

# Nederlandse Financierings- Maatschappij Ontwikkelingslanden NV

## 4.1 Negligible

Development Banks | Netherlands |



### Rating Overview

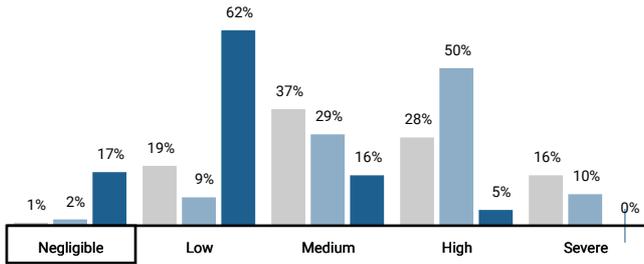
The company is at negligible risk of experiencing material financial impacts from ESG factors, due to its low exposure and strong management of material ESG issues. Notably, its overall risk is lower since it is materially exposed to less ESG issues than most companies in our universe. The company is not publicly held, which reduces its corporate governance risk compared to its peers. Although the company has a moderate level of controversies, its favourable risk assessment is primarily due to its strong policies and programmes and low exposure.

**Momentum Score: -1.6**

Stable **II**

The company's risk score has not changed significantly in the past year, and its risk category has remained stable.

### ESG Risk Rating Distribution



### Relative Performance

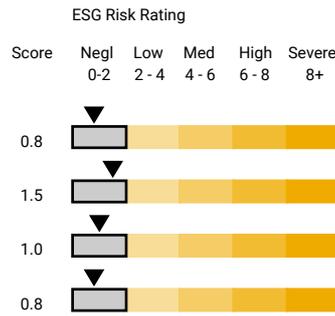
	Rank (1 <sup>st</sup> = lowest risk)	Percentile (1 <sup>st</sup> = lowest risk)
Global Universe	1 out of 12781	1 <sup>st</sup>
Banks (Industry Group)	1 out of 966	1 <sup>st</sup>
Development Banks (Subindustry)	1 out of 87	1 <sup>st</sup>



### Attribution Analysis

Top Material Issues

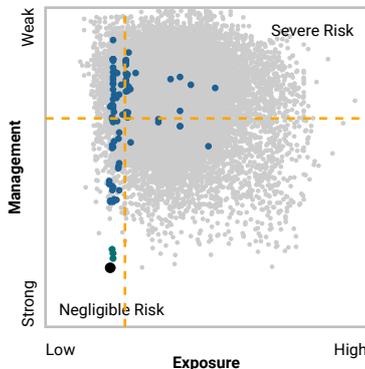
- Corporate Governance
- Human Capital
- Business Ethics
- ESG Integration - Financials



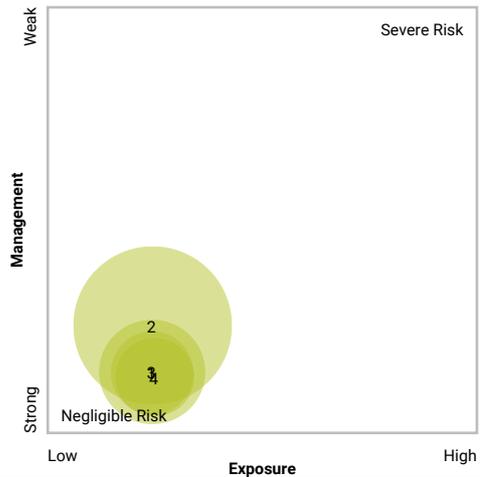
= Significant event



### Risk Analysis



- Global Universe
- Development Banks (Subindustry)
- Nederlandse Financierings-Maatschappij
- Peers
- + SubIndustryAvg.



### Peers (Market cap \$0.0 - \$0.0bn)

Peer	ESG Risk Rating	Exposure	Management
1. Nederlandse Financierings-Maatschappij Ontwikkelingslanden	4.1 Negligible	20.1 Low	81.5 Strong
2. Oesterreichische Kontrollbank Aktiengesellschaft	4.3 Negligible	20.7 Low	81.4 Strong
3. European Investment Bank	4.9 Negligible	21.0 Low	78.6 Strong
4. KfW	5.2 Negligible	21.0 Low	77.0 Strong
5. Council of Europe Development Bank	5.4 Negligible	20.7 Low	75.7 Strong

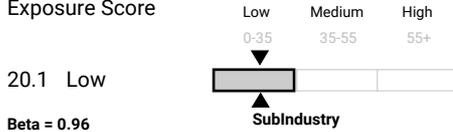
# Nederlandse Financierings- Maatschappij Ontwikkelingslanden NV

## 4.1 Negligible

Development Banks | Netherlands |



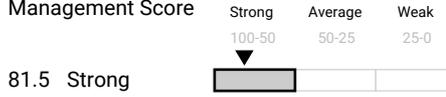
### Exposure Score



FMO makes complex investments in businesses and projects in developing countries. Investing in controversial ventures with potential negative impacts on the environment or human communities could trigger reputational damage and increased stakeholder scrutiny. Additionally, most of FMO's EUR 10.4 bn total committed portfolio as of year-end 2019 is invested in low-and middle-income countries from Africa, Asia, Latin America and the Caribbean, where the enforcement of anti-corruption legislation is typically weaker. As a public-private partnership, FMO is likely to face high scrutiny regarding ethical business conduct. Furthermore, FMO's success depends on maintaining and motivating a highly skilled workforce capable of managing the company's portfolio and its alignment with the UN SDGs. Personnel mismanagement could result in skill deficits and operational inefficiencies.

The company's overall exposure is low and is similar to subindustry average. ESG Integration - Financials, Business Ethics and Human Capital are notable material ESG issues.

### Management Score



FMO's overall ESG-related disclosure follows best practice, signalling strong accountability to investors and the public. The company's ESG-related issues are overseen by the board or the executive team, suggesting that these are integrated in core business strategy. Since 2014, FMO has been facing media and regulatory scrutiny related to its financing of controversial projects and companies linked to alleged negative impacts on indigenous territories, human rights violations, misappropriating taxpayer money designated for international aid, as well as other issues.

The company's overall management of material ESG issues is strong.

## Attribution Details

Issue Name	Contribution to						ESG Risk Rating	Risk Category
	ESG Risk Rating	Subindustry Exposure	Company Exposure	Manageable Risk Factor	Management Score	Management Weight		
Corporate Governance	19.4%	5.0	5.0	100%	84.0	25.5 %	0.8	
Human Capital	37.3%	5.0	5.0	95%	72.9	24.2 %	1.5	
Business Ethics	24.8%	5.0	5.0	95%	83.7	24.2 %	1.0	
ESG Integration -Financials	18.5%	6.0	5.1	100%	85.0	26.0 %	0.8	
<b>Overall</b>	<b>100.0%</b>	<b>21.0</b>	<b>20.1</b>	<b>97.5 %</b>	<b>81.5</b>	<b>100.0%</b>	<b>4.1</b>	<b>Negligible</b>

△ =Significant event

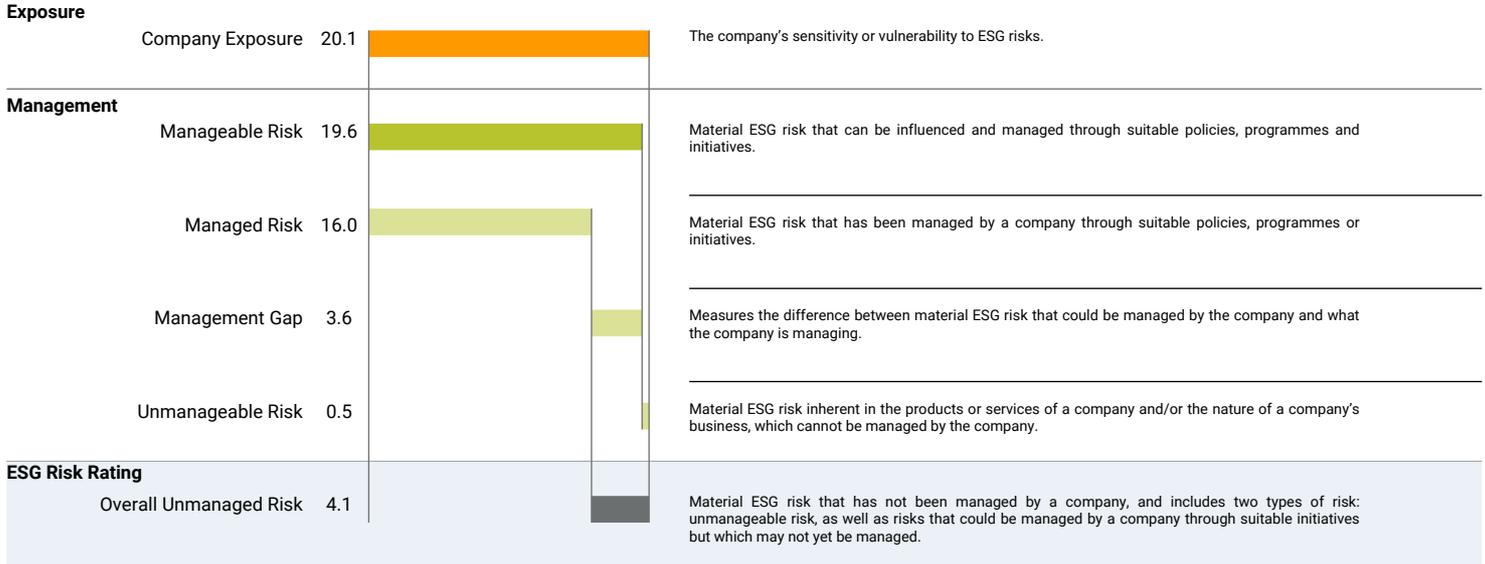
# Nederlandse Financierings- Maatschappij Ontwikkelingslanden NV

## 4.1 Negligible

Development Banks | Netherlands |



### Risk Details

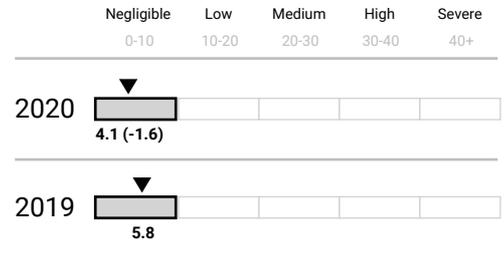


### Momentum Details

ESG Risk Rating Momentum Score: -1.6

Stable  $\Rightarrow$

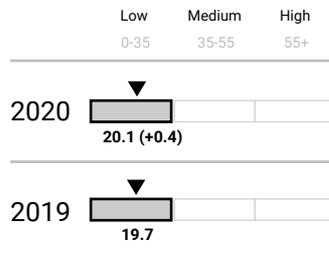
The company's risk score has not changed significantly in the past year, and its risk category has remained stable.



Exposure Momentum Score: +0.4

Stable  $\Rightarrow$

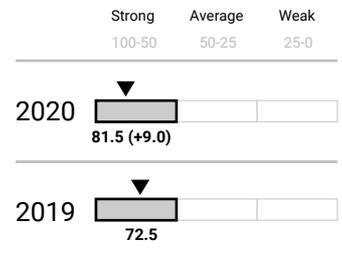
The company's exposure score has not changed significantly in the past year, and its exposure category has remained stable.



Management Momentum Score: +9.0

Stable  $\Rightarrow$

The company's management score has increased in the past year, but its management category has remained stable.





## Corporate Governance

Contribution 19.4 %

Corporate Governance represents foundational structures for the management of ESG risks.

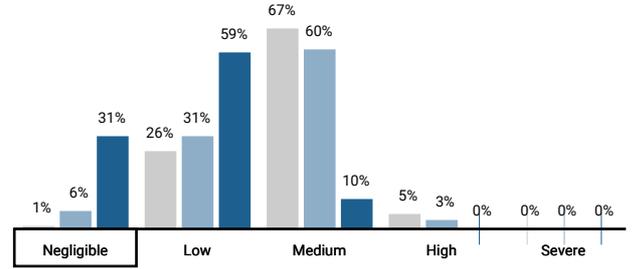
### Rating Overview

0.8 Negligible

Negl	Low	Med	High	Severe
0-2	2-4	4-6	6-8	8+

In consideration of its medium exposure and strong management, we view the company to have negligible unmanaged risk attributable to its corporate governance.

### ESG Risk Rating Distribution

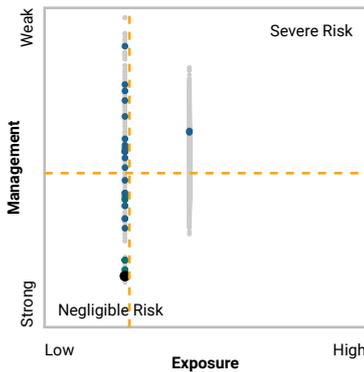


### Relative Performance

	Rank (1 <sup>st</sup> = lowest risk)	Percentile (1 <sup>st</sup> = lowest risk)
Global Universe	3 out of 4265	1 <sup>st</sup>
Banks (Industry Group)	3 out of 362	2 <sup>nd</sup>
Development Banks (Subindustry)	1 out of 29	1 <sup>st</sup>



### Risk Analysis



- Global Universe
- Development Banks (Subindustry)
- Nederlandse Financierings-Maatschappij
- Peers
- + SubIndustryAvg.

Peers (Market cap \$0 - 0bn)	ESG Risk Rating	Exposure	Management
1. Nederlandse Financierings-Maatschappij Ontwikkelingslanden	0.8 Negligible	5.0 Medium	84.0 Strong
2. European Investment Bank	0.9 Negligible	5.0 Medium	82.0 Strong
3. Oesterreichische Kontrollbank Aktiengesellschaft	1.1 Negligible	5.0 Medium	79.0 Strong
4. KfW	1.1 Negligible	5.0 Medium	79.0 Strong
5. Council of Europe Development Bank	2.0 Low	5.0 Medium	60.0 Strong

Category	Value	Description
<b>Exposure</b>	Company Exposure 5.0	The company's sensitivity or vulnerability to ESG risks.
<b>Management</b>	Manageable Risk 5.0	Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.
	Managed Risk 4.2	Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.
	Management Gap 0.8	Measures the difference between material ESG risk that could be managed by the company and what the company is managing.
	Unmanageable Risk 0.0	Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.
<b>ESG Risk Rating</b>	Issue Unmanaged Risk 0.8	Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.



## Corporate Governance

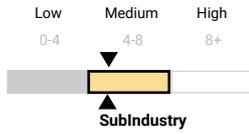
Contribution 19.4 %

Corporate Governance represents foundational structures for the management of ESG risks.

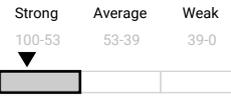


## Risk Analysis

Exposure



Management



The company is not publicly traded, which positions stakeholder governance as the company's main governance area of focus. It may face decreased scrutiny of some governance practices compared to publicly traded companies. This translates into medium exposure to baseline Corporate Governance risk.

Overall, we rate the company's corporate governance management as strong.



## Corporate Governance Pillars

Pillar	Score	Weight	Weighted Score
Stakeholder Governance	84.0	100.0%	84.0
<b>Totals</b>		<b>100.0%</b>	<b>84.0</b>



# Human Capital

Contribution 37.3 %

Human Capital focuses on the management of risks related to scarcity of skilled labour as well as labour relations, such as non-discrimination, working hours and minimum wages.

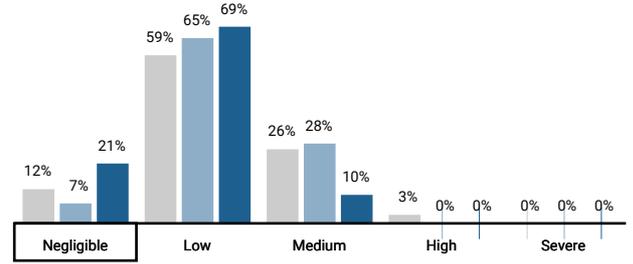
## Rating Overview

1.5 Negligible

<b>Negl</b>	Low	Med	High	Severe
0-2	2-4	4-6	6-8	8+

Considering its medium exposure and above average management of Human Capital, we view the company to be at negligible risk for the issue.

## ESG Risk Rating Distribution

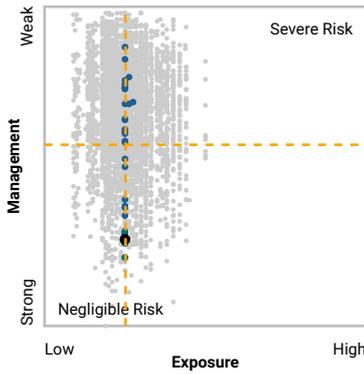


## Relative Performance

	Rank (1 <sup>st</sup> = lowest risk)	Percentile (1 <sup>st</sup> = lowest risk)
Global Universe	187 out of 4066	6th
Banks (Industry Group)	8 out of 361	3rd
Development Banks (Subindustry)	3 out of 29	8th



## Risk Analysis



- Global Universe
- Development Banks (Subindustry)
- Nederlandse Financierings-Maatschappij
- Peers
- + SubIndustryAvg.

## Peers (Market cap \$0.0 - 0.0)

Peers (Market cap \$0.0 - 0.0)	ESG Risk Rating	Exposure	Management
1. KfW	1.3 Negligible	5.0 Medium	78.6 Strong
2. European Investment Bank	1.5 Negligible	5.0 Medium	74.2 Strong
3. Nederlandse Financierings-Maatschappij Ontwikkelingslanden	1.5 Negligible	5.0 Medium	72.9 Strong
4. Oesterreichische Kontrollbank Aktiengesellschaft	1.6 Negligible	5.0 Medium	71.1 Strong
5. Council of Europe Development Bank	1.7 Negligible	5.0 Medium	70.4 Strong



## Risk Details

Exposure		The company's sensitivity or vulnerability to ESG risks.	
Company Exposure	5.0		
Management		Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.	
Manageable Risk	4.8		
Managed Risk	3.5	Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.	
Management Gap	1.3	Measures the difference between material ESG risk that could be managed by the company and what the company is managing.	
Unmanageable Risk	0.3	Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.	
ESG Risk Rating		Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.	
Issue Unmanaged Risk	1.5		



## Human Capital

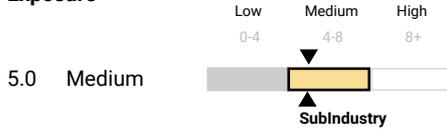
Contribution 37.3 %

Human Capital focuses on the management of risks related to scarcity of skilled labour as well as labour relations, such as non-discrimination, working hours and minimum wages.



### Exposure Overview

#### Exposure



Development Banks depend on a workforce that supports strategic growth, drives innovation and supports a complex array of products and services. Banks that are unable to effectively manage their employees may face obstacles, such as understaffing, skill deficits, high training costs, compliance failures and operational inefficiencies. Development Banks, especially those with activities in developing countries and transition economies, may also benefit from a diverse workforce through an enhanced ability to understand and serve diverse markets. The company's exposure to Human Capital issues is medium and similar to subindustry average.

#### Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	<b>1.00</b>
Company Issue Exposure	5.0

#### Beta Indicators

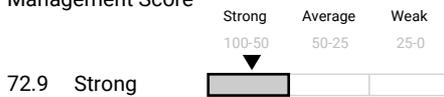
#### Beta Signal

Labour Relations	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	1.00
Issue Beta	<b>1.00</b>



### Management Overview

#### Management Score



Overall, the subindustry's Human Capital management is strong, providing work-life balance, offering clear channels for employees to make complaints, advancing employees' careers and providing clear feedback on employee performance. Strong overall performance is also reflected in low turnover rates across the entire subindustry. In our view, the company's management of the issue is above average.

#### Management Indicators

#### Raw Score Weight | Weighted Score

Collective Bargaining Agreements	<b>100</b> 5.0%   5.0
Discrimination Policy	<b>100</b> 15.0%   15.0
Diversity Programmes	<b>100</b> 22.5%   22.5
Human Capital Development	<b>75</b> 27.5%   20.6
Employee Turnover Rate	<b>50</b> 5.0%   2.5
Gender Pay Disclosure	<b>50</b> 5.0%   2.5
Freedom of Association Policy	<b>25</b> 5.0%   1.3
Gender Pay Equality Programme	<b>25</b> 10.0%   2.5
Employee Training	<b>20</b> 5.0%   1.0
Labour Relations	<b>Category 0</b> 0.0%   0.0
<b>Weighted Sum</b>	<b>72.9</b>

= Event indicator



## Business Ethics

Contribution 24.8 %

Business Ethics focuses on the management of ethical considerations applicable to most or all sectors, such as taxation and accounting, anti-competitive practices and intellectual property issues.

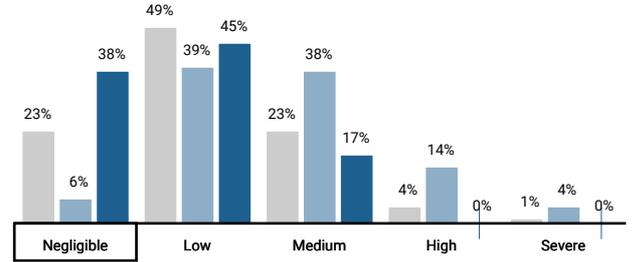
### Rating Overview

1.0 Negligible



Considering its medium exposure and above average management of Business Ethics, we view the company to be at negligible risk for the issue.

### ESG Risk Rating Distribution

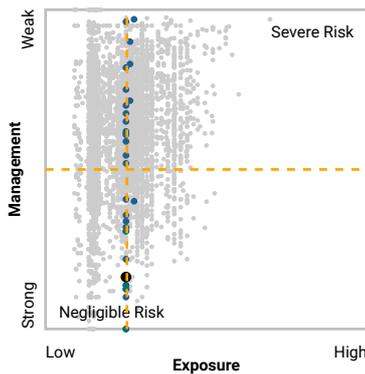


### Relative Performance

	Rank (1 <sup>st</sup> = lowest risk)	Percentile (1 <sup>st</sup> = lowest risk)
Global Universe	186 out of 3888	6th
Banks (Industry Group)	6 out of 362	2nd
Development Banks (Subindustry)	6 out of 29	19th



### Risk Analysis



- Global Universe
- Development Banks (Subindustry)
- Nederlandse Financierings-Maatschappij
- Peers
- + SubIndustryAvg.

### Peers (Market cap \$0.0 - 0.0)

	ESG Risk Rating	Exposure	Management
1. European Investment Bank	0.2 Negligible	5.0 Medium	100.0 Strong
2. Oesterreichische Kontrollbank Aktiengesellschaft	0.8 Negligible	5.0 Medium	87.5 Strong
3. Council of Europe Development Bank	0.9 Negligible	5.0 Medium	86.3 Strong
4. Nederlandse Financierings-Maatschappij Ontwikkelingslanden	1.0 Negligible	5.0 Medium	83.7 Strong
5. KfW	1.7 Negligible	5.0 Medium	69.4 Strong



### Risk Details

Exposure			
Company Exposure	5.0	<div style="width: 100%; height: 10px; background-color: orange;"></div>	The company's sensitivity or vulnerability to ESG risks.
Management			
Manageable Risk	4.8	<div style="width: 96%; height: 10px; background-color: #90EE90;"></div>	Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.
Managed Risk	4.0	<div style="width: 80%; height: 10px; background-color: #90EE90;"></div>	Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.
Management Gap	0.8	<div style="width: 16%; height: 10px; background-color: #90EE90;"></div>	Measures the difference between material ESG risk that could be managed by the company and what the company is managing.
Unmanageable Risk	0.3	<div style="width: 6%; height: 10px; background-color: #90EE90;"></div>	Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.
ESG Risk Rating			
Issue Unmanaged Risk	1.0	<div style="width: 20%; height: 10px; background-color: gray;"></div>	Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.



## Business Ethics

Contribution 24.8 %

Business Ethics focuses on the management of ethical considerations applicable to most or all sectors, such as taxation and accounting, anti-competitive practices and intellectual property issues.



### Exposure Overview

#### Exposure



Depending on the type of entity and the number of member states, Development Banks operate in many countries, adding to the difficulty of monitoring and enforcing business ethics policies and programmes. Ethical infractions may include conflicts of interest, money laundering and the financing of terrorism, compliance with financial sanctions, as well as corruption and fraud. Companies found guilty of involvement in unethical practices are exposed to prolonged investigations and increased reputational scrutiny. An additional risk to the companies is involvement in bribery and corruption. The company's exposure to Business Ethics issues is medium and similar to subindustry average.

#### Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	<b>1.00</b>
Company Issue Exposure	5.0

#### Beta Indicators

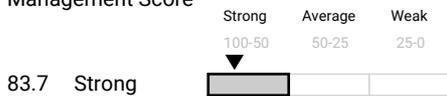
#### Beta Signal

Accounting and Taxation	0.00
Lobbying and Public Policy	0.00
Sanctions	0.00
Anti-Competitive Practices	0.00
Bribery and Corruption	0.00
Business Ethics	0.01
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	1.00
Issue Beta	<b>1.00</b>



### Management Overview

#### Management Score



Overall, companies in this subindustry have strong compliance monitoring programmes and departments to adhere to international regulations and promote sound corporate ethical behaviour among their employees. The company has above average preparedness measures to address Business Ethics issues and has been implicated in minor controversies related to the issue. In our view, the company's management of the issue is above average.

#### Management Indicators

#### Raw Score Weight | Weighted Score

Bribery & Corruption Policy	<b>100</b> 14.3%   14.3
Bribery & Corruption Programmes	<b>100</b> 21.4%   21.4
Money Laundering Policy	<b>100</b> 14.3%   14.3
Business Ethics Programme	<b>75</b> 26.1%   19.6
Whistleblower Programmes	<b>75</b> 19.0%   14.3
Business Ethics	<b>Category 1</b> 5.0%   0.0
Accounting and Taxation	<b>Category 0</b> 0.0%   0.0
Anti-Competitive Practices	<b>Category 0</b> 0.0%   0.0
Bribery and Corruption	<b>Category 0</b> 0.0%   0.0
Lobbying and Public Policy	<b>Category 0</b> 0.0%   0.0
Sanctions	<b>Category 0</b> 0.0%   0.0
<b>Weighted Sum</b>	<b>83.7</b>

= Event indicator



# ESG Integration - Financials

Contribution 18.5 %

ESG Integration - Financials includes all ESG integration activities by financial institutions that are either driven by financial downside risk considerations or by business opportunities.

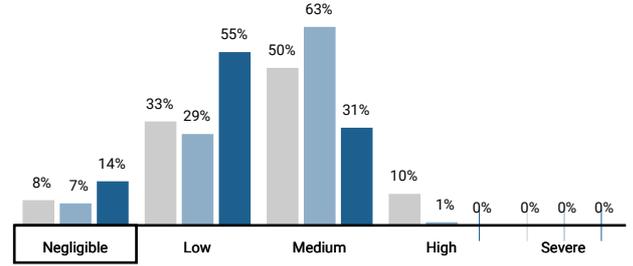
## Rating Overview

# 0.8 Negligible

<b>Negl</b>	Low	Med	High	Severe
0-2	2-4	4-6	6-8	8+

Considering its medium exposure and above average management of ESG Integration -Financials, we view the company to be at negligible risk for the issue.

## ESG Risk Rating Distribution

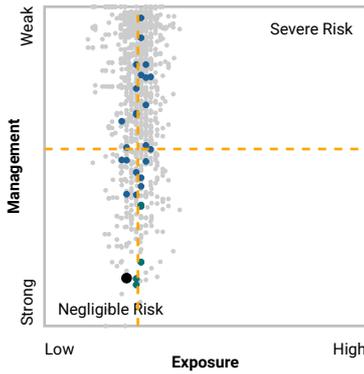


## Relative Performance

	Rank (1 <sup>st</sup> = lowest risk)	Percentile (1 <sup>st</sup> = lowest risk)
Global Universe	7 out of 1050	2nd
Banks (Industry Group)	4 out of 361	2nd
Development Banks (Subindustry)	2 out of 29	5th



## Risk Analysis



- Global Universe
- Development Banks (Subindustry)
- Nederlandse Financierings-Maatschappij
- Peers
- + SubIndustryAvg.

### Peers (Market cap \$0.0 - 0.0)

	ESG Risk Rating	Exposure	Management
1. Oesterreichische Kontrollbank Aktiengesellschaft	0.7 Negligible	5.7 Medium	87.1 Strong
2. Nederlandse Financierings-Maatschappij Ontwikkelingslanden	0.8 Negligible	5.1 Medium	85.0 Strong
3. Council of Europe Development Bank	0.8 Negligible	5.7 Medium	85.2 Strong
4. KfW	1.2 Negligible	6.0 Medium	80.0 Strong
5. European Investment Bank	2.3 Low	6.0 Medium	62.2 Strong



## Risk Details

Exposure		The company's sensitivity or vulnerability to ESG risks.	
Company Exposure	5.1		
Management		Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.	
Manageable Risk	5.1		
Managed Risk	4.3	Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.	
Management Gap	0.8	Measures the difference between material ESG risk that could be managed by the company and what the company is managing.	
Unmanageable Risk	0.0	Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.	
ESG Risk Rating		Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.	
Issue Unmanaged Risk	0.8		



## ESG Integration - Financials

Contribution 18.5 %

ESG Integration - Financials includes all ESG integration activities by financial institutions that are either driven by financial downside risk considerations or by business opportunities.



### Exposure Overview

#### Exposure



ESG Integration involves the integration of environmental, social and governance (ESG) criteria into credit and loan standards and investment standards. Development Banks were repeatedly criticized for their involvement in projects that negatively affected local communities, including human rights violations or poor land use practices. Development Banks face few legal consequences, due to their immunity, but continue to be targeted by NGOs and civil society groups. In addition, providing financing for environmentally harmful industries has the potential to increase default risks.

The company's exposure to ESG Integration -Financials issues is medium and moderately below subindustry average.

#### Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	<b>0.85</b>
Company Issue Exposure	5.1

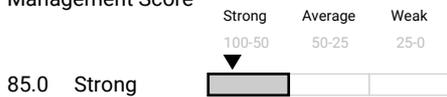
#### Beta Indicators

Beta Indicators	Beta Signal
Environmental Impact of Products	0.00
Social Impact of Products	0.02
Carbon Impact of Products	0.00
Society - Human Rights	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Headquarters Location	-0.03
Sales Location	0.00
Responsible Asset Portfolio	-0.15
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	-0.15
Baseline	1.00
Issue Beta	<b>0.85</b>



### Management Overview

#### Management Score



Overall, Development Banks have high ESG standards in place and outperform their commercial peers, but given high scrutiny on their activities, their exposure remains high. The company has above average preparedness measures to address ESG Integration -Financials issues and has been implicated in minor controversies related to the issue. In our view, the company's management of the issue is above average.

#### Management Indicators

Management Indicators	Raw Score
	Weight   Weighted Score
Corporate Finance - ESG Integration	100 17.5%   17.5
Credit & Loan Standards	100 22.5%   22.5
Equator Principles Signatory	100 7.5%   7.5
PRI Signatory	100 2.5%   2.5
Responsible Asset Management	100 10.0%   10.0
Responsible Investment Policy	100 10.0%   10.0
Sustainable Financial Initiatives	100 7.5%   7.5
UNEPFI Signatory	100 2.5%   2.5
Financial Inclusion	50 10.0%   5.0
Social Impact of Products	Category 2 10.0%   0.0
Carbon Impact of Products	Category 0 0.0%   0.0
Environmental Impact of Products	Category 0 0.0%   0.0
Society - Human Rights	Category 0 0.0%   0.0
<b>Weighted Sum</b>	<b>85.0</b>

= Event indicator

# Appendix



## Management Details



## Corporate Governance

### Stakeholder Governance

84 Leader

Raw Score

In reviewing the company's practices regarding ESG stakeholder governance, points of attention for Nederlandse Financierings-Maatschappij Ontwikkelingslanden NV are: ESG Governance, Bribery & Corruption Policy and Discrimination Policy.

- ESG Governance: The company has set up an ESG Committee, on which one executive is a member
- Bribery & Corruption Policy: The company has a very strong policy
- Discrimination Policy: The company has a strong policy



Indicators	Score
ESG Governance	100
ESG Reporting Standards	100
Verification of ESG Reporting	50
Global Compact Signatory	0
ESG Performance Targets	100
Political Involvement Policy	100
Lobbying and Political Expenses	100
Bribery & Corruption Policy	100
Environmental Policy	75
Whistleblower Programmes	75
Discrimination Policy	100
Scope of Social Supplier Standards	75
GHG Reduction Programme	100
Green Procurement Policy	60

# Appendix

 Exposure Details

 Human Capital

**EA.E.22 - Labour Relations**

0.00  
Beta Signal

The company is not involved in any controversies of this type.

**EA.F.1 - Operating Performance**

0.00  
Beta Signal

The company's net income margin is unknown.

**EA.F.2 - Solvency**

0.00  
Beta Signal

The company's debt-equity ratio is unknown.

**EA.F.3 - Financial Flexibility**

0.00  
Beta Signal

The company's cash flow ratio is unknown.

**EA.F.4 - Asset Performance**

0.00  
Beta Signal

The company's return on assets is unknown.

**EA.S.1 - Qualitative Overlay**

0.00  
Beta Signal

The analyst did not apply a qualitative overlay.

**EA.S.2 - Subindustry Correction Factor**

0.00  
Beta Signal

**EA.S.3 - Exceptional Event Adjustment**

0.00  
Beta Signal

# Appendix



## Management Details

### S.1.1 - Freedom of Association Policy

25	5.00%	1.3
Raw Score	Weight	Weighted Score

The company has a weak policy on freedom of association

#### Sources

FMO Position Statement on Human Rights, released August 2017

### S.1.2 - Discrimination Policy

100	15.00%	15.0
Raw Score	Weight	Weighted Score

The company has a strong policy

#### Criteria

- List of the types of discrimination the company is committed to eliminate
- Commitment to ensure equal opportunity
- Reference to the ILO conventions

#### Sources

FMO Code of Conduct, accessed 25 February 2020

### S.1.3 - Diversity Programmes

100	22.50%	22.5
Raw Score	Weight	Weighted Score

The company has a strong programme

#### Criteria

- Managerial or board level responsibility for diversity initiatives
- Targeted recruitment
- Training and guidance regarding diversity
- Diversity initiatives that go beyond legal compliance
- Employee affinity groups, diversity councils, or networking groups
- Mentorship programmes
- Initiatives supporting a diverse workforce
- Diversity monitoring or audits

#### Sources

FMO Annual Report 2019 (FY2019)

The company provided feedback on 17 April 2020

The company provided feedback on 30 May 2017

### S.1.3.1 - Gender Pay Equality Programme

25	10.00%	2.5
Raw Score	Weight	Weighted Score

The company has a weak programme

#### Criteria

- Commitment to gender pay equality
- Global gender pay gap audit or compensation review
- Initiatives to close the gender pay gap
- Monitoring and measurement
- Quantitative targets and deadlines

#### Sources

The company provided feedback on 17 April 2020

### S.1.3.2 - Gender Pay Disclosure

50	5.00%	2.5
Raw Score	Weight	Weighted Score

The company has adequate disclosure

#### Criteria

- Disclosure of the company's global mean (average) raw gender pay gap
- Disclosure of the company's global median raw gender pay gap
- Disclosure of ratio of basic salary and remuneration of women to men for specific employment categories (level or function)

#### Sources

FMO Annual Report 2019 (FY2019)

### S.1.4 - Collective Bargaining Agreements

100	5.00%	5.0
Raw Score	Weight	Weighted Score

75% or more of the company's employees are covered by collective bargaining agreements

#### Sources

FMO Annual Report 2019 (FY2019)

# Appendix



## Management Details

### S.1.5 - Employee Turnover Rate

50	5.00%	2.5
Raw Score	Weight	Weighted Score

The company's employee turnover rate is average

**Sources**

FMO Annual Report 2019 (FY2019)

### S.1.5.2 - Human Capital Development

75	27.50%	20.6
Raw Score	Weight	Weighted Score

The company has a strong programme

**Criteria**

- Initiatives for talent recruitment
- Initiatives for talent development
- Initiatives for talent retention
- Regular formal performance reviews for all permanent employees aligned with career development
- Quantitative targets related to human capital development
- Formal mechanisms to promote an open feedback culture
- Reporting on human capital development metrics
- Reporting on human capital risk assessment

**Sources**

FMO Annual Report 2019 (FY2019)

The company provided feedback on 17 April 2020

The company provided feedback on 30 May 2017

### S.1.6.1 - Employee Training

20	5.00%	1.0
Raw Score	Weight	Weighted Score

The company does not disclose the number of training days that employees receive

# Appendix

 Exposure Details



**Business Ethics**

**EA.E.2 - Accounting and Taxation**

0.00  
Beta Signal

The company is not involved in any controversies of this type.

**EA.E.23 - Lobbying and Public Policy**

0.00  
Beta Signal

The company is not involved in any controversies of this type.

**EA.E.30 - Sanctions**

0.00  
Beta Signal

The company is not involved in any controversies of this type.

**EA.E.4 - Anti-Competitive Practices**

0.00  
Beta Signal

The company is not involved in any controversies of this type.

**EA.E.6 - Bribery and Corruption**

0.00  
Beta Signal

The company is not involved in any controversies of this type.

**EA.E.7 - Business Ethics**

0.01  
Beta Signal

The company is involved in low-level controversies of this type, signaling higher exposure to this issue.

**EA.F.1 - Operating Performance**

0.00  
Beta Signal

The company's net income margin is unknown.

**EA.F.2 - Solvency**

0.00  
Beta Signal

The company's debt-equity ratio is unknown.

# Appendix



## Exposure Details

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### EA.F.3 - Financial Flexibility

---

0.00

Beta Signal

---

The company's cash flow ratio is unknown.

---

### EA.F.4 - Asset Performance

---

0.00

Beta Signal

---

The company's return on assets is unknown.

---

### EA.S.1 - Qualitative Overlay

---

0.00

Beta Signal

---

The analyst did not apply a qualitative overlay.

---

### EA.S.2 - Subindustry Correction Factor

---

0.00

Beta Signal

---

### EA.S.3 - Exceptional Event Adjustment

---

0.00

Beta Signal

---

# Appendix



## Management Details

### G.1.1 - Bribery & Corruption Policy

100	14.25%	14.3
Raw Score	Weight	Weighted Score

The company has a very strong policy

#### Criteria

- Prohibition of bribery
- Definition of bribery or corruption
- Definition of conflicts of interest and commitment to minimize these
- Definition and prohibition of facilitation payments
- Guidelines of what is considered acceptable behaviour
- There is no evidence of a formal policy but the company has a general statement addressing the issue

#### Sources

FMO Code of Conduct, accessed 25 February 2020

On Tuesday, March 24, 2020, Sustainalytics sent Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. the Sustainalytics ESG Feedback Report

The company provided feedback on 17 April 2020

The company provided feedback on 30 May 2017

### G.1.1.1 - Bribery & Corruption Programmes

100	21.38%	21.4
Raw Score	Weight	Weighted Score

The company has a very strong programme

#### Criteria

- Managerial responsibility for bribery and corruption
- Regular bribery and corruption risk assessments
- Operating guidelines addressing record keeping, approval procedures and appropriate behaviour
- Annual signoff of the policy on bribery and corruption by employees
- Regular training on bribery and corruption
- Internal monitoring system to detect corruption
- Mechanisms for employees to consult on ethical issues

#### Sources

FMO Anti-Bribery & Corruption Statement, released February 2017

FMO Code of Conduct, accessed 25 February 2020

FMO provided feedback on 19 December 2018

The company provided feedback on 17 April 2020

### G.1.2 - Whistleblower Programmes

75	19.00%	14.3
Raw Score	Weight	Weighted Score

The company has a strong programme

#### Criteria

- Proactively communicated to employees
- Available to suppliers, customers and other third parties
- An independent, reporting hotline available 24/7
- Possibility for anonymous reporting and reports are treated confidentially
- Non-retaliation policy
- Structures in place to process whistleblower reports
- Disclosure on the number of reports received, the types of misconduct and measures taken
- Available in local languages

#### Sources

FMO Speak Up Policy, released December 2017

The company provided feedback on 30 May 2017

### G.1.2.1 - Business Ethics Programme

75	26.13%	19.6
Raw Score	Weight	Weighted Score

The company has a strong programme

#### Criteria

- Commitment to address major business ethics risks
- Board responsibility for business ethics issues
- Managerial responsibility for business ethics
- Ethical risk assessments
- Operating guidelines
- Annual training of employees on the Code of Conduct
- Measures to deter non-compliance and reduce exposure to unethical opportunities
- Incident investigation and corrective actions

#### Sources

FMO Annual Report 2019 (FY2019)

FMO Code of Conduct, accessed 25 February 2020

The company provided feedback on 17 April 2020

# Appendix



## Management Details

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### G.1.4.1 - Money Laundering Policy

Raw Score	Weight	Weighted Score
100	14.25%	14.3

The company has a strong policy on money laundering

#### Sources

The company provided feedback on 17 April 2020

---

# Appendix



## Management Details

---

### Business Ethics Events



Category 1 Event - Low

---

### Incident History

**"Mauritius Leaks" report for financing company using tax avoidance structure**  
Bank Track - 23 July 2019



**Locations:** Mauritius

**Tags:** Business Ethics -Other

# Appendix

 **Exposure Details**

 **ESG Integration - Financials**

**EA.E.17 - Environmental Impact of Products**

0.00  
Beta Signal

The company is not involved in any controversies of this type.

**EA.E.32 - Social Impact of Products**

0.02  
Beta Signal

The company is involved in moderate-level controversies of this type, signaling higher exposure to this issue.

**EA.E.46 - Carbon Impact of Products**

0.00  
Beta Signal

The company is not involved in any controversies of this type.

**EA.E.48 - Society - Human Rights**

0.00  
Beta Signal

The company is not involved in any controversies of this type.

**EA.F.1 - Operating Performance**

0.00  
Beta Signal

The company's net income margin is unknown.

**EA.F.2 - Solvency**

0.00  
Beta Signal

The company's debt-equity ratio is unknown.

**EA.F.3 - Financial Flexibility**

0.00  
Beta Signal

The company's cash flow ratio is unknown.

**EA.F.4 - Asset Performance**

0.00  
Beta Signal

The company's return on assets is unknown.

# Appendix



## Exposure Details

### EA.G.1 - Headquarters Location

- 0.03

Beta Signal

The location of the company's headquarters indicates slightly lower exposure to this issue.

Netherlands: Lower exposure

Source: Sustainalytics Country Risk Rating, May 2019.

### EA.G.3 - Sales Location

0.00

Beta Signal

The location of the company's sales is unknown.

### EA.P.5 - Responsible Asset Portfolio

- 0.15

Beta Signal

The company's proportion of responsibly managed investments indicates lower exposure to this issue.

#### Sources

FMO Transparency Report 2019

### EA.S.1 - Qualitative Overlay

0.00

Beta Signal

The analyst did not apply a qualitative overlay.

### EA.S.2 - Subindustry Correction Factor

0.00

Beta Signal

### EA.S.3 - Exceptional Event Adjustment

0.00

Beta Signal

# Appendix



## Management Details

### E.3.1.10 - Credit & Loan Standards

100	22.50%	22.5
Raw Score	Weight	Weighted Score

The company has detailed and specific standards and excludes certain industries from financing for sustainability reasons

#### Sources

FMO Exclusion List, released February 2017

### E.3.1.11 - Responsible Asset Management

100	10.00%	10.0
Raw Score	Weight	Weighted Score

More than 50% of assets under management can be categorized as "responsible investment"

#### Sources

FMO Transparency Report 2019

### E.3.1.15 - Sustainable Financial Initiatives

100	7.50%	7.5
Raw Score	Weight	Weighted Score

The company has a strong programme

#### Sources

FMO Corporate Website, Agribusiness, [www.fmo.nl](http://www.fmo.nl); accessed 25 February 2020

FMO Corporate Website, Energy, [www.fmo.nl](http://www.fmo.nl); accessed 25 February 2020

### S.4.2.3 - Financial Inclusion

50	10.00%	5.0
Raw Score	Weight	Weighted Score

The company has an adequate programme

#### Sources

FMO Annual Report 2019 (FY2019)

### G.1.3.1 - PRI Signatory

100	2.50%	2.5
Raw Score	Weight	Weighted Score

The company or its main investment management divisions signed the UN Principles for Responsible Investment

#### Sources

UN Principles for responsible investment, [www.unpri.com](http://www.unpri.com), joined April 2011; accessed 25 February 2020

### G.1.3.2 - Responsible Investment Policy

100	10.00%	10.0
Raw Score	Weight	Weighted Score

The company has a strong policy

#### Criteria

- Commitment to exclusion based on the companies' activities
- Commitment to integrate ESG factors or select best-in-class companies according to ESG factors
- Commitment to engage with companies on ESG issues

#### Sources

FMO Exclusion List, released February 2017

FMO Sustainability Policy, released December 2016

# Appendix



## Management Details

### G.1.3.3 - UNEPFI Signatory

100	2.50%	2.5
Raw Score	Weight	Weighted Score

The company is a signatory to the UNEP Finance Initiative

UNEPFI Website, [www.unepfi.org](http://www.unepfi.org); accessed May 2020

### G.1.3.5 - Equator Principles Signatory

100	7.50%	7.5
Raw Score	Weight	Weighted Score

The company is a signatory to the Equator Principles and disclosure about their implementation is strong

#### Sources

Equator Principles, [www.equator-principles.com](http://www.equator-principles.com), joined October 2005; accessed 25 February 2020

### G.1.3.7 - Corporate Finance - ESG Integration

100	17.50%	17.5
Raw Score	Weight	Weighted Score

The company has a very strong programme

#### Criteria

- Managerial responsibility
- Environmental and social risk assessment and categorization
- Enhanced due diligence or avoidance of high-risk industries
- Training of relationship managers on ESG risk identification
- Monitoring of environmental and social risks
- Regular internal audits of the company's programme
- Client engagement on ESG issues
- Engagement with transaction stakeholders
- Reporting of high-risk loans as percentage of total portfolio

#### Sources

FMO Sustainability Policy, released December 2016

The company provided feedback on 30 May 2017

# Appendix



## Management Details

### Social Impact of Products Events



#### Category 2 Event - Moderate

### Incident History



**Locations:** Democratic Republic of the Congo, Honduras, Cambodia, Togo, Sierra Leone, Brazil, Panama

**Tags:** Social impact of products

**Nonprofit complaint over financing of palm oil company PHC**  
Human Rights Watch - 26 November 2019

**Media outlet scrutiny for financing controversial projects**  
Business Human Rights - 15 October 2019

**NGO report scrutiny over Cambodian MFIs' loan repayment practices**  
LICADHO - 20 August 2019

**Agua Zarca developer linked to indigenous activist murder in Honduras**  
[Rights Action - 02 May 2016](#)

**Update: NGO and Caceres family lawsuit for involvement in Agua Zarca project**  
nrc.nl - 18 May 2018

**Update: NGO GAIPE report claims Agua Zarca financiers were willfully negligent**  
World Rainforest Movement - 08 November 2017

**Update: Authorities in Honduras probe corruption at Agua Zarca**  
<http://tercerainformacion.es> - 08 August 2017

**Update: FMO exits Agua Zarca Dam project in Honduras**  
BankTrack - 06 July 2017

**Update: A second Honduras indigenous activist died after Agua Zarca dam**  
Financial Times - 16 March 2016

**Update: Honduras community leader killed after opposing the Agua Zarca Dam**  
Oxfam International - 03 March 2016

**Failure to commission environmental audit for Lome Container Terminal in Togo**  
CAO Ombudsman - 02 April 2018

**Update: Investigation finds non-compliances regarding Lome Container Terminal**  
CAO Ombudsman - 20 October 2016

**Update: Riverine settlers complain about Lome Container Terminal in Togo**  
CAO Ombudsman - 31 March 2015

**Swedwatch criticizes FMO for the way it exited Addax Bioenergy project**  
Swedwatch - 08 November 2017

**Barro Blanco dam set to begin operations**  
Mongabay - 24 March 2017

# Nederlandse Financierings- Maatschappij Ontwikkelingslanden NV

Development Banks | Netherlands |

## GLOSSARY OF TERMS

### Beta (Beta, $\beta$ )

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

### Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

### ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

### ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

### Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

### Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

### Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

### Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

### Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

### Manageable Risk

Material ESG Risk that can be influenced and managed through suitable policies, programmes and initiatives.

### Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

### Management

A company's handling of ESG risks.

### Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

### Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

### Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

### Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

### Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

### Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

# Nederlandse Financierings- Maatschappij Ontwikkelingslanden NV

Development Banks | Netherlands |

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