertise of the Management Board members at the required standard and improving their expertise where necessary. The learning programme shall cover relevant developments at the bank and in the financial sector, corporate governance in general and in the financial sector in particular, the duty of care towards the client, integrity, risk management, financial reporting and audits.
- 11.2 Every member of the Management Board shall take part in the programme and meet the requirements of lifelong learning. The Supervisory Board shall ascertain whether the members of the Management Board continue to fulfil the expertise requirements developed by the Dutch central bank DNB.

## **Article 12. Applicable law**

These standing rules shall be governed by Dutch law.

## **Article 13. Final provision**

These standing rules, together with the composition of the Management Board, are to be placed on the FMO website.

Date: 10 December 2009

## Schedule

### Conflicts of interest provisions

- 1 Management Board members shall avoid all forms of entanglement of interests between FMO and themselves and any appearance of such entanglement.
- 2 Decisions to enter into transactions involving a Management Board members' conflict of interest that is of material importance for FMO and/or for the relevant Management Board members shall be submitted to the Supervisory Board for approval in accordance with the provisions of article 14 of the standing rules of the Supervisory Board.
- 3 In connection with the provisions of paragraph 1, a Management Board member shall not:
  - enter into competition with FMO;
  - ask for or accept gifts from FMO for himself or herself, for his or her spouse, registered partner or another life partner, foster child, or blood relative or relative by affinity to the second degree, nor ask for or accept gifts from other parties for himself or herself, for his or her spouse, registered partner or another life partner, foster child, or blood relative or relative by affinity to the second degree, if those gifts are connected to his or her work as a Management Board member of FMO;
  - provide third parties with unjustified benefits at FMO's expense;
  - exploit any business opportunities becoming available to the company for his or her own benefit or for the benefit of his or her spouse, registered partner or another life partner, foster child, or blood relative or relative by affinity to the second degree.
- 4 A Management Board member shall immediately report any potential or actual conflict of interest that is of material importance for FMO and/or for the Management Board member in question to the chairman of the Supervisory Board and the other members of the Management Board and shall provide them with all relevant information, including information relevant to the situation in respect of his or her spouse, registered partner or another life partner, foster child, or blood relative or relative by affinity to the second degree. The Supervisory Board decides in the absence of the Management Board member in question whether a conflict of interest is involved.
- 5 A conflict of interest exists in all cases where FMO intends to enter into a transaction with a legal entity:
  - in which a Management Board member personally holds a material financial interest;
  - a Management Board member of which has a family law relationship with a Management Board member of FMO; or
  - in which a Management Board member of FMO holds a management or supervisory position.
- 6 A Management Board member shall not take part in the discussions and decision-making on a matter or transaction in which he or she has a conflict of interest.
- 7 All transactions involving a conflict of interest with Management Board members will be agreed on the terms usual in the industry.
- 8 Decisions to enter into transactions in which there are conflicts of interest with Management Board members which are of material significance to FMO or to the relevant Management Board members require prior Supervisory Board approval.

- 9 Transactions as specified in paragraph 2 shall be published in the annual report with a statement of the conflict of interest and the declaration that paragraphs 4, 6, 7 and 8 of this schedule have been complied with.